Form 10-KSB

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

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

For the fiscal year ended September 30, 1997

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

Commission File Number 33-70334-A

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

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

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

Securities registered under Section 12(b) of the Exchange Act:
None
Securities registered under Section 12(g) of the Exchange Act:
Common Stock, $.01 par value
(Title of class)

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

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

State issuer's revenues for its most recent fiscal year: $12,301,621

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the last sale price of such stock as of December 16, 1997: $2,065,112

The number of shares outstanding of Common Stock was 1,406,553 as of December 16, 1997.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrants Proxy Statement, to be filed, for the Annual Meeting of Stockholders to be held on February 12, 1998 are incorporated by reference into Part III.

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

INTERNATIONAL ASSETS HOLDING CORPORATION
1997 FORM 10-KSB

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PART I

ITEM 1. DESCRIPTION OF BUSINESS.

The following discussion contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks including, but not limited to, changes in general economic and business conditions, interest rate and securities market fluctuations, competition from within and from outside the investment brokerage industry, new products and services in the investment brokerage industry, changing trends in customer profiles and changes in laws and regulation applicable to the Company. Forward-looking statements may be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "anticipate", "continue", and similar terms, variations of these terms or the negative of those terms. Although the Company believes that its expectations with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurances that the actual results, performance or achievement of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

General

International Assets Holding Corporation is a Delaware corporation formed in October 1987 for the purpose of serving as a holding company for International Assets Advisory Corp. ("IAAC") and other subsidiaries. Currently, the Company has five wholly owned subsidiaries, IAAC, Global Assets Advisors, Inc. ("GAA"), International Asset Management Corp. ("IAMC"), International Financial Products, Inc. ("IFP") and GlobalNet Securities, Inc. ("GNSI"). All of the Company's subsidiaries are Florida corporations. As used in this Form 10-KSB, the term "Company" refers, unless the context requires otherwise, to International Assets Holding Corporation and its subsidiaries IAAC, GAA, IAMC, IFP and GNSI. IAAC operates a full-service securities brokerage firm specializing in global investing on behalf of its clients. GAA provides investment advisory and money management services. IAMC functions as the manager of the physical assets of the Company. IFP was formed as a financial publishing and marketing group to sell products that are not investments, but are related to the global financial market. GNSI was formed to take advantage of future technology developments within the securities industry.

IAAC was formed in April 1981 by the Company's Chairman of the Board, Diego J. Veitia. During its first two years of business, IAAC focused primarily on private placements. In 1982, IAAC entered the securities brokerage business and became a member of the National Association of Securities Dealers("NASD"). In 1982 IAAC began to focus on the sale of global equity and debt securities to high net worth private clients and, to a lesser degree, small to medium size financial institutions. Management believes that, until the last four to six years, the global securities market has been relatively neglected by the major securities firms and is a growing segment of the securities business.

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

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

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

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

GAA is registered with the Securities and Exchange Commission ("SEC"), the State of Florida and the State of California as an investment advisor. Investment advisor registration in other states will proceed as is required by the various states. This investment advisor's primary focus is on the development of specialized accounts for high net worth private clients. GAA is dedicated to providing the individual investor with domestic and international money management and offers a series of investment portfolios tailor-made for the individual investor seeking investment diversification across a variety of economies and currencies in order to provide the opportunity for higher overall investment returns. GAA's strategy is to capitalize on its experienced teams specializing in the research, selection trading, currency exchange and execution of individual equity and fixed income products on a global basis.

IAMC was formed by the Company in 1988 to hold certain equipment and, in turn, lease such equipment to IAAC. IAMC's present function is to hold all of the physical assets of the Company.

IFP was formed in 1995 to publish, advertise, and sell a wide range of informational investment tools, such as books, newsletters, tapes, and faxes targeted at knowledge-seeking individual global investors. As of October 1996, Company funding for all current IFP operating activities has ceased due to the unsuccessful efforts to date in generating revenues. However, the legal entity will remain active in its state of incorporation.

GNSI was formed by the Company in 1995 to capitalize on the use of recent and future technology developments that relate to the securities industry. As of December 23, 1997, no operating activities have been commenced by this subsidiary.

Business Strategy

The Company's business strategy is to use its marketing and global securities expertise to take advantage of opportunities for growth in the global securities market. Management believes that there are significant opportunities for growth in the specialized account and institutional sales areas of the international securities market.

The Company believes that its expertise in the global securities area presents an opportunity for the Company to expand its market niche into small institutional sales. The Company further believes that this market niche has been relatively minimized by the major international brokerage firms. Examples of the type of institutions the Company intends to target are pension funds of corporations or municipalities, money managers, and the trust departments of smaller commercial banks and other independent broker-dealers.

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

The International Securities Markets

The Company believes that investment in the international markets by U.S. investors will continue to grow in the coming years, as international investments become a larger portion of the world equity markets. According to the International Finance Corporation, a member of the World Bank Group, in 1984 the United States stock markets' share of the world market capitalization was approximately 54%. At the end of 1996, that share had fallen to approximately 42%. In the thirteen years from 1984 to 1996, non-U.S. market capitalization grew by approximately 631%, from approximately U.S. $1.6 trillion to approximately U.S. $11.7 trillion. Similarly, in 1984, U.S. trading volume comprised approximately 62% of the world's trading volume, while in 1996 this percentage had fallen to approximately 52%. From 1984 to 1996, non-U.S. trading volume grew approximately 1,233% from approximately U.S. $486 billion to approximately U.S. $6.5 trillion.

Management believes that the two main justifications for the rapid growth in international investing by U.S.investors are diversification and potentally superior investment returns. In a study performed by the Company, the returns of 28 global equity markets were measured from December 1987 to September 1997. Over that time, 8 of the 28 foreign markets provided returns higher than those of the U.S. stock market, while over the same time period, all but two of the stock markets exhibited correlation to the U.S. market of less than 60%. As the vast majority of foreign markets continue to exhibit a low correlation to the U.S. market (and therefore potential diversification benefits), while offering the potential for return enhancement, management believes that an increased number of investors will ultimately see the benefits of investing globally.

While investing in international markets also involves risk considerations not typically associated with investing in securities of U.S. issuers, the Company believes that such considerations are outweighed by the benefits of diversification and potentially superior returns.

Among the risk considerations involved in investing in international markets are that less information may be available about foreign companies than about domestic companies. Foreign companies are also generally not subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to domestic companies. In addition, unlike investing in U.S. companies, securities of non-U.S. companies are generally denominated in foreign currencies, thereby subjecting each security to changes in value when the underlying foreign currency strengthens or weakens against the U.S. dollar. Currency exchange rates generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention of U.S.or foreign governments or central banks or by currency controls or political developments in the U.S. or abroad.

The value of international fixed income products also responds to interest rate changes in both the U.S. and abroad. In general, the value of such products will rise when interest rates fall, and fall when interest rates rise. Interest rates in the U.S. and other foreign countries may change independently of each other. Thus foreign fixed income products may increase in value while U.S. fixed income products decrease in value and vice versa.

International markets and securities may also not be as liquid as U.S. securities and their markets. Investing in international securities may further result in higher expense than investing in domestic securities because of the cost of converting foreign currencies to U.S. dollars and expenses relating to foreign custody. Investment in international securities may also be subject to local economic or political risks, including instability of some foreign governments, the possibility of currency blockage or the imposition of withholding taxes on dividend or interest payments and the potential for expropriation, nationalization or confiscatory taxation and limitations on the use or removal of funds or other assets.

As an example of the types of risk discussed above, recent market declines in the emerging markets, particularly those of Southeast Asia, have resulted in substantial declines in the valuation of Southeast Asian portfolios. While these market declines can provide low cost buying opportunities for clients of IAAC, declines in these markets can also cause client concerns and a reluctance to make further investments in foreign markets. Any such reluctance could lead to reduced commission revenues to the Company as well as trading losses from market price declines and overall volatility.

The Brokerage Business

For the fiscal years ended September 30, 1997 and 1996, approximately 75% and 74%, respectively, of the Company's total revenues were derived from commissions earned from transactions with its retail clients. The Company's client base is composed primarily of high net worth individuals. The average age of its clients is approximately 56 and a substantial portion is retirees. Clients are distributed nationwide. However, a particularly large number of clients reside in Florida, California, New York, Texas and Pennsylvania. The Company has approximately 9,650 active client accounts at September 30, 1997.

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

The Company also earned commission income from institutional transactions directed to its trading department by a closed-end management investment company managed by a company affiliated through common ownership. During the years ended September 30, 1997 and 1996, the institutional commissions earned from this investment company amounted to $246 and $22,362, respectively. As of October 1996, the management of the investment company changed ownership and the Company will no longer receive such institutional commissions. The termination of this institutional relationship has no material effect on the Company due to the small amount of these commission revenues, less than .003% and .3% of total commission revenues for 1997 and 1996, respectively. Nevertheless, the Company is also commencing expanded efforts to enhance its institutional revenues by the dedication of staff and other resources towards seeking new institutional revenue sources. This new business strategy is unrelated to the loss of the nominal institutional revenue discussed above.

The Company has also developed a niche market in the sale of international debt securities. The Company uses its capital to buy a block of debt securities and, in turn, makes offerings as low as $10,000 available to its private clients.

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

Principal Transactions

In addition to executing trades as agent, the Company acts as a principal in executing trades in over-the-counter debt and equity securities. When transactions are executed by the Company on a principal basis, the Company receives, in lieu of commissions, markups or markdowns that constitute revenues from principal transactions. To facilitate trading by its clients, the Company buys, sells and maintains inventories of approximately 150 primarily international securities.

The Company places its capital at risk by also trading as a "market maker" in a select group of approximately 75 international securities which are traded by the Company's clients. The Company's emphasis in such trades is on earning revenues from the spread between customer buy and sell orders.

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

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

Marketing

The Company believes that its ability to deliver its global securities message in a cost-effective manner is a key element to its operations. The Company uses a variety of marketing tools. These include presenting seminars, writing articles for various publications, public appearances by Mr. Veitia, the Company's Chairman and Chief Executive Officer, advertising in various media and using targeted direct mail.

After some experimentation with a variety of marketing tools in the Company's early years, management has found direct mail marketing to be the most cost-effective mechanism for attracting customers. The Company believes that it has developed an expertise in attracting high net worth clients through the use of low cost, direct mail marketing techniques. The Company further believes that the most important aspect of its direct mail marketing effort is its database of potential clients. The Company's database currently has access to approximately 1,000,000 names, including approximately 10,000 clients, 60,000 subscribers to the Company's newsletters and other potential clients.

In addition to direct mail marketing, the Company uses several other marke- ing tools. The Company presents seminars and provides clients with two monthly newsletters, "Global Insights" and "The International Assets Advisory". The Company also sends existing clients separate mailings, such as research reports, with a narrower focus than its newsletters.

Competition

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

Research Services

The Company's research activities include reviewing general market conditions, specific industries, and individual companies and providing information with respect thereto in monthly newsletters, which discuss international economic and currency trends and give readers specific investment recommenation and ideas. These services are made available without charge to clients.

The Company's investment research committee (the "Investment Committee") makes decisions concerning the overall investment policy of the Company based on its assessment of macro-economic and macro-market factors. The Investment Committee also makes determinations regarding the allocation of Company and client assets into geographic, currency, and security type (debt, equity and cash) categories. After this allocation decision has been made, the Investment Committee recommends individual securities for investment. The focus is on the analysis of a particular company and its debt or equity securities.

Once the investment committee has made its initial recommendations, a sub-committee analyzes such recommendations to determine which recommendations are appropriate for the Company's client base. The subcommittee focuses on equity securities which are priced at a retail level, generally $50 per share or less. In addition, since private clients are less diversified than institutions, there is an emphasis on blue-chip and higher quality investments. Following its analysis of these factors, the subcommittee creates an approved list of international securities from which account executives can make recommendations to their clients.

Administration and Operations

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

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

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

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

The Company believes that its internal controls and safeguards against securities theft are adequate. As required by the NASD and other authorities, the Company carries a fidelity bond covering any loss or theft of securities, as well as embezzlement and forgery. The Company annually assesses the total required bond coverage and carries a $180,000 limit. The Company believes total coverage of $180,000 (with a $5,000 deductible provision) is adequate for the upcoming year.

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

Regulation

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

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

IAAC is required by Federal law to belong to SIPC. The SIPC fund provides protection for securities held in customer accounts of up to $500,000 per customer, with a limitation of $100,000 on claims for cash balances. In addition, securities in an account at the Company's clearing broker ar afforded additional protection by the clearing broker of up to $9,500,000.

During IAAC's 1991 examination by the NASD, several administrative and operations violations were alleged. IAAC, without admitting or denying the allegations, settled the matter in June 1992 by paying a fine of $15,500 and instituting procedures to prevent future deficiencies in specified areas.

Net Capital Requirements

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

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

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

Net capital changes from day to day, but at September 30, 1997 and 1996, IAAC had excess net capital of $2,331,202 and $2,267,549, respectively, and a ratio of aggregate indebtedness to net capital of .51 to 1 for both periods.

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

Employees

At September 30, 1997, the Company employed 91 employees, of which 88 were full time employees. Of such employees, 9 had managerial responsibilities, 51 were account executives and 31 had administrative duties,including persons engaged in other service areas such as research, money management, trading, accounting, operations, compliance and marketing. The Company considers its relationship with its employees to be good.

Compliance with Environmental Regulations

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

ITEM 2. DESCRIPTION OF PROPERTY.

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

ITEM 3. LEGAL PROCEEDINGS.

During the year ended September 30, 1997, the Company settled certain client matters arising in the normal course of business totaling $146,000 which has been included in other operating expenses in the accompanying consolidated statement of operations.

The Company is involved in an arbitrated claim which management believes to be without merit and that any expected award on the claim will not be material to the consolidated financial statements of the Company. The arbitration hearing concluded on November 7, 1997 and the arbitration panel has not yet rendered its decision on the claim. The amount of the claim ranges from $300,000 to $465,000, legal fees, plus treble damages and interest. The arbitrators' decision may award less than the claim, any part of the claim or make no award on the claim.

The Company is party to certain litigation as of September 30, 1997 which relates primarily to matters arising in the ordinary course of business. Management of the Company anticipates that the final resolution of these items will not have a material adverse effect on the Company's consolidated financial statements.

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

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

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

PART II

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

The Company's Common Stock trades on the NASDAQ SmallCap Market under the symbol IAAC. The Company's Redeemable Warrants which traded separately on the NASDAQ SmallCap Market under the symbol IAACW expired unexercised on February 11, 1997. The Common Stock began trading independently from the Redeemable Warrants on NASDAQ effective February 11, 1995. Prior to February 11, 1995, one share of Common Stock and one Warrant, which when exercised enabled the holder thereof to purchase one share of the Company's Common Stock, traded as one Unit on the NASDAQ SmallCap Market under the symbol IAACU. The Units began trading on NASDAQ in March, 1994 and ceased trading in February, 1995.

The following table sets forth, for the periods indicated, the range of high and low sales prices per Common Share and Warrant as reported by NASDAQ, which prices do not include retail mark-ups, mark-downs, or commissions and represent prices between dealers and not necessarily actual transactions.

	High .	Low
The Company's Common Stock, as traded under the symbol IAAC		
Fiscal Year 1996		
First Quarter..	3 1/2	2 1/4
Second Quarter..	4 1/4	2 1/2
Third Quarter..	4 1/2	3 1/2
Fourth Quarter	4 1/2	3 1/2
Fiscal Year 1997		
First Quarter..	4 3/8	2 3/4
Second Quarter..	3 7/16	2 5/8
Third Quarter..	3 9/16	2 3/4
Fourth Quarter.......................................	5 1/4	3 1/8
The Company's Warrants, as traded under the symbol IAACW, expired February 11, 1997		
Fiscal Year 1996		
First Quarter	1/16	1/32
Second Quarter	1/16	1/32
Third Quarter	3/16	1/16
Fourth Quarter	1/8	1/8
Fiscal Year 1997		
First Quarter	1/8	1/32
Second Quarter	1/32	1/32

There were approximately 194 shareholders of record of the Common Stock at September 30, 1997. The total shareholders of record stated does not include the approximate number of total beneficial shareholders.

On November 14, 1997 the Board of Directors of the Company declared a 10% stock dividend for shareholders of record on December 26, 1997 and payable on January 20, 1998.

The Company has never paid or declared cash dividends on its Common Stock and does not intend to pay cash dividends on its Common Stock in the foreseeable future. The Company presently expects to retain its earnings to finance the development and expansion of its business. The payment by the Company of cash dividends, if any, on its Common Stock in the future is subject to the discretion of the Board of Directors and will depend on the Company's earnings, financial condition, capital requirements and other relevant factors.

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

The following discussion and analysis should be read in onjunction 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 invest brokerage industry, new products and services in the investment brokerage industry, changing trends in customer profiles and changes in laws and regulation applicable to the Company. Although the Company believes that its expectation with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurances that the actual results, perfor- mance or achievement of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward looking statements.

The Company's principal 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.

The Company's assets have increased from $7,625,462 in 1996 to $7,928,214 in 1997 and the Company's liabilities decreased from $2,383,081 to $2,100,820 in 1996. The increase in assets is primarily attributable to a $167,914 increase in the receivable from clearing broker and a $128,972 increase in net property and equipment. The decrease in total liabilities is primarily attributable to a $347,027 decrease in securities sold, but not yet purchased.

Recent market declines in the emerging markets, particularly those of Southeast Asia, have resulted in substantial declines in the valuation of Southeast Asian portfolios. While these market declines can provide low cost buying opportunities for clients of IAAC, declines in these markets can also cause client concerns and a reluctance to make further investments in foreign markets. Any such reluctance could lead to reduced commission revenues to the Company as well as trading losses from market price declines and overall volatility.

The Company is currently developing a Year 2000 plan to address issues relating to its business which may result from computer changes referencing the year 2000. These potential issues arise because software written earlier in this century accepts only two numbers in the date field, such as '97 for 1997, and counts lesser numbers as coming before higher numbers. Accordingly, when the year 2000 is entered in such software as "00", the date is read as 1900, not 2000. This issue, which potentially impacts all types of businesses, has been termed the "Year 2000 problem" by some commentators. The estimated completion date for the Company's plan to address these issues is December, 1998. 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). Wexford has assured the Company that it will be prepared for the Year 2000 problem. The Company also currently employs a part-time systems consultant and plans to add a full-time employee to supplement its anticipated staffing needs to address the Year 2000 problem. The amount expended on the Year 2000 problem during the year ended September 30, 1997 is not material. The Company has not yet determined the range of expense that may be incurred and the Company does not believe the amount to be expended will have a material impact on the financial performance of the Company.

Results of Operations: 1997 Compared to 1996

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 years ended September 30, 1997 and 1996, approximately 75% and 74%, respectively, of the Company's revenues were derived from commissions earned on the sale of securities, with approximately 20% and 21%, respectively, of revenues coming from net dealer inventory and investment gains.

Total revenues increased by approximately 9% to $12,301,621 in 1997 from $11,321,295 in 1996. This increase was derived primarily from a $862,433 increase in commission revenue primarily due to an increase in security order flow. Commission revenue increased by approximately 10% to $9,249,261 for 1997 from $8,386,828 for 1996. Revenues from commissions are affected by both trading volume and the dollar amount of trades. Based on the number of trades processed, 1997 volume increased by approximately 15% from 1996 levels. However, this 15% increase in trades processed volume was somewhat offset by a 4% decrease in the dollar average of trades for 1997 as compared with 1996. The average number of account executives increased from 40 in 1996 to 44 in 1997, or an increase of approximately 10%.

Net dealer inventory and investment gains increased by approximately 4% to $2,436,212 for 1997 from $2,340,719 for 1996. The increase in net dealer inventory and investment gains is primarily attributable to increases in both fixed income trading and increases in the volume of wholesale trading activities. The Company's trading department primarily concentrates on global securities which it believes are likely to be traded by the Company's clients. By focusing on these types of securities, trading income is more directly related to commission income and order flow.

Revenues from money management fees increased by approximately 43% to $81,302 for 1997 from $56,694 for 1996. The increase is primarily due to increases in the dollar amount of money under management as well as increases in investment supervisory fees.

Interest and dividend revenue increased by approximately 6% to $279,041 for 1997 from $263,951 in 1996. This increase is partly attributable to somewhat higher yields on securities and investments held by the Company throughout the 1997 fiscal year. The increase is also attributable to increases in invested funds from profitable operations of the Company.

Total expenses increased by $975,235, or approximately 10% from 1996 as compared to 1997. This increase in total expense is partially offset by the approximate 9% increase in total revenues. The major expenses incurred by the Company relate to employees' compensation and benefits, direct costs of securities operations, such as commissions and clearing fees, and communications and promotions expense.

Commissions and clearing fees increased by $557,454, or approximately 12% from 1996 as compared to 1997. This increase in commissions and clearing fees is directly related to the 10% increase in commission revenue and the 4% increase in net dealer inventory and investment gains.

Employee compensation and benefits increased by $137,539, or approximately 6% from 1996 as compared to 1997. The increase in employee compensation and benefit expense is primarily due to the cost of additional employees hired by the Company and overall wage increases.

Promotion expense decreased by $74,790, or approximately 6% from 1996 as compared to 1997. This decrease is primarily due to the elimination of funding from the Company to IFP for promotional activities. As of October 1996, Company funding for all IFP promotional activities was ceased due to the unsuccessful efforts of IFP in generating revenues.

Communications expense increased by $15,476, or approximately 4% from 1996 as compared to 1997. This increase is due to increased telephone and general corporate use printing activities. Occupancy and equipment rental expense decreased by $25,514, or approximately 7% from 1996 as compared to 1997. This decrease was due to a rent reduction negotiated with the owner of the Company's leased premises.

As a result of the above, income before income taxes increased by $5,091, or approximately .4% in 1997 over 1996. Income tax expense increased by $13,583, or approximately 3% from 1996 as compared to 1997. The increase in income tax expense is due to the $5,091 increase in income before income taxes and an increase in the effective income tax rate, due to the increase in several non deductible expenses. As a result of the above net income decreased by $8,492, or approximately 1% in 1997 as compared to 1996. The Company's effective income tax rate was approximately 41.2% and 40.2% for 1997 and 1996, respectively.

1996 Compared to 1995

Total revenues increased by approximately 22% to $11,321,295 in 1996 from $9,265,994 in 1995. This increase was derived primarily from a $1,160,278 increase in commission revenue primarily due to an increase in security order flow. Commission Revenue increased by approximately 16% to $8,386,828 for 1996 from $7,226,550 for 1995. Revenues from commissions are affected by both trading volume and the dollar amount of trades. The average number of account executives decreased from 41 in 1995 to 40 in 1996, or a decrease of approximately 2%. Based on the number of trades processed, 1996 volume increased approximately 13% from 1995 levels. This 13% increase in trades processed volume is directly related to the 16% increase in commission revenue for 1996 over 1995 levels. The increase in commission revenue was also favorably impacted by a higher dollar average of trades for 1996 over 1995 amounts.

Net dealer inventory and investment gains increased by approximately 51% to $2,340,719 for 1996 from $1,554,891 for 1995. The increase in net dealer inventory and investment gains is primarily attributable to increases in both retail and wholesale trading activities. The Company's trading department primarily concentrates on global securities which it believes are likely to be traded by the Company's clients. By focusing on these types of securities, trading income is more directly related to commission income and order flow.

Interest and dividend revenue increased by approximately 17% to $263,951 for 1996 from $226,351 in 1995. This increase is primarily attributable to higher yields on securities and investments held by the Company throughout the 1996 fiscal year.

Total expenses increased by $1,783,821, or approximately 21% from 1995 as compared to 1996. This increase in total expense is proportional to the overall 22% increase in total revenues. The major expenses incurred by the Company relate to employees' compensation and benefits, direct costs of securities operations, such as commissions and clearing fees, and communications and promotions expense.

Commissions and clearing fees increased by $635,411, or approximately 16% from 1995 as compared to 1996. This increase in commissions and clearing fees is directly related to the corresponding 16% increase in commission revenue. Employee compensation and benefits increased by $591,432, or approximately 31% from 1995 as compared to 1996. Approximately $250,000 of the increase in employee compensation and benefit expense is due to increases in performance based bonus accruals, based on the increase in income before taxes and trading revenue by the Company, during 1996 as compared to 1995. Approximately $271,000 of the increase in employee compensation and benefits is due to additional employees hired by the company and overall wage increases and the remaining approximate $70,000 is due to increases in the cost of benefits and other compensation.

Promotion expense increased by 340,600, or 35% from 1995 as compared to 1996. This increase is primarily due to promotional expenses incurred by IFP during fiscal 1996. The Company anticipates a reduction in overall promotional expenses for fiscal year 1997 due to termination of internal funding for this subsidiary's promotional activities as of October 1996.

Communications expense decreased by $23,531, or approximately 6% from 1995 as compared to 1996. This decrease was due to reduced general corporate use printing activities. Occupancy and equipment rental expense increased by $70,203, or 25% from 1995 as compared to 1996. This increase was due to an expansion of office space as well as scheduled annual lease increases.

As a result of the above, income before income taxes increased by $271,480, or approximately 29% in 1996 over 1995. The Company's effective income tax rate was approximately 40% for 1996.

Liquidity and Capital Resources

A substantial portion of the Company's assets are liquid. At September 30, 1997, approximately 84% of the Company's assets consisted of cash, cash equivalents, and marketable securities including marketable investments. All assets are financed by the Company's equity capital, short-term borrowings from securities lending transactions and other payables.

IAAC is subject to the requirements of the SEC and the NASD relating to liquidity and net capital levels. At September 30, 1997, IAAC had net capital of $2,467,702, which was $2,331,202 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 12 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.

Effects of Inflation

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

ITEM 7. CONSOLIDATED FINANCIAL STATEMENTS.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

The Board of Directors
International Assets Holding Corporation
and Subsidiaries:

We have audited the accompanying consolidated balance sheets of International Assets Holding Corporation and Subsidiaries as of September 30, 1997 and 1996 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Assets Holding Corporation and Subsidiaries as of September 30, 1997 and 1996 and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

/S/ KPMG Peat Marwick LLP

Orlando, FL
November 7, 1997

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 1997 and 1996

Assets		1997	1996
Cash	$	551,257	446,936
Cash deposits with clearing broker		2,415,582	2,479,289
Foreign currency		-	428
Investments (note 3)		1,300,384	1,318,997
Receivable from clearing broker, net		405,050	237,136
Receivable from affiliated company (note 2)		-	26,542
Other receivables		58,602	108,085
Securities owned, at market value (note 4)		2,528,260	2,470,595
Income taxes receivable		3,655	-
Deferred income tax benefit		48,851	27,599
Property and equipment, at cost:			
Leasehold improvements		52,953	40,404
Furniture and equipment		843,995	606,448
		896,948	646,852
Less accumulated depreciation		(456,822)	(335,698)
Net property and equipment		440,126	311,154
Other assets, net of accumulated amortization of $88,750 in 1997 and $47,752 in 1996		176,447	198,701
Total assets	$	7,928,214	7,625,462

See accompanying notes to consolidated financial statements.

Liabilities and Stockholders' Equity		1997	1996
Liabilities:			
Foreign currency sold, but not yet purchased	$	3,992	-
Securities sold, but not yet purchased, at market value (note 4)		682,054	1,029,081
Accounts payable		116,067	111,033
Accrued employee compensation and benefits		900,973	843,944
Other accrued expenses		268,314	156,321
Income taxes payable		-	121,318
Deferred income taxes		20,059	16,651
Other		109,361	104,733
Total liabilities (note 6)		2,100,820	2,383,081
Stockholders' equity (notes 7, 11 and 12):			
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 1,411,262 and 1,450,787 shares in 1997 and 1996, respectively		14,113	14,508
Additional paid-in capital		3,125,043	3,237,125
Retained earnings		2,688,238	1,990,748
Total stockholders' equity		5,827,394	5,242,381
Commitments and contingent liabilities (notes 5, 8 and 13)			
Total liabilities and stockholders' equity	$	7,928,214	7,625,462

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended September 30, 1997 and 1996

	1997	1996
Revenues:		
Commissions	$ 9,249,261	8,386,828
Net dealer inventory and investment gains	2,436,212	2,340,719
Management fees	81,302	56,694
Maintenance fees	148,395	125,034
Interest and dividends	279,041	263,951
Other	107,410	148,069
Total revenues	12,301,621	11,321,295
Expenses:		
Commissions and clearing fees	5,226,823	4,669,369
Employees compensation and benefits	2,610,285	2,472,746
Communications	373,307	357,831
Promotion	1,228,344	1,303,134
Occupancy and equipment rental (note 8)	325,484	350,998
Interest	3,543	6,118
Professional fees	363,988	188,608
Insurance	219,823	203,706
Depreciation and amortization	162,122	126,017
Other operating expenses	567,650	427,607
Total expenses	11,081,369	10,106,134
Income before income taxes	1,220,252	1,215,161
Income tax expense (note 9)	502,383	488,800
Net income	$ 717,869	726,361

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations, Continued

		1997	1996
Earnings per common and dilutive common equivalent share			
Primary	$	.43	.40
Fully diluted	$	.42	.40
Weighted average number of common and dilutive common shares outstanding:			
Primary and fully diluted		1,835,541	2,172,849

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

Years ended September 30, 1997 and 1996

	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Treasury Stock	Total stockholder's equity
Balances at September 30, 1995	$ -	$ 14,609	3,292,574	1,250,305	-	4,557,488
Acquisition of 10,100 common shares (note 13)	-	-	-	-	(41,468)	(41,468)
Retirement of 10,100 common shares held in treasury	-	(101)	(55,449)	14,082	41,468	-
Net income	-	-	-	726,361	-	726,361
Balances at September 30, 1996	-	14,508	3,237,125	1,990,748	-	5,242,381
Acquisition of 24,025 common shares (note 10)	-	-	-	-	(75,700)	(75,700)
Acquisition of 15,500 common shares (note 13)	-	-	-	-	(57,156)	(57,156)
Retirement of 39,525 common shares held in treasury	-	(395)	(112,082)	(20,379)	132,856	-
Net income	-	-	-	717,869		717,869
Balances at September 30, 1997	$ -	14,113	3,125,043	2,688,238	-	5,827,394

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 1997 and 1996

		1997	1996
Cash flows from operating activities:			
Net income	$	717,869	726,361
Adjustments to reconcile net income to net cash provided by operating activities:			
Net amortization and appreciation of investments		(87,316)	(93,582)
Depreciation and amortization		162,122	126,017
Deferred income taxes		(17,843)	3,740
Cash provided by (used for) changes in:			
Receivable from clearing broker, net		(167,914)	(84,402)
Receivable from affiliated company		26,542	14,230
Other receivables		49,483	14,817
Securities owned, at market value		(57,665)	(471,499)
Income taxes receivable		(3,655)	-
Other assets		(18,744)	(45,068)
Securities sold, but not yet purchased, at market value		(347,027)	613,377
Accounts payable		5,034	14,226
Accrued employee compensation and benefits		57,029	172,984
Other accrued expenses		111,993	(9,535)
Income taxes payable		(121,318)	(47,940)
Other liabilities		4,627	97,342
Net cash provided by operating activities		313,217	1,031,068
Cash flows from investing activities:			
Disposal of investments		7,921,075	11,029,000
Acquisition of investments		(7,815,146)	(10,493,838)
Acquisition of property and equipment and other assets		(250,096)	(202,980)
Net cash provided by (used for) investing activities		(144,167)	332,182

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

		1997	1996
Cash flows from financing activities:			
Acquisition of common shares related to repurchase program		(57,156)	(41,468)
Acquisition of common shares related to terminated ESOP participants		(75,700)	-
Net cash used for financing activities		(132,856)	(41,468)
Net increase in cash and cash equivalents		36,194	1,321,782
Cash and cash equivalents at beginning of year		2,926,653	1,604,871
Cash and cash equivalents at end of year	$	2,962,847	2,926,653
Supplemental disclosures of cash flow information:			
Cash paid for interest	$	3,543	6,118
Income taxes paid	$	645,200	533,000

See accompanying notes to consolidated financial statements.

(1 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of International Assets Holding Corporation (the Company) and its five wholly-owned subsidiaries, International Assets Advisory Corp., International Assets Management Corp., Global Assets Advisors, Inc., Global Net Securities, Inc. and International Financial Products, Inc. International Assets Advisory Corp. is a registered broker/dealer under the Securities Act of 1934. Its securities transactions are cleared through Wexford Clearing Services Corporation (a wholly-owned, guaranteed subsidiary of Prudential Securities Incorporated) on a fully disclosed basis. International Assets Management Corp. was formed to manage the physical assets of the Company. Global Assets Advisors, Inc. provides investment advisory and management services. Global Net Securities, Inc. was formed to capitalize on the use of recent and future technology developments that relate to the securities industry. International Financial Products, Inc. markets products which are not investments, but are related to the financial world. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Cash Equivalents

Cash equivalents consist of cash deposits with clearing broker, foreign currency and foreign currency sold, but not yet purchased. Cash deposits with clearing broker consist of cash and money market funds stated at cost which approximates market. The money market funds earn interest at varying rates on a daily basis. For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(c) Financial Instruments

As of September 30, 1997 and 1996 the carrying value of the Company's financial instruments including cash, cash deposits with clearing broker, foreign currency, receivables, account payable and accrued expenses approximate their fair values, based on the short-term maturities of these instruments. Additionally, the carrying value of investments, securities owned and any securities and foreign currency sold, but not yet purchased, approximate their fair value at September 30, 1997 and 1996 as they are based on quoted market prices. (Continued)

(d) Investments

As of September 30, 1997, investments consist of a U.S. Federal Home Loan note, a U.S. corporate bond fund, a foreign corporate bond and a limited partnership ownership interest. The U.S. Federal Home Loan note is recorded at amortized cost, which approximates market value. The U.S. corporate bond fund and foreign corporate bond are recorded at market value. The limited partnership ownership interest is recorded at fair value, which has been determined by management. These investments are for the Company's investing purposes and are not held for sale to the Company's customers

(e) Valuation of Securities and Foreign Currency

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

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

(f) Revenue Recognition

The revenues of the Company are derived principally from commissions earned on the sale of securities, from maintenance fees charged to customers and from realized and unrealized trading income in securities purchased or sold for the Company's account. Commission and trading income are recorded as of the trade date of the securities. Interest income is recorded on the accrual basis and dividend income is recognized upon receipt.

(Continued)

(g) Depreciation and Amortization

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

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

(h) Income Taxes

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

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

(i) Advertising

The Company expenses costs of advertising as incurred. Advertising costs for the years ended September 30, 1997 and 1996 were $816,835 and $891,125, respectively.

(Continued)

(j) Stock Option Plan

Prior to October 1, 1996, the Company accounted for its stock option plan in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. On October 1, 1996, the Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation", which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 also allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income and pro forma earnings per share disclosures for employee stock option grants made in 1995 and future years 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.

(k) Use of Estimates

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

(l) Earnings Per Common Share

Earnings per common and dilutive common equivalent share have been computed by dividing adjusted net income by the weighted average number of common and dilutive common equivalent shares outstanding. Common equivalent shares included in the computation represent shares issuable upon assumed exercise of stock options and warrants. The adjustment to net income assumes the investment of excess proceeds received from the assumed exercise of common stock equivalents, net of income taxes.

(Continued)

(m) Future Application of Accounting Standards

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" Statement 128 supersedes APB Opinion No. 15, "Earnings Per Share," and specifies the computation, presentation, and disclosure requirements for earnings per share "EPS") for entities with publicly held common stock or potential common stock. Statement 128 was issued to simplify the computation of EPS. It requires dual presentation of basic and diluted EPS on the face of the statements of operations for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation.

Statement 128 is effective for financial statements for both interim and annual periods ending after December 15, 1997. Earlier application is not permitted. After adoption, all prior period EPS data presented shall be restated to conform to Statement 128. Under Statement 128, basic EPS would be $.50 for each of the years ended September 30, 1997 and 1996. Diluted EPS would be $.48 for each of the years ended September 30, 1997 and 1996.

(2) Related Party Transactions

Receivable from an affiliated company represents the Company's payment of costs on behalf of a company affiliated through common ownership. The receivable is non-interest bearing and due on demand. As of September 30, 1997 and 1996, $-0- and $26,542, respectively, was receivable from the affiliated company.

During the year ended September 30, 1997, the Board of Directors of the Company approved the reimbursement of approximately $100,000 of expenses incurred in connection with responding to issues raised during a Securities and Exchange Commission ("SEC")inspection of an affiliated company.

(Continued)

(3) Investments

Investments at September 30, 1997 and 1996 consist of the following:

		Cost or amortized cost	Market value
1997:			
U.S. Federal Home Loan note	$	648,711	648,711
U.S. corporate bond fund		368,221	411,404
Foreign corporate bond		143,750	142,969
Limited partnership ownership interest		97,300	97,300
	$	1,257,982	1,300,384
1996:			
U.S. Federal Home Loan note		749,266	749,266
U.S. corporate bond fund		280,495	306,267
Foreign corporate bond		92,462	93,000
Foreign government obligation		71,162	70,464
Limited partnership ownership interest		100,000	100,000
	$	1,293,385	1,318,997

(Continued)

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

Securities owned and securities sold, but not yet purchased at September 30, 1997 and 1996 consist of trading and investment securities at market values as follows:

		Owned	Sold, but not yet purchased
1997:			
Obligations of U.S. Government	$	285,055	-
Common stock and American Depository Receipts		1,302,419	682,054
Corporate bonds		283,285	-
Foreign government obligations		68,591	-
Proprietary unit investment trusts		588,910	-
	$	2,528,260	682,054
1996:			
Obligations of U.S. Government		1,047,097	-
Common stock and American Depository Receipts		864,884	1,029,081
Corporate bonds		99,462	-
Foreign government obligations		23,050	-
Proprietary unit investment trusts		436,102	
	$	2,470,595	1,029,081

(5) Financial Instruments with Off-Balance Sheet Risk

The Company is party to certain financial instruments with off-balance sheet risk in the normal course of business as a registered securities broker/dealer. As of September 30, 1997 and 1996 the Company remains liable for a number of equity securities it has sold, which are owned by outside parties (see note 4). Risks arise from movements in the value of these securities which the Company must purchase to cover those previously sold.

(Continued)

(6) Liabilities Subordinated to Claims of General Creditors

During the years ende September 30, 1997 and 1996, International Assets Advisory Corp. (IAAC) did not have any liabilities which were subordinated to the claims of general creditors.

(7) Capital and Cash Reserve Requirements

As of September 30, 1997 and 1996, IAAC is subject to the SEC uniform net capita rule (Rule 15c3-1), which requires the maintenance of minimum net capital at an amount equal to the greater of $100,000, 6-2/3% of aggregate indebtedness, or $2,500 for each security in which a market is made with a bid price over $5 and $1,000 for each security in which a market is made with a bid price of $5 or less with a ceiling of $1,000,000, and requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1. At September 30, 1997, IAAC had excess net capital of approximately $2,331,202 and a ratio of aggregate indebtedness to net capital of approximately .51 to 1.

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

(8) Leases

The Company is obligated under various noncancelable operating leases for the rental of its office facilities and certain office equipment. Rent expense associated with these operating leases amounted to $264,045 and $296,153 for the years ended September 30, 1997 and 1996, respectively. The future minimum lease payments under noncancelable operating leases as of September 30, 1997 are as follows: (Continued)

Year ending September 30,		
1998	$	313,398
1999		308,470
2000		319,991
2001		231,250
2002		17,503
Total future minimum lease payments	$	1,190,612

(9) Income Taxes

Income taxes for the years ended September 30, 1997 and 1996 consists of:

		Current	Deferred	Total
1997:				
Federal	$	444,439	(15,244)	429,195
State		75,787	(2,599)	73,188
	$	520,226	(17,843)	502,383
1996				
Federal		414,419	3,194	417,613
State		70,641	546	71,187
	$	485,060	3,740	488,800

(Continued)

Total income tax expense for the years ended September 30, 1997 and 1996 differed from the amounts computed by applying the U.S. federal income tax rate of 34% to income before income taxes as a result of the following:

	1997		1996	
	Amount	% of pretax income	Amount	% of pretax income
Computed "expected" tax expense	$ 414,885	34.0%	413,154	34.0
Increase (decrease) in income tax expense resulting from:				
State income taxes, net of federal income tax benefit	46,927	3.9	44,073	3.6
Officers life insurance premium not deductible for tax purpose	2,539	.2	2,527	.2
Meals and entertainment expense not deductible for tax purposes	27,034	2.2	21,253	1.7
Memberships, net	10,002	.8	6,787	.6
Other, net	996	.1	1,006	.1
	$ 502,383	41.2%	$488,800	40.2%

Deferred income taxes as of September 30, 1997 and 1996 reflect the impact of "temporary differences" between amounts of assets and liabilities for financial statement purposes and such amounts as measured by tax laws. The temporary differences give rise to deferred tax assets and liabilities, which are summarized below as of September 30, 1997 and 1996:

(Continued)

		1997	1996
Gross deferred tax liabilities:			
Accumulated depreciation and amortization	$	(20,059)	(16,651)
Gross deferred tax assets:			
Accrued reserves		11,400	7,600
Rent abatement		14,144	19,999
Amortization of other assets		23,307	-
Total gross deferred tax assets		48,851	27,599
Total net deferred tax assets	$	28,792	10,948

There was no valuation allowance for deferred tax assets as of September 30, 1997 and 1996. 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 whichthose temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. As of September 30, 1997, based upon the level of historical taxable income and projections for future taxable income, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

(10) Employee Benefit Plans

IAAC has an Employee Stock Ownership Plan (ESOP) with 401(k) features which enables generally all Company employees who have completed one year of continuous service and who have attained the age of twenty-one to acquire shares of the parent Company's common stock. The 401(k) feature allows employees to elect to defer a portion of their salary into the ESOP. The amount contributed reduces the employee's taxable compensation. IAAC has the option to make a matching contribution based on a percentage of the participants' contributions. The ESOP is a "nonleveraged" ESOP as of September 30, 1997 and 1996.

(Continued)

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

IAAC's contributions to the various employee benefit plans for the years ended September 30, 1997 and 1996 are summarized as follows:

		1997	1996
Retirement Savings Plan	$	64,600	78,524
ESOP - 401(k) portion		59,864	58,545
	$	124,464	137,069

Benefits under the ESOP feature of the Plan, which gradually vest over seven years, and benefits under the 401(k) feature of the Plan relative to participant contributions, which are fully vested at all times, are paid upon death, disability, retirement or termination of employment.

As of September 30, 1997 and 1996, 336,690 and 360,715 common shares of the Company were allocated to ESOP participants, respectively.

During the year ended September 30, 1997 and 1996, 24,025 and -0- common shares of the Company were purchased from terminated ESOP participants.

(11) Stock Options

The International Assets Holding Corporation Stock Option Plan (the "Plan")was adopted by the Board of Directors of the Company and approved by the Company's stockholders during January 1993. The Plan permits the granting of awards to employees and directors of the Company and its subsidiaries in the form of stock options. Stock options granted under the Plan may be "incentive stock options" meeting the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, or nonqualified options which do not meet the requirements of Section 422. As of September 30, 1997 a total of 500,000 shares of the Company's common stock had been reserved for issuance pursuant to options granted under the Plan.

(Continued)

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

At September 30, 1997, there were 35,000 additional shares available for grant under the Plan. Using the Black Scholes option-pricing model, the per share weighted-average fair value of stock options granted during 1997 where exercise price equals the market price of the stock on the grant date was $2.36. The per share weighted-average fair value of stock options granted during 1996 where exercise price equals the market price of the stock on the grant date or exercise price is greater than the market price of the stock on the grant date was $1.72 and $1.62, respectively.

The following weighted average assumptions were used:

	1997	1996
Exercise price = market price on grant date		
Expected risk-free interest rate	6.40%	6.09%
Expected life	7.0 years	5.2 years
Expected volatility	60.10%	76.90%
Expected dividend yield	0.00%	0.00%
Exercise price > market price on grant date		
Expected risk-free interest rate	-	6.08%
Expected life	-	5.0 years
Expected volatility	-	77.20%
Expected dividend yield	-	0.00%

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

(Continued)

			1997	1996
Net income	As reported	$	717,869	726,361
	Pro forma		626,736	663,527
Primary EPS	As reported	$	0.43	0.40
	Pro forma		0.38	0.37
Fully diluted EPS	As reported	$	0.42	0.40
	Pro forma	$	0.37	0.37

Pro forma net income reflects only options granted in 1997 and 1996. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net income amounts presented above because compensation cost is reflected over the options' vesting period of 7 years and compensation cost for options granted prior to October 1, 1995 is not considered.

Stock option activity during the periods indicated is as follows:

	Number of shares	Weighted-average exercise price
September 30, 1995	190,000	$ 5.28
Granted	265,000	2.63
Exercised	-	-
Forfeited	(30,000)	5.50
Expired	-	-
September 30, 1996	425,000	3.61
Granted	40,000	3.56
Exercised	-	-
Forfeited	-	-
Expired	-	-
September 30, 1997	465,000	$ 3.61

(Continued)

At September 30, 1997, the range of exercise prices and weighted-average remaining contractual life of outstanding options was $2.50 - $5.63 and 7.49 years, respectively.

At September 30, 1997 and 1996, the number of options exercisable was 145,500 and 57,500, respectively, and the weighted-average exercise price of those options was $4.28 and $5.12, respectively.

Qualified Incentive Stock Options

As of September 30, 1997, the following options were outstanding under qualified incentive stock options, including their grant date, exercise price and expiration date:

Options outstanding	Grant date	Exercise price	Expiration date
100,000	January 23,1993	$ 5.10	January 23, 2003
40,000	August 12, 1994	5.50	August 12, 2004
10,000	December 21, 1995	3.00	December 21, 2005
110,000	December 28, 1995	2.75	December 28, 2005
105,000	December 28, 1995	2.50	December 28, 2005
5,000	March 7, 1996	3.00	March 7, 2006
30,000	December 11,1996	3.31	December 11, 2006
10,000	August 26, 1997	4.31	August 26, 2007
410,000			

The options granted on January 23, 1993 are exercisable at 25% per year beginning two years from the date of grant. The options granted on August 12, 1994, December 21, 1995, March 7, 1996, December 11, 1996 and August 26, 1997, are exercisable at 20% per year beginning three years from the date of grant. The options granted on December 28, 1995 are exercisable at 20% per year beginning one year from the date of grant.

As of September 30, 1997 and 1996, no options have been exercised and 126,000 and 50,000 options, respectively, were exercisable under qualified incentive stock options.

(Continued)

Nonqualified Options

As of September 30, 1997, the following options were outstanding under nonqualified options, including their grant date, exercise price and expiration date:

Options outstanding	Grant date	Exercise price	Expiration date
10,000	January 23, 1993	$ 5.10	January 23, 2003
10,000	May 13, 1994	5.63	May 13, 2004
35,000	December 28, 1995	2.50	December 28, 2005
55,000			

The nonqualified options granted January 23, 1993 and May 13, 1994 are exercisable at 25% per year beginning two years from the date of grant. The nonqualified options granted December 28, 1995 are exercisable at 20% per year beginning one year from the date of grant.

As of September 30, 1997 and 1996, no options have been exercised and 19,500 and 7,500 options, respectively, were exercisable under non-qualified stock options.

(12) Warrants

The Company had reserved 634,456 shares of its common stock for issuance upon exercise of 634,456 outstanding warrants. The warrants, which were issued in connection with the Company's initial offering of common stock to the public in March of 1994, expired unexercised on February 11, 1997.
(Continued)

(13) Commitments and Contingent Liabilities

The Company has entered into employment agreements with its chief executive officer and chief operating officer which expire March 25, 1999. Under the terms of the agreements, the two officers will receive a specified annual compensation, a bonus to each officer equal to 10% of consolidated income before income taxes, monthly automobile allowances and reimbursement for personal income tax preparation fees. In the event of termination of the agreements by the Company other than for cause, as defined, or if the executives resign as a result of a breach by the Company, the agreements provide for payments to such individuals in an amount equal to 100% of their total compensation for 24 months following the date of termination. In addition, upon termination of the agreements by the Company other than for cause or if the executives resign as a result of a breach by the Company, the Company has agreed, at the option of the executives, to the extent such payments may be made under applicable law, to repurchase within 60 days of such termination at market value (average of bid and asked prices) all shares of stock of the Company owned by the executives, including ESOP shares, which amount to approximately 528,000 common shares as of September 30, 1997. In addition, these executives have 220,000 option shares granted of which 88,000 are vested at September 30, 1997. The agreements also contain nondisclosure and noncompetition provisions.

On March 13, 1996, the Company announced that the Board of Directors authorized the Company to repurchase up to $500,000 of its common stock in the open market for the remainder of fiscal year 1996. On October 1, 1996, the Company being authorized by the Board of Directors, extended the buyback program through the end of fiscal year 1997. On September 2, 1997, the Company, being authorized by the Board of Directors, extended the buyback program through December 31, 1997. 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 of the Securities and Exchange Commission which regulates the specific terms in which shares may be repurchased. As of September 30, 1997, the Company had repurchased a total of 25,600 shares under this program since its inception at a total repurchase cost of $98,624.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

During the year ended September 30, 1997, the Company settled certain client matters arising in the normal course of business totaling $146,000 which has been included in other operating expenses in the accompanying consolidated statement of operations.

The Company is involved in an arbitrated claim which management believes to be without merit and that any expected award on the claim will not be material to the consolidated financial statements of the Company. The arbitration hearing concluded on November 7, 1997 and the arbitration panel has not yet rendered its decision on the claim. The amount of the claim ranges from $300,000 to $465,000, legal fees, plus treble damages and interest. The arbitrators' decision may award less than the claim, any part of the claim or make no award on the claim.

The Company is party to certain litigation as of September 30, 1997 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.

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

None

PART III

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

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

Name	Age	Director Since	Officer Since	Position
Diego J. Veitia	54	1987	1987	Director, Chairman of the Board and Chief Executive Officer
Jerome F. Miceli	54	1990	1991	Director, President, Chief Operating Officer and Treasurer
Stephen A. Saker	51	1990	1991	Director, Vice President and Secretary
Donald A. Halliday	54	1990	-	Director of the Company
Elmer L. Jacobs	62	1994	-	Director of the Company
Jonathan C. Hinz	35	-	1995	Vice President and Controller

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

Diego J. Veitia founded the Company in 1987 to serve as a holding company for IAAC and other subsidiaries. He has served as Chairman of the Board, director and Chief Executive Officer of the Company since its inception. He also served as President of the Company from 1987 until 1991. Mr. Veitia founded IAAC in 1981 and has served as Chairman of the Board and director since that time. Mr. Veitia is also currently serving as Chairman and Chief Executive Officer of GAA, IAMC, IFP and GNSI. Mr. Veitia also serves as Chairman of Veitia and Associates, Inc., a inactive registered investment advisor. Mr. Veitia serves as a director of America's All Seasons Income, Fund, Inc., an inactive management investment company. Mr. Veitia served as Chairman of All Seasons Global Fund, Inc., a publicly held closed-end management investment company from October 1987 until October 1996. During the last five years Mr. Veitia has also served as director and Chairman of Global Advisors, Inc., an investment advisor that has been dissolved.

Jerome F. Miceli has been a director of the Company since 1990 and has served as President, Chief Operating Officer and Treasurer of the Company since 1991. Mr. Miceli has also served as President, Chief Executive Officer, Treasurer and director of IAAC since 1990. Mr. Miceli also currently serves as President, Treasurer and Director of GAA, IAMC, IFP and GNSI.

In addition, from December 1990 until October 1996, Mr. Miceli served as Treasurer and director of All Seasons Global Fund Inc., a publicly held closed-end management investment company. Mr. Miceli is also President of Veitia and Associates, Inc., a inactive registered investment advisor.

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

Donald A. Halliday has served as a director of the Company since 1990. Since 1976, he has served as President of D. Halliday and Co., Inc., an international trading company, and also serves as a consultant on business development and trade financing issues for the tropical agribusiness and shipping industries.

Elmer L. Jacobs became a director of the Company in May 1994. He has served as an independent consultant on agribusiness development and bulk transportation issues for agribusiness since 1990. From 1987 to 1990, he was a partner with the Sparks Group, a consulting company. Before entering private consultation, Mr. Jacobs was Group President of six divisions of Continental Grain,a leading worldwide agribusiness firm.

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

Compliance with Section 16(a) of the Exchange Act

Pursuant to Section 16(a) of the Exchange Act and the rules issued thereunder, the Company's executive officers, directors and owners of in excess of 10% of the issued and outstanding common stock are required to file with the SEC reports of ownership and changes in ownership of the common stock of the Company. Copies of such reports are required to furnished to the Company. Based solely on the review of such reports furnished to the Company, the Company believes that during fiscal year 1997, all of its executive officers and directors complied with the Section 16(a) requirements.

ITEM 10. EXECUTIVE COMPENSATION.

Information with respect to this item will be contained in the Proxy Statement for the 1998 Annual meeting of Shareholders, which is incorporated herein by reference.

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

Information with respect to this item will be contained in the Proxy Statement for the 1998 Annual meeting of Shareholders, which is incorporated herein by reference.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to this item will be contained in the Proxy Statement for the 1998 Annual meeting of Shareholders, which is incorporated herein by reference.

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

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

(b) There were no reports filed on Form 8-K.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(10.3) The Company's $200,000 ESOP Loan Agreement dated as of December 30, 1992, is incorporated by reference to Exhibit 10.4, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(10.4) The Company's $200,000 ESOP Note dated December 30, 1992, payable to the Company, is incorporated by reference to Exhibit 10.5, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(10.5) The Company's ESOP Pledge Agreement dated December 30, 1992, between the Company and the ESOP, is incorporated by reference to Exhibit 10.6, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

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

(10.7) The Company's Revised Form of Employment Agreement, between the Company and Jerome F. Miceli is incorporated by reference to Exhibit 10.11, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

(10.8) The Company's Revised Form of Employment Agreement, between the Company and Diego J. Veitia is incorporated by reference to Exhibit 10.12, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.

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

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

(21)* List of Subsidiaries of the Company.

(23)* Consent of KPMG Peat Marwick LLP

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

____
*Filed herewith

SIGNATURES

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

INTERNATIONAL ASSETS HOLDING CORPORATION

Dated: December 23, 1997

By: /s/ Jerome F. Miceli
Jerome F. Miceli, President
and Chief Operating Officer

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

Signature	Title	Date
/s/ Diego J. Veitia Diego J. Veitia	Chief Executive Officer and Chairman of the Board	December 23, 1997
/s/ Jerome F. Miceli Jerome F. Miceli	President, Chief Operating Officer, Treasurer and Director	December 23, 1997
/s/ Stephen A. Saker Stephen A. Saker	Vice President, Secretary, and Director	December 23, 1997
/s/ Donald A. Halliday Donald A. Halliday	Director	December 23, 1997
/s/ Elmer L. Jacobs Elmer L. Jacobs	Director	December 23, 1997
/s/ Jonathan C. Hinz Jonathan C. Hinz	Vice President and Controller (Person Performing Similar Functions of Principal Financial Officer and Principal Accounting Officer)	December 23, 1997

EXHIBIT 11

INTERNATIONAL ASSETS HOLDING CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE

For the Year Ended September 30, 1997 and 1996

	1997	1996
Adjustment of shares outstanding:		
Weighted average number of actual common shares outstanding	1,435,424	1,458,073
Weighted average number of additional common shares outstanding assuming the exercise of common stock equivalents (1)	400,117	714,776
Weighted average number of common and dilutive common equivalent shares outstanding	1,835,541	2,172,849
Adjustment of net income, for primary earnings per share		
Actual net income	$717,869	$726,361
Adjustment to net income assuming the investment of excess proceeds received from the assumed exercise of common stock equivalents at weighted average stock prices, net of income taxes	$72,647	$144,549
Adjusted net income, for primary earnings per share	$790,516	$870,910
Adjustment of net income, for fully diluted earnings per share		
Actual net income	$717,869	$726,361
Adjustment to net income assuming the investment of excess proceeds received from the assumed exercise of common stock equivalents at end of period stock prices, net of income taxes	$57,040	$139,389
Adjusted net income, for primary earnings per share	$774,909	$865,750
Earnings per common and dilutive common equivalent share:		
Primary:	$.43	$.40
Fully diluted:	$.42	$.40

(1) This calculation assumes that of all the additional common shares outstanding, assuming the exercise of all common stock equivalents, 282,252 shares of common stock are re-acquired with the proceeds therefrom as of October 1, 1996 and 290,157 shares are re-acquired as of October 1, 1995.

EXHIBIT 21

INTERNATIONAL ASSETS HOLDING CORPORATION

SUBSIDIARIES OF THE REGISTRANT

Name	State of Incorporation
International Assets Advisory Corp.	Florida
International Asset Management Corp.	Florida
Global Assets Advisors, Inc.	Florida
International Financial Products, Inc.	Florida
GlobalNet Securities, Inc.	Florida

EXHIBIT 23

Independent Accountants' Consent

The Board of Directors
International Assets Holding Corporation:

We consent to the incorporation by reference in the Registration Statement (No. 333-20553) on Form S-3 of International Assets Holding Corporation (the "Company") of our report dated November 7, 1997 relating to the consolidated balance sheets of the Company and its subsidiaries as of September 30, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended September 30, 1997 and 1996, which report appears in the September 30, 1997 annual report on Form 10-KSB of the Company.

/s/ KPMG Peat Marwick LLP

Orlando, Florida
December 23, 1997

BD
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YEAR
SEP-30-1997
OCT-01-1996
SEP-30-1997
2,962,847
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0
0
3,828,644
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0
0
14,113
5,813,281
7,928,214
2,436,212
279,041
9,249,261
0
229,697
3,543
6,591,720
1,220,252
1,220,252
0
0
717,869
.43
.42