

Form 10-KSB

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

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

For the fiscal year ended September 30, 2001

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

Commission File Number 33-70334-A

INTERNATIONAL ASSETS HOLDING CORPORATION

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

Delaware

59-2921318

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

250 Park Avenue South, Suite 200
Winter Park, FL 32789

(Address of principal executive offices)
(407) 629-1400

(Issuer's telephone number)

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

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

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

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

State issuer's revenues for its most recent fiscal year: \$4,671,388

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 January 3, 2002: \$901,355

The number of shares outstanding of Common Stock was 2,374,376 as of January 3, 2002.

DOCUMENTS INCORPORATED BY REFERENCE:

See listing of documents incorporated by reference in Item 13 of this report.

Transitional small business disclosure format Yes No

PART I

FORWARD LOOKING STATEMENTS

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

ITEM 1. DESCRIPTION OF BUSINESS.

General

International Assets Holding Corporation is a Delaware corporation formed in October 1987 for the purpose of serving as a holding company for its operating subsidiaries. As of December 13, 2001, the Company has four wholly owned subsidiaries, INTLTRADER.COM, INC. ("INTLTRADER.COM"), International Assets Management Corp. ("IAMC"), International Financial Products, Inc. ("IFP") and OffshoreTrader.com Ltd ("OTCL").

In December 2001 the Company sold its interests in two additional subsidiaries, International Assets Advisory, LLC ("IAAL") and Global Assets Advisors, LLC ("GAAL"). In anticipation of this sale, on November 1, 2001, International Assets Advisory Corp. ("IAAC") was merged into International Assets Advisory, LLC and Global Assets Advisors, Inc. ("GAA") was merged into Global Assets Advisors, LLC. Because of these completed mergers, unless the context requires otherwise, the name of the survivor entities, IAAL and GAAL shall be used to refer to IAAC and GAA, respectively, throughout this Form 10-KSB rather than their previous entity names.

All of the Company's subsidiaries are Florida corporations or Florida limited liability companies except OTCL, which is a Bermuda exempted company. As used in this Form 10-KSB, the term "Company" refers, unless the context requires otherwise, to International Assets Holding Corporation and its subsidiaries as of September 30, 2001, INTLTRADER.COM, IAMC, IFP, OCTL, IAAL, GAAL, IAAC and GAA.

The Company also had a 50% interest in International Assets New York, LLC, ("IANY") a Delaware limited liability company. IANY was a 50/50 joint venture with Lakeside Investments, LLC. The Company's interest in IANY was sold in December 2001.

Current Subsidiaries

INTLTRADER.COM, INC.

INTLTRADER.COM 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. INTLTRADER.COM, formerly known as International Trader Association, Inc., was originally formed by the Company in May 1998 to provide on-line brokerage transactions of foreign and domestic securities using the internet. INTLTRADER.COM commenced its on-line brokerage activities in January 2000.

On November 1, 2001 the Company transferred its market-making business from IAAC to INTLTRADER.COM and INTLTRADER.COM began operating as a market maker of international equity securities on this date. This transaction moved the entire trading desk including all personnel, securities positions, contracts, and securities sold not yet purchased from IAAC to INTLTRADER.COM.

INTLTRADER.COM 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. INTLTRADER.COM 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. INTLTRADER.COM acts as an introducing broker/dealer, 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).

International Assets Management Corp.

International Assets Management Corp. functions as the manager of the physical assets of the Company. IAMC was formed by the Company in 1988 to purchase and manage all of the fixed assets of the Company. The assets held by IAMC are available for use by the subsidiaries of the Company.

International Financial Products, Inc.

International Financial Products, Inc., which is currently inactive, was formed as a financial publishing and marketing group to sell products that are not investments, but are related to the global financial market. IFP is operationally inactive but the legal entity remains active in its state of incorporation.

OffshoreTrader.com Ltd

OffshoreTrader.com Ltd was formed to explore global internet securities trading for non-U.S. citizens. OffshoreTrader.com Ltd was incorporated on April 15, 1999 as a Bermuda exempted company and is 100% owned by the Company. Exempted Bermuda companies, although resident in Bermuda, may only carry on business that is external to Bermuda. However, exempted Bermuda companies may trade with other exempted Bermuda companies. OffshoreTrader.com Ltd has not yet generated operating revenues.

Subsidiaries and Joint Venture sold in December 2001

International Assets Advisory Corporation and International Assets Advisory, LLC

International Assets Advisory Corporation was formed in April 1981 by the Company's Chairman of the Board, Diego J. Veitia. In 1982, IAAC entered the securities brokerage business and became a member of the National Association of Securities Dealers ("NASD"). Prior to November 1, 2001 IAAC operated as a market maker of international equity securities and as a full-service private client securities brokerage firm specializing in global investing on behalf of its clients. IAAC acted as an introducing broker, in that it did 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).

On November 1, 2001 IAAC entered into a merger with IAAC, LLC, a wholly owned subsidiary of the Company. IAAC, LLC is a Florida limited liability company formed by the Company in July 2001 for the purpose of the anticipated merger that occurred on November 1, 2001 with IAAC, LLC as the surviving entity of the merger. Upon effectiveness of the merger, the name of the surviving entity was changed to International Assets Advisory, LLC. On December 13, 2001 IAAL was sold to an entity that is controlled by the former managing partner of the Company's retail brokerage joint venture, International Assets New York, LLC.

At the time of its sale on December 13, 2001, IAAL was 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. IAAL was also a member of the NASD, which is a self-regulatory body exercising broad supervisory powers over securities broker-dealers operating in the United States. IAAL was also a member of the 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.

Global Assets Advisors, Inc. and Global Assets Advisors, LLC

On November 1, 2001 GAA entered into a merger with Global Assets Advisors, LLC, a wholly owned subsidiary of the Company. GAAL is a Florida limited liability company formed by the Company in July 2001 for the purpose of the anticipated merger that occurred on November 1, 2001 with GAAL as the surviving entity of the merger. On December 13, 2001 GAAL was sold to an entity that is controlled by the former managing partner of the Company's retail brokerage joint venture, International Assets New York, LLC.

GAAL provided money investment advisory and money management services. At the time of its sale on December 13, 2001, GAAL was registered as an investment adviser with the Securities and Exchange Commission ("SEC"), pursuant to the National Securities Markets Improvement Act of 1996. GAAL also made investment adviser notification filings to the states of Florida and California. GAAL was also regulated by the provisions of the Investment Advisers Act of 1940. GAAL served as the money manager to one mutual fund, the Global eFund, and as supervisor of seven proprietary Unit Investment Trusts ("UIT's"). GAAL also provided investment fee-based money management of specialized accounts for high net worth private clients.

In September 1998 the Company entered into a 50/50 Joint Venture ("JV") with Lakeside Investments, LLC (Lakeside) of New York. In October 1998 the JV effected the incorporation of International Assets New York, LLC, a 50/50 owned entity formed to transact business out of an office in New York City as a brokerage branch of IAAC and through the money management arm of GAA. IANY offered a variety of financial strategies to high net worth private investors. The New York City office of IANY opened in January 1999 and began generating operating revenues during May 1999. The New York City Office was closed after the resulting office damages caused by the September 11, 2001 tragedy. Previous to the September 11, 2001 events the Company had contracted to sell its interest in IANY along with the sale of the retail private client and money management business. On December 13, 2001 the Company sold its 50% interest in IANY.

Business Strategy

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

Today the Company is one of the leading U.S. market makers in foreign securities and provides liquidity and trade execution to some of the biggest financial firms in the industry. The Company seeks to direct foreign equity order flow, primarily comprised of unlisted American Depository Receipts ("ADR's") and foreign ordinary equity shares, to the Company's trading desk. Wholesale relationships with top-tier securities firms currently provide the primary source of securities order flow. The Company's business strategy is to continue to pursue traditional institutional sales trading with new financial institutions as well as maintain wholesale relationships with existing customers. These important relationships are maintained through direct contact with customers as well as promotional activities.

During the 1990's online technology began to transform the entire securities industry and the eBrokerage business was created. In response to these dramatic industry changes the Company formed INTLTRADER.COM, a global online trading website. INTLTRADER.COM was launched in January 2000 giving the Company's self-directed clients, for the first time, executable dollar denominated quotes on foreign securities around the world, even while the local markets were closed. The development of the proprietary executable quote technology created within INTLTRADER.COM became an important aspect of the Company's growth strategy. The Company has made INTLTRADER.COM's proprietary executable quotation technology available to other securities firms with the resulting international order flow routed to the Company's trading desk at INTLTRADER.COM. The Company is currently pursuing strategic relationships with top-tier eBrokerage firms to offer this electronic trading service.

In December 2001 the Company sold its retail full service securities brokerage and money management activities. Also in December 2001, in a subsequent and unrelated transaction, the Company sold most of the retail online brokerage accounts of INTLTRADER.COM. The Company's wholesale trading operations will continue under the Company's INTLTRADER.COM subsidiary. This divestiture of the retail activities was a strategic event allowing the Company to focus its resources on the trading operations of the Company.

The Company intends to use its marketing and global securities expertise to take advantage of future opportunities for growth in the global securities market. Management believes that there are favorable opportunities for growth in international institutional trading. The Company believes that its expertise in global securities trading presents an opportunity for the Company to expand its market niche further with institutional trading, small institutional sales and eBrokerage strategic relationships.

The International Securities Markets

The Company believes that investment in the international markets by U.S. investors will continue to grow in the coming years, as the global capital markets continue to grow. The U.S. now represents 48% of the world total market capitalization, down from 66% in 1970, and is projected to decrease to 27% by 2030 (Standard & Poor's and Morgan Stanley, 12/31/00). The number of ADR's that are now trading on U.S. exchanges further evidences this growth. ADR's, which represent shares in foreign companies, are issued by U.S. banks and traded in this country as domestic shares and simplify trading in foreign securities by eliminating currency exchange and legal obstacles. In 2001, ADR trading on NYSE, AMEX and NASDAQ was expected to be 31 billion shares, up 7% over 2000, although dollar volume declined (Bank of New York, 12/19/01). While below historical growth rates, the increase in trading volume in 2001 clearly demonstrates the continued interest of U.S. investors in foreign stocks.

The foreign component of U.S. equity portfolios stayed within the 10% range in 2001, a percentage that has held fairly firm for the past two years. Throughout the last two decades, despite recession and exogenous market shocks, U.S. investors continue to internationalize their portfolios to seek out the best companies in every sector.

Management believes that the two leading justifications for the continued growth in international investing by U.S. investors are diversification and potentially superior investment returns.

Market Making and Trading in International Securities

The Company acts as a principal in executing trades in over-the-counter equity securities. To facilitate trading by its clients, the Company buys, sells and maintains inventories of approximately 400 predominantly international securities. The Company primarily executes principal transactions from wholesale order flow and prior to December 2001, also from retail order flow. Wholesale order flow is generated from the execution of order flow directly from other securities broker/dealer's trading desks.

The Company places its capital at risk by also trading as a "market maker" in a select group of approximately 175 international securities which are traded by the Company's clients. The Company's emphasis in such trades is on earning revenues from the spread between customer buy and sell orders. A market maker is a firm that stands ready to buy and sell a particular stock at a publicly quoted price. Because they offer both bid and ask prices, market makers are a source of liquidity to institutional clientele like banks, brokerages and other investment companies. Market makers commit their own funds to maintain an inventory of securities and to ensure order execution and the maintenance of fair and orderly markets. As a market maker, the Company, through its registered securities dealer trading desk provides global equity investors with the liquidity and execution they need to buy and sell foreign securities. The Company's trading desk offers rapid execution on over 8,000 foreign ordinary shares and ADR's around the globe.

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

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

The Private Client Retail Brokerage Activities and Money Management

In December 2001 the Company sold its full service private client retail brokerage and money management activities. Accordingly, these businesses will no longer be a source of revenues or expense for the Company after December 31, 2001.

For the fiscal years ended September 30, 2001 and 2000, approximately 65% and 51%, respectively, of the Company's total revenues were derived from commissions earned from transactions with its retail clients. The Company's retail private client base was composed primarily of high net worth individuals. Clients were distributed nationwide. However, a particularly large number of clients resided in Florida, California, New York, Texas and Pennsylvania.

Retail commissions were charged on both exchange and over-the-counter agency transactions based on a schedule, which was subject to change, that the Company had formulated in accordance with guidelines promulgated by the NASD. Transactions in securities were effected on either a cash or margin basis. Through its clearing agent, the Company allowed its clients to maintain margin accounts for securities purchased or sold short through the Company. During 1995 the Company began selling proprietary Unit Investment Trust products and acted as the managing underwriter for these UIT products.

Management and investment advisory services were offered through professional fee-based money management and investment services including UIT's, mutual funds and strategic accounts. Management and investment advisory fees were approximately 2% of the Company's total revenues for both of the years ended September 30, 2001 and 2000.

Competition

The Company encounters competition in conducting its business and such competition is expected to continue. Although the securities industry, in general, is intensely competitive, the Company believes that competition is less intense in its niche market. However, the Company competes with many firms with capital and personnel resources far in excess of those which are presently available to the Company or which are expected to be available to the Company in the future.

During the past several years the securities industry has seen the emergence of the online securities business. The Company addressed this industry change by developing its own online securities brokerage firm with INTLTRADER.COM. In December 2001 the Company sold its retail online clients but it continues to market its online quote technology to other online securities broker dealers as a vehicle to direct international order flow to the Company's trading desk.

Additionally, the Company is affected and will continue to be affected by the investing public's interest in international securities. In this regard, international securities are in competition with other investment vehicles offered by other securities broker-dealers and financial intermediaries such as commercial banks, savings banks, insurance companies and similar institutions. The Company believes that the principal competitive factors in the securities industry are the quality and ability of professional personnel and the relative prices of services and products offered. The Company believes that, to date, it has been able to compete favorably with other broker-dealers and financial intermediaries primarily on the basis of the quality of its services and the depth of its expertise in the international securities market.

Administration and Operations

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

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

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

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

The Company believes that its internal controls and safeguards against securities theft are adequate. As required by the NASD and other authorities, the Company carries a fidelity bond covering any loss or theft of securities, as well as embezzlement and forgery. The amount of the required fidelity bond is based on 120% of the previous 12 months highest required net capital. IAAL annually assessed the total required bond coverage and at the time of its sale on December 13, 2001 carried a \$120,000 limit. INTLTRADER.COM annually assesses the total required bond coverage and currently carries a \$600,000 limit.

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

Regulation

The securities industry in the United States is subject to extensive regulation under Federal and state laws. The SEC is the Federal agency charged with administration of the Federal securities laws. Much of the regulation of broker-dealers, however, has been delegated to self-regulatory organizations, principally the NASD and the national securities exchanges. The self-regulatory organizations adopt rules (which are subject to approval by the SEC) that govern the industry and conduct periodic examinations of member broker-dealers. Securities firms are also subject to regulation by state securities commissions in the states in which they do business. At the time of its sale on December 13, 2001 IAAL was registered as a securities broker in 49 states and the District of Columbia. INTLTRADER.COM is registered as a securities 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 representatives. Lack of adequate supervision could subject the broker-dealer to regulatory sanctions. Additional legislation, changes in rules promulgated by the SEC and by self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules often directly affect the method of operation and profitability of broker-dealers. The SEC, the self-regulatory organizations and state securities commissions may conduct administrative proceedings, which can result in censure, fine, suspension or expulsion of a broker-dealer, its officers or employees. Such administrative proceedings, whether or not resulting in adverse findings, can require substantial expenditures. The principal purpose of regulation and discipline of broker-dealers is the protection of customers and the securities markets, rather than the protection of creditors and stockbrokers of broker-dealers.

INTLTRADER.COM is required by Federal law to belong to the SIPC. At the time of its sale on December 13, 2001 IAAL was also required to belong to SIPC. The SIPC fund provides protection for securities held in customer accounts of up to \$500,000 per customer, with a limitation of \$100,000 on claims for cash balances. In addition, securities in an account at the Company's clearing broker are afforded additional protection by Wexford Clearing services Corporation. This additional protection (known as "Net Equity" coverage) covers the total amount of fully paid for securities and cash balances without limit, thus providing total protection for each customer's equity position in the unlikely event of a SIPC liquidation.

Net Capital Requirements

As of November 1, 2001

INTLTRADER.COM 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 INTLTRADER.COM to maintain minimum net capital at an amount equal to the greater of \$100,000, 6-2/3% of aggregate indebtedness or \$2,500 for each security in which it makes a market (unless a security in which it makes a market has a market value of \$5 or less, in which event the amount of net capital shall not be less than \$1,000 for each such security) with a ceiling of \$1,000,000.

At the time of its sale on December 13, 2001 IAAL was also subject to the Rule, which required IAAL to maintain minimum net capital at an amount equal to the greater of \$100,000, 6-2/3% of aggregate indebtedness and requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1.

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.

INTLTRADER.COM is in compliance with the Rule, as well as the applicable minimum net capital requirements of the NASD. At the time of its sale on December 13, 2001, IAAL was also in compliance with the Rule, as well as the applicable minimum net capital requirements of the NASD. IAAL and INTLTRADER.COM each elected to compute net capital under the Basic Method. In computing net capital under the Rule, various adjustments are made to net worth with a view to excluding assets not readily convertible into cash and to providing a conservative statement of other assets, such as a firm's position in securities. To that end, a deduction is made against the market value of securities to reflect the possibility of a market decline before their disposition. For every dollar that net capital is reduced, by means of such deductions or otherwise (for example, through operating losses or capital distributions), the maximum aggregate indebtedness a firm may carry is reduced. Thus, net capital rules, which are unique to the securities industry, impose financial restrictions upon the Company's business that are more severe than those imposed on other types of businesses. Compliance with the net capital rules may limit the operations of the Company because such rules require minimum capital for such purposes as underwriting securities distributions, and maintaining the inventory required for trading in securities.

Pursuant to paragraph (k)(2)(ii) of SEC Rule 15c3-3, INTLTRADER.COM is exempt from customer reserve requirements and providing information relating to possession or control of securities. Pursuant to paragraph (k)(2)(ii) of SEC Rule 15c3-3, IAAL was at the time of its sale on December 13, 2001 also exempt from customer reserve requirements and providing information relating to possession or control of securities.

As of September 30, 2001 and 2000

Net capital changes from day to day. As of September 30, 2001 and 2000, IAAL had excess net capital of \$526,126 and \$2,593,041, respectively, and a ratio of aggregate indebtedness to net capital of .82 to 1 and .47 to 1, respectively. As of September 30, 2001 and 2000, INTLTRADER.COM had excess net capital of \$181,078 and \$189,466, respectively, and a ratio of aggregate indebtedness to net capital of .18 to 1 and .47 to 1, respectively.

Employees

At September 30, 2001, the Company had 52 employees, all of which were full time employees. Of such employees, 9 have managerial responsibilities, 18 are account executives, 6 are traders and 19 have administrative and operational duties, including persons engaged in other service areas such as customer service, research, money management, accounting, operations, compliance, technology and marketing. The Company considers its relationship with its employees to be good.

After completion of the December 2001 sale transactions of the retail private client and money management activities, the Company had 21 employees. Of such employees, 6 have managerial responsibilities, 6 are traders and 9 have administrative and operational duties, including persons engaged in other support areas such as customer service, accounting, operations, compliance, technology and marketing. In addition, 18 of these employees are full time and 3 are presently shared in a cost sharing arrangement with the new owners of IAAL.

Compliance with Environmental Regulations

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

ITEM 2. DESCRIPTION OF PROPERTY.

The Company occupies leased office space of approximately 13,815 square feet at 250 Park Avenue South, Winter Park, Florida. The original expiration date of the office lease was May 31, 2001. The Company has received extensions from the landlord to remain in its current location until December 31, 2001, on a month-to-month basis. Rent for the month of January 2002 will be contractually based on the original lease terms that provided for a hold-over tenancy at 100% increased rental expense. Offsetting this rent increase in January is the fact that one-half the total rent will be paid by the new owners of IAAL under a cost sharing arrangement.

The Company has executed a new lease for office space of approximately 5,100 square feet at 220 E. Central Parkway, Altamonte Springs, Florida. The estimated commencement date of the lease is February 1, 2002, with six months free rent, and a seven year term to July 31, 2009. The Company believes that this new space will be suitable to accommodate its projected future needs.

ITEM 3. LEGAL PROCEEDINGS.

The Company is party to certain litigation as of September 30, 2001 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.

On January 4, 2001 the Company filed an arbitration matter with the NASD regarding several breaches (including but not limited to raiding, unfair competition and misappropriation of trade secrets) related to the sudden departure, on December 19, 2000, of the head of the foreign trading desk and his related recruitment of the entire International Assets Advisory Corporation trading staff. This arbitration claim was filed against the broker/dealer who became the employer of the recruited employees, two principals of the broker/dealer, the parent firm of the broker/dealer and four principals of the parent firm. On March 14, 2001 the broker/dealer who became the employer and two of its principals responded and filed a counterclaim against the Company. On March 19, 2001 the parent firm of the broker/dealer also filed a counterclaim as well as a claim for attorney's fees. The Company disputes the counterclaims and intends to vigorously defend them. The NASD arbitration for this matter has been scheduled for the week beginning April 29, 2002.

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

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

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

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

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

Dividends

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

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

	High ----	Low ----
The Company's Common Stock, as traded under the symbol IAAC		
Fiscal Year 2000		
First Quarter.....(Oct. 99 - Dec. 99).....	8.18	4.21
Second Quarter....(Jan. 00 - Mar. 00).....	24.55	5.97
Third Quarter.....(Apr. 00 - Jun. 00).....	8.22	2.13
Fourth Quarter.....(Jul. 00 - Sep. 00).....	6.13	3.13
Fiscal Year 2001		
First Quarter.....(Oct. 00 - Dec. 00).....	6.13	1.50
Second Quarter....(Jan. 01 - Mar. 01).....	4.81	2.06
Third Quarter.....(Apr. 01 - Jun. 01).....	3.00	2.24
Fourth Quarter.....(Jul. 01 - Sep. 01).....	2.97	0.90

Holders

As of September 30, 2001 there were approximately 95 shareholders of record of the Company's Common Stock, according to the records maintained by the Company's transfer agent. As of September 30, 2001 the Company estimates that there were over 650 beneficial owners of the Company's Common Stock.

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

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

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

Results of Operations:

In December 2001 the Company sold its full service private client retail brokerage and money management activities. Accordingly, these activities will no longer be a source of revenues or expense for the Company after December 2001. While the revenues (commissions and management and investment advisory fees) and certain costs associated with the business activities which have been sold are readily identifiable, many costs associated with these activities are not. The costs that are not identifiable were included in prior legal entity financial statements combined with other business activities that were operated together for previous strategic, regulatory and synergistic purposes.

As of September 30, 2001 the Company had 52 full time employees. After completion of the December 2001 sale transactions of the retail private client and money management activities, the Company had 21 employees. All of these employees are full time except 3 which are presently shared in a cost sharing arrangement with the new owners of IAAL.

2001 Compared to 2000

The Company's revenues were derived primarily from commissions earned on the sale of securities and trading revenues (net dealer inventory and investment gains). For the years ended September 30, 2001 and 2000, 65% and 51%, respectively, of the Company's revenues came from commissions earned on the sale of securities and 28% and 41%, respectively, of total revenue was derived from trading revenue. Total revenues decreased 62% to \$4,671,388 in 2001 from \$12,406,866 in 2000. Decreased commission and trading revenues were impacted by adverse market conditions characterized by severe declines in the U.S. equities market and investor uncertainty.

Commission revenues decreased by approximately 52% to \$3,031,928 in 2001 from \$6,353,212 in 2000. Revenues from commissions are affected primarily by trading volume. Based on the number of retail trades processed, 2001 volume decreased by approximately 46% from prior year levels reflecting very cautious investing activity on the part of individual investors. This decrease in retail trades and related commission revenue was due mainly to market uncertainty and adverse market conditions. The average number of account executives decreased from an average of 26 in 2000 to an average of 18 in 2001, or a decrease of approximately 31%. These commission revenues will no longer be a source of revenue for the Company after December 13, 2001 due to the sale of this business.

Trading revenue (net dealer inventory and investment gains) decreased by approximately 74% to \$1,320,097 in 2001 from \$5,113,549 in 2000. This decrease in trading revenue was impacted by declines across the major financial indices and was partly due to the market uncertainty of events surrounding the U.S. Presidential election during the first fiscal quarter. Trading revenue has also been adversely impacted by the effects of decimalization of securities trading, resulting in reduced spreads a market maker can charge and remain competitive. The reduced financial markets and decimalization resulted in downward pressure on trading margins. The value of institutional shares traded decreased by approximately 31% from \$861 million in 2000 to \$594 million in 2001. The number of institutional shares traded decreased approximately 3% from 94 million shares in 2000 to 91 million shares in 2001. In addition to market factors, management believes trading revenue decreases were impacted by the disruption of the Company's trading operations caused by the abrupt departure of the Company's head of capital markets and his related recruitment of the entire trading department to his own firm early in the fiscal year (December 2000). The Company's trading operation was shut down for a short time and had to be completely rebuilt. This matter was previously discussed in the Company's 10-QSB for the period ended December 31, 2000 as well as its Form 8-K filed as of December 29, 2000.

Revenues from management and investment advisory fees decreased by approximately 51% to \$92,142 for the year ended September 30, 2001 from \$188,191 in 2000. Revenues from mutual fund management and UIT supervisory fees decreased by \$12,286, or approximately 17%, from the prior year. Revenues from private client money management decreased by \$83,763, or approximately 72% due to decreases in market activity. These revenues from management and investment advisory fees will no longer be a source of revenues for the Company after December 13, 2001 due to the sale of this business.

Interest and dividend revenue decreased by 35% to \$245,423 for 2001 from \$375,095 in 2000. This decrease is primarily due to lower balances of interest producing assets, including money market balances and fixed income investments as well as decreased interest returns on these short term liquid assets during 2001 compared to 2000.

Loss from joint venture of \$20,353 for 2001 was approximately 63% less than the \$55,286 loss for 2000. The loss from joint venture has been reduced in 2001 because the Company has written off its investment in joint venture in accordance with the equity method of accounting. The joint venture operated as a securities brokerage branch office of IAAC. The loss from the Company's joint venture represents the Company's 50% share of the operating loss from the activity of International Assets New York, LLC, a 50/50 joint venture with Lakeside Investments, LLC of New York which began operations in December 1998. On December 13, 2001 the Company's interest in International Assets New York, LLC was sold.

Other revenue decreased in 2001 by \$429,954 mainly due to the absence in the current period of the settlement of four arbitration matters that generated this non-reoccurring revenue in the prior period.

The major expenses incurred by the Company relate to direct costs of its securities operations such as compensation and benefits, clearing and related expense, promotion expense and technology expense. Total expenses decreased by approximately 21% to \$9,439,059 in the year ended September 30, 2001, down from \$11,884,519 for the same period in 2000. This decrease in total expenses is mainly related to reduced total revenues and the corresponding decrease in variable costs such as commission expense, clearing expense and performance based bonus expense.

Compensation and benefits expense decreased by \$1,810,117 or 28% to \$4,753,319 for the year ended September 30, 2001 from \$6,563,436 in 2000 due to lower commission revenues and a decrease in performance based bonus expense. Included in the total \$4,753,319 Compensation and benefits expense for 2001 is \$1,519,517 related to commission expense that will no longer be an ongoing expense for the Company after December 13, 2001, due to the sale of the related retail private client activity on December 13, 2001. Additional expense reductions are also expected to result from decreased administrative salaries and fringe benefits expense due to the reductions in headcount related to the sale on December 13, 2001.

Clearing and related expenses decreased 6% to \$1,472,645 in 2001, down from \$1,572,063 in 2000. Clearing and related expenses did not decrease in proportion to the overall decrease in total revenue due to increased trading volume in the last half of the fiscal year ended September 30, 2001. Total trading volume is reflected by the 91 million institutional shares traded in 2001 compared to 94 million in 2000. In addition, the Company incurred increased costs for American Depositary Receipt (ADR) conversions due to the necessity of these conversions as a trading strategy to facilitate liquidity with the Company's overall investment portfolio. Included in the total \$1,472,645 Clearing and related expenses for 2001 is \$274,747 related to retail private client activities that will no longer be an ongoing expense for the Company after December 13, 2001, due to the sale of the related activity on December 13, 2001.

Communications expense decreased by \$64,321, or 19% to \$266,320 for the year ended September 30, 2001 from \$330,641 for 2000. This decrease is due to reduced telephone, postage and printing expense related to the corresponding decreases in operating revenue. It is estimated that there will be additional decreases in communications expense after December 2001 due to the sale of the retail private client activity on December 13, 2001.

Total promotion expense decreased by approximately 41% to \$714,675 for the year ended September 30, 2001 compared to \$1,216,914 for 2000. This decrease is primarily due to the absence of the launch related promotional expenses for INTLTRADER.COM incurred in 2000. Future promotion expense will be determined by incremental promotions that are undertaken to support the Company's current and ongoing operations.

Occupancy and equipment rental expense increased by 9% to \$517,824 for the year ended September 30, 2001 from \$475,223 in 2000. Increases in rental expense were related to the Company's leased office space. After February 1, 2002 the Company intends to occupy a new, smaller and less costly leased office space. Offsetting a portion of this savings will be the need for two new equipment leases for phone systems and network connectivity. The net annualized savings from this relocation are currently anticipated to be over \$150,000 on an annualized basis.

Professional fees decreased by approximately 2% to \$303,190 in 2001 as compared to \$308,967 in 2000.

Insurance expense increased by approximately 16% to \$203,569 in 2001 as compared to \$175,038 in 2000 primarily due to premium rate increases in liability and employee health insurance.

Depreciation and amortization expense increased approximately 44% to \$528,834 in 2001 as compared to \$367,118 in 2000. The increase in 2001 is primarily due to higher amortization expense associated with capitalized system development costs for INTLTRADER.COM.

Technology expense was down to \$188,236 in 2001 from \$335,705 in 2000 as new technology enhancements to increase the quote system and trading platform's capacity were primarily completed by December 2000 for INTLTRADER.COM.

Other operating expenses decreased approximately 9% to \$484,768 in 2001 as compared to \$534,305 in 2000.

The Company has reported a net loss of \$3,304,928 for the year ended September 30, 2001 compared to net income of \$279,143 for the previous year.

The Company's effective income tax rate was approximately 31% in 2001 and 47% in 2000. The effective income tax benefit rate in 2001 was lower than the expected federal and state tax rates due to the presence of a net operating loss valuation allowance in 2001. The effective income tax expense rate in 2000 was higher than the expected federal and state tax rates due to the impact of permanent tax differences not deductible for tax purposes.

2000 Compared to 1999

Total revenue increased by approximately 25% to \$12,406,866 in 2000 from \$9,916,924 in 1999. This increase was primarily attributable to a \$1,850,878 increase in trading revenue.

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

Trading revenue (net dealer inventory and investment gains) increased by approximately 57% to \$5,113,549 in 2000 from \$3,262,671 in 1999. The Company's trading revenue is derived primarily from institutional clients. Institutional trading revenues generated approximately 78% and 71% of total trading revenue for the years ended September 30, 2000 and 1999, respectively. The growth in institutional trading in 2000 is attributable to the ongoing development of new institutional trading relationships by the Company as well as additional business from existing institutional clients. The value of institutional shares traded increased from \$711 million in 1999 to \$861 million in 2000. The number of institutional shares traded increased from 52 million shares in 1999 to over 94 million shares in 2000. Trading revenues from retail trading generated approximately 18% and 25% of total trading revenue for the years ended September 30, 2000 and 1999, respectively.

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

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

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

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

The major expenses incurred by the Company relate to compensation and benefits, clearing fees and related expenses and promotion expense. Total expenses increased 29% to \$11,884,519 in 2000, up from \$9,221,553 in 1999. This increase in total expenses is mainly related to higher total revenues.

Compensation and benefits were up 20% or \$1,106,806, in 2000 as compared to 1999. The increase was primarily due to additional personnel associated with INTLTRADER.COM's start-up, International Assets Advisory Company's staffing needs and increases in performance-based bonus expense. The increase in bonus expense is primarily attributable to significant improvements in institutional trading revenues versus the prior year. Commission expense increased 5% in 2000 as compared to 1999. The increase in commissions expense corresponds primarily to higher retail commission revenues as well as an increase in the effective commission payout to account executives.

Clearing fees and related expenses increased 23% to \$1,572,063 in 2000, up from \$1,278,717 in 1999. The increase in clearing expense is directly related to higher trading volumes.

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

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

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

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

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

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

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

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

Liquidity and Capital Resources

Substantial portions of the Company's assets are liquid with the majority of the assets consisting of securities inventories which fluctuate depending on the levels of customer business. At September 30, 2001, approximately 73% of the Company's assets consisted of cash, cash equivalents and marketable securities. All assets are financed by the Company's equity capital, short-term borrowings from securities sold, not yet purchased and other payables.

Distributions to the Company from its registered broker-dealer subsidiary, the Company's primary source of liquidity, are restricted as to amounts which may be paid by applicable law and regulations. The Net Capital Rules are the primary regulatory restrictions regarding capital resources. The Company's rights to participate in the assets of any subsidiary are also subject to prior claims of the subsidiary's creditors, including customers of the broker-dealer subsidiary.

IAAC, a wholly owned registered securities broker/dealer subsidiary of the Company which was sold on December 13, 2001, was subject to the requirements of the SEC and the NASD relating to liquidity and net capital levels. At September 30, 2001, IAAC had net capital of \$895,626, which was \$526,126 in excess of its minimum net capital requirement at that date.

INTLTRADER.COM, a wholly owned registered securities broker subsidiary, is also subject to the requirements of the SEC and the NASD relating to liquidity and net capital levels. At September 30, 2001, INTLTRADER.COM had net capital of \$231,078, which was \$181,078 in excess of its minimum net capital requirement at that date.

The Company's total assets and liabilities and the individual components thereof may vary significantly from period to period because of changes relating to customer needs and economic and market conditions. The Company's total assets at September 30, 2001 and 2000, were \$10,733,698 and \$10,418,312, respectively. The Company's operating activities generate or utilize cash resulting from net income or loss earned during the period and fluctuations in its assets and liabilities. The most significant fluctuations have resulted from changes in the level of customer activity and securities inventory changes resulting from proprietary arbitrage trading strategies dictated by prevailing market conditions.

In addition to normal operating requirements, capital is required to satisfy financing and regulatory requirements. The Company's overall capital needs are continually reviewed to ensure that its capital base can appropriately support the anticipated capital needs of the operating subsidiaries. The excess regulatory net capital of the Company's broker-dealer subsidiaries may fluctuate throughout the year reflecting changes in inventory levels and/or composition and balance sheet components. For a description of the Company's net capital requirements, see Note 9 of the audited financial statements contained in Item 7 of this report.

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

CASH FLOWS

For the year ended September 30, 2001, cash and cash equivalents decreased \$4,260,558 as compared to 2000. Funds used for operating activities were \$3,772,267. During 2001, the Company had cash used for investing activities of \$488,291. Investing activities included \$567,421 used for software development and equipment purchases. Partially offsetting this investing use were net collections of loans to officers net of accrued loan interest of \$79,130. During 2001 there were no cash flows from financing activities.

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. FINANCIAL STATEMENTS

LIST OF SCHEDULES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

Consolidated Balance Sheets as of
September 30, 2001 and 2000

Consolidated Statements of Operations for the Years Ended
September 30, 2001 and 2000

Consolidated Statements of Stockholders' Equity for the Years Ended
September 30, 2001 and 2000

Consolidated Statements of Cash Flows for the Years Ended
September 30, 2001 and 2000

Notes 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, 2001 and 2000 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Assets Holding Corporation and Subsidiaries at September 30, 2001 and 2000 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

November 9, 2001
Orlando, Florida

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2001 and 2000

Assets	2001	2000
	-----	-----
Cash	\$ 136,688	529,681
Cash deposits with clearing organization	628,709	4,733,862
Foreign currency	245,904	8,316
Receivable from clearing organization, net	934,764	--
Other receivables	23,429	90,115
Loans to officers	126,541	205,671
Securities owned, at market value	6,011,939	3,316,513
Investment in Joint Venture	--	20,353
Income taxes receivable	--	452,032
Deferred income tax asset, net	1,397,489	--
Property and equipment, at cost:		
Equipment, furniture and leasehold improvements	1,307,461	1,149,921
Less accumulated depreciation and amortization	(944,502)	(765,065)
Net property and equipment	362,959	384,856
Software development, net of accumulated amortization of \$491,995 in 2001 and \$151,280 in 2000	553,802	416,810
Prepaid expenses and other assets, net of accumulated amortization of \$177,000 in 2001 and \$170,512 in 2000	311,474	260,103
Total assets	\$ 10,733,698	10,418,312
	=====	=====
Liabilities and Stockholders' Equity		
Liabilities:		
Foreign currency sold, not yet purchased	\$ 208,092	11,903
Securities sold, not yet purchased, at market value	5,313,641	1,202,659
Payable to clearing broker, net	--	24,330
Accounts payable	312,673	260,718
Accrued employee compensation and benefits	307,500	1,055,238
Accrued expenses	139,094	191,725
Deferred income taxes	--	133,207
Payable to Joint Venture	2,032	2,027
Other liabilities	7,779	68,367
Total liabilities	6,290,811	2,950,174
	=====	=====
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock, \$.01 par value. Authorized 3,000,000 shares; issued and outstanding 0 shares	--	--
Common stock, \$.01 par value. Authorized 8,000,000 shares; issued and outstanding 2,294,376 shares in September 2001 and 2,209,468 shares in September 2000	22,944	22,095
Additional paid-in capital	7,945,161	7,666,333
Retained deficit	(3,525,218)	(220,290)
Total stockholders' equity	4,442,887	7,468,138
Total liabilities and stockholders' equity	\$ 10,733,698	10,418,312
	=====	=====

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended September 30, 2001 and 2000

	2001	2000
	-----	-----
Revenues:		
Commissions (note 2)	\$ 3,031,928	6,353,212
Net dealer inventory and investment gains	1,320,097	5,113,549
Management and investment advisory fees (note 2)	92,142	188,191
Interest and dividends	245,423	375,095
Loss from joint venture	(20,353)	(55,286)
Other income	2,151	432,105
	-----	-----
Total revenues	4,671,388	12,406,866
	=====	=====
Expenses:		
Compensation and benefits	4,753,319	6,563,436
Clearing fees and related expenses	1,472,645	1,572,063
Communications	266,320	330,641
Promotion	714,675	1,216,914
Occupancy and equipment rental	517,824	475,223
Interest	5,679	5,109
Professional fees	303,190	308,967
Insurance	203,569	175,038
Depreciation and amortization	528,834	367,118
Technology	188,236	335,705
Other expenses	484,768	534,305
	-----	-----
Total expenses	9,439,059	11,884,519
	-----	-----
(Loss) income before income taxes	(4,767,671)	522,347
	-----	-----
Income tax (benefit) expense	(1,462,743)	243,204
	-----	-----
Net (loss) income	\$ (3,304,928)	279,143
	=====	=====
(Loss) earnings per share:		
Basic	\$ (1.47)	0.13
	=====	=====
Diluted	\$ (1.47)	0.12
	=====	=====
Weighted average number of common shares outstanding:		
Basic	2,242,845	2,123,064
	=====	=====
Diluted	2,242,845	2,370,974
	=====	=====

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

Years ended September 30, 2001 and 2000

	Preferred stock	Common stock	Additional paid-in capital	Retained earnings (deficit)	Total stockholders' equity
	-----	-----	-----	-----	-----
Balances at September 30, 1999	\$ --	17,254	4,588,928	1,532,824	6,139,006
Issuance of common stock for services	--	81	42,909	--	42,990
Income tax benefit from ISO disqualifying dispositions	--	--	322,522	--	322,522
Exercise of employee stock option	--	2,777	681,700	--	684,477
10% stock dividend	--	1,983	2,030,274	(2,032,257)	--
Net income	--	--	--	279,143	279,143
Balances at September 30, 2000	-----	-----	-----	-----	-----
	--	22,095	7,666,333	(220,290)	7,468,138
Issuance of common stock for services	--	849	267,827	--	268,676
Income tax benefit from ISO disqualifying dispositions	--	--	11,001	--	11,001
Net loss	--	--	--	(3,304,928)	(3,304,928)
Balances at September 30, 2001	-----	-----	-----	-----	-----
	\$ --	22,944	7,945,161	(3,525,218)	4,442,887
	=====	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 2001 and 2000

	2001	2000
	-----	-----
Cash flows from operating activities:		
Net (loss) income	\$(3,304,928)	279,143
Adjustments to reconcile net (loss) income to net cash (used for) provided by operating activities:		
Depreciation and amortization	528,834	367,118
Deferred income taxes	(1,530,696)	125,433
Loss on disposals of property and equipment	--	300
Non-cash compensation	198,656	--
Loss from joint venture	20,353	55,286
Tax benefit from disqualifying dispositions of incentive stock options	11,001	322,522
Cash provided by (used for) changes in:		
Receivable from clearing organization, net	(934,764)	--
Other receivables	66,686	(47,421)
Securities owned, at market value	(2,695,426)	269,053
Income taxes receivable	452,032	(336,951)
Prepaid expenses and other assets	(57,859)	(158,509)
Foreign currency sold, not yet purchased	196,189	(24,579)
Securities sold, not yet purchased, at market value	4,110,982	212,177
Payable to clearing organization, net	(24,330)	(206,113)
Accounts payable	51,955	105,768
Accrued employee compensation and benefits	(747,738)	311,162
Accrued expenses	(52,631)	(68,840)
Payable to joint venture	5	(7,357)
Other liabilities	(60,588)	(51,976)
	-----	-----
Net cash (used for) provided by operating activities	(3,772,267)	1,146,216
	-----	-----
Cash flows from investing activities:		
Investment in joint venture	--	(60,000)
Loans to officers	(9,093)	(325,671)
Collection of loans to officers	88,223	120,000
	-----	-----
Costs of additional property, equipment and software development	(567,421)	(502,167)
	-----	-----
Net cash used for investing activities	488,291	(767,838)
	-----	-----
Cash flows from financing activities:		
Exercise of employee stock options	--	684,477
	-----	-----
Net cash provided by financing activities	--	684,477
	-----	-----
Net (decrease) increase in cash and cash equivalents	(4,260,558)	1,062,855
	-----	-----
Cash and cash equivalents at beginning of year	5,271,859	4,209,004
	-----	-----
Cash and cash equivalents at end of year	\$ 1,011,301	5,271,859
	=====	=====

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 2001 and 2000

	2001 -----	2000 -----
Supplemental disclosures of cash flow information:		
Cash paid for interest:	\$ 5,679 =====	5,109 =====
Income taxes paid	\$ -- =====	132,200 =====
Supplemental disclosure of noncash financing activities:		
During the years ended September 30, 2001 and 2000 the Company paid for the following transactions by issuance of Common stock:		
Software development services, 12,283 common shares in 2001 and 8,121 common shares in 2000	\$ 70,020 =====	42,990 =====
Employee bonus compensation, 15,000 common shares	\$ 35,000 =====	-- =====
Purchase promissory note due by an officer, 57,625 common shares	\$ 163,657 =====	-- =====
On March 24, 2000, the Company issued 198,269 shares of Common stock in conjunction with a ten percent stock dividend.		

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(1) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of International Assets Holding Corporation (the "Company" or the "parent company") and its six wholly owned subsidiaries, International Assets Advisory Corp. (IAAC), International Assets Management Corp., Global Assets Advisors, Inc., International Financial Products, Inc., INTLTRADER.COM, Inc. (ITCI), and OffshoreTrader.com Ltd. All significant intercompany balances and transactions have been eliminated in consolidation.

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 ("Wexford") (a wholly owned, guaranteed subsidiary of Prudential Securities Incorporated) on a fully disclosed basis.

International Assets Management Corp. was formed to manage the physical assets of the Company.

Global Assets Advisors, Inc. provides investment advisory and account management services.

International Financial Products, Inc. is inactive but was formed to market products, which were not investments, but were related to the financial industry.

INTLTRADER.COM, Inc. is a registered broker/dealer under the Securities Act of 1934 and was formed to provide on-line brokerage transactions of foreign and domestic securities using the Internet. Its securities transactions are also cleared through Wexford on a fully disclosed basis.

OffshoreTrader.com Ltd. was incorporated to explore global internet securities trading for non-U.S. citizens.

(b) Cash and Cash Equivalents

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

(Continued)

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(c) Foreign Currency

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

(d) Financial Instruments

As of September 30, 2001 and 2000, the carrying value of the Company's financial instruments including cash, cash deposits with clearing broker, foreign currency, receivables, accounts payable and accrued expenses approximate their fair values, based on the short-term maturities of these instruments. Additionally, the carrying value of securities owned and any securities and foreign currency sold, not yet purchased, approximate their fair value at September 30, 2001 and 2000 as they are based on quoted market prices.

(e) Valuation of Securities

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

As of September 30, 2001, securities include a limited partnership ownership interest of \$86,992. The limited partnership ownership interest is recorded at fair value, which has been determined by management. This limited partnership ownership interest is held for the Company's investing purposes and is not held for sale to the Company's customers.

(f) Revenue Recognition

The revenues of the Company are derived principally from commissions earned on the sale of securities, from realized and unrealized trading income in securities purchased or sold for the Company's account and from management and investment advisory fees. Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur. Realized and unrealized trading income (net dealer inventory and investment gains) are recorded on a trade date basis. Securities owned and securities sold, not yet purchased are stated at market value with related changes in unrealized appreciation or depreciation reflected in net dealer inventory and investment gains. Interest income is recorded on the accrual basis and dividend income is recognized upon receipt.

(Continued)

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(g) Depreciation and Amortization

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

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

Software development costs for internally developed software are capitalized, in accordance with Statement of Position 98-1: "Accounting for the Costs of Computer Software Developed or Obtained for Internal use", and when management authorizes and commits to funding the project and it is probable that the project will be completed and the software will be used to perform the intended functions. Costs of software that have reached that stage of functionality are amortized using the straight-line method over the estimated period of benefit to be received from these costs, which ranges from two to three years.

(h) Income Taxes

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

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

(i) Advertising

The Company expenses costs of advertising as incurred and have included these expenses in promotion expenses in the accompanying consolidated statements of operations. Advertising costs for the years ended September 30, 2001 and 2000 were \$168,015 and \$653,161, respectively.

(Continued)

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(j) Stock Option Plan

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

(k) Use of Estimates

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

(l) Earnings Per Share

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

Options to purchase 77,480 shares of common stock were excluded from the calculation of diluted earnings per share for the year ended September 30, 2000, because their exercise price exceeded the average market price of common stock for the period. No options to purchase shares of common stock were considered in the calculation of diluted loss per share for the year ended September 30, 2001, because of the anti-dilutive impact of the potential common shares, due to the net loss in 2001.

(Continued)

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(m) Recent Accounting Pronouncements

In July 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) 141, "Business Combinations", and SFAS 142, "Goodwill and Other Intangible Assets." SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 as well as all purchase method business combinations completed after June 30, 2001. SFAS 141 also specifies criteria intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill, noting that any purchase price allocable to an assembled workforce may not be accounted for separately. SFAS 142 will require that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS 142. SFAS 142 will also require that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The Company has adopted SFAS 141 with no impact on its financial statements and has not yet completed its evaluation of SFAS 142; however, management does not anticipate that the adoption of SFAS 142 will have a material impact on the Company's earnings or financial position upon adoption.

In June 2001, the FASB issued SFAS No. 143 - "Accounting for Asset Retirement Obligations." Statement 143 relates to the accounting for the obligations associated with the retirement of long-lived assets. The Company has not completed its evaluation of SFAS 143; however, management does not anticipate that the adoption of SFAS 143 will have a material impact on the Company's earnings or financial position upon adoption.

In August 2001, the FASB issued SFAS No. 144 - "Accounting for Impairment or Disposal of Long-lived Assets." Statement 144 establishes methods of accounting and reporting for the impairment of long-lived assets other than goodwill and intangible assets not being amortized. The Company has not completed its evaluation of SFAS 144; however, management does not anticipate that the adoption of SFAS 144 will have a material impact on the Company's earnings or financial position upon adoption.

(n) Reclassification

Certain amounts in the 2000 financial statements have been reclassified to conform with the 2001 presentation.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(2) Sale of Certain Operations

In August 2001 International Assets Holding Corporation entered into a purchase and sale agreement to sell its 100% membership interests in the limited liability companies which it formed to hold the net assets of its retail private client securities brokerage activities. Commission revenues from retail private client securities brokerage activity amounted to \$3,233,495 and \$6,441,106 for the years ended September 30, 2001 and 2000, respectively. Though certain costs associated with this activity are distinct and clearly identifiable; many are not and management has not historically operated, monitored or specifically allocated expenses to this activity in such a manner as to determine profitability by activity.

In the same agreement, International Assets Holding Corporation agreed to sell its money management activity which had revenues from management and investment advisory fees of \$92,142 and \$188,191 for the years ended September 30, 2001 and 2000, respectively. The money management activity is primarily related and tied into the retail private client activity including the same sales staffing, operations and research support. It is separated only for purposes of securities licensing and regulation.

The sale transactions were completed on December 13, 2001.

(3) Software Development Costs

Software development costs that have been capitalized are amortized over a period of two to three years. These development efforts are for internally used software systems for the Company's online trading activities including the proprietary foreign quote system functionality.

	2001	2000
	-----	-----
Building balance, net	\$ 416,810	193,898
Acquisition of capitalized software	477,707	414,192
Dispositions	--	(40,000)
Amortization expense	(340,715)	(151,280)
	-----	-----
Ending balance, net	\$ 553,802	416,810
	=====	=====

(4) Related Party Transactions

On June 5, 2001, the Company purchased, by issuance of 57,625 common shares of the Company, a \$150,000 promissory note, due by the then President of the Company to his former employer. The promissory note included \$13,657 of accrued interest at 5.75% per annum.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

On July 11, 2001 the Company executed an unconditional and irrevocable agreement to forgive the \$150,000 promissory note held by the Company with accrued interest, due from the former President of the Company, with forgiveness effective June 11, 2002. The forgiveness of the note was reflected as compensation and benefits expense in the third quarter of fiscal 2001.

On January 4, 2000 the Company made a loan to the CEO of the Company including the execution and receipt of a \$250,000 promissory note due January 3, 2001. The Board of Directors of the Company has granted an extension of the due date of the promissory note to December 31, 2001. The promissory note includes interest of 6 percent per annum. The loan to officer was previously approved by the Company's Board of Directors. As of September 30, 2001, the remaining principal balance of the promissory note including accrued interest is \$55,941.

On August 28, 2000 the Company made a loan to a Vice President of the Company including the execution and receipt of a \$66,000 promissory note due August 27, 2001. The Board of Directors of the Company has granted an extension of the due date of the promissory note to August 31, 2002. The promissory note includes interest of 6.27 percent per annum. As of September 30, 2001 the remaining principal balance of the promissory note including accrued interest is \$70,600.

The Company has engaged, on a task-by-task basis, a creative design firm that is partially owned by a spouse of an officer of the Company. The Company incurred promotional expense related to this creative design firm totaling approximately \$34,023 and \$121,000 during the years ended September 30, 2001 and 2000, respectively.

(5) Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased at September 30, 2001 and 2000 consist of trading and investment securities at market values as follows:

	Owned	Sold, not yet purchased
	-----	-----
2001:		
Common stock and American Depository Receipts	\$ 1,203,294	694,047
Foreign ordinary stock paired with its respective American Depository Receipts	4,618,006	4,619,594
Corporate and municipal bonds	68,949	--
Foreign government obligations	3,954	--
Unit investment trusts, mutual funds and other investments	117,736	--
	-----	-----
	\$ 6,011,939	5,313,641
	=====	=====

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

	Owned -----	Sold, not yet purchased -----
2000:		
Obligations of U.S. Government	\$ 256,042	--
Common stock and American Depository Receipts	2,205,960	683,802
Foreign ordinary stock paired with its respective American Depository Receipts	409,043	409,806
Corporate and municipal bonds	119,370	54,526
Foreign government obligations	91,210	54,525
Unit investment trusts, mutual funds and other investments	234,888	--
	-----	-----
	\$ 3,316,513	1,202,659
	=====	=====

(6) Receivable From and Payable to Clearing Organization

Amounts receivable from and payable to clearing organization, net at September 30, 2001 and 2000 of \$934,764 and \$24,330, respectively, consist of the following:

	Receivable -----	Payable -----
2001:		
Commission income receivable	\$ 31,783	---
Clearing fee payable	---	23,722
Open transactions, net	926,703	---
	-----	-----
	\$ 958,486	23,722
	=====	=====
2000:		
Commission income receivable	\$ 51,943	---
Clearing fee payable	---	7,392
Open transactions, net	---	68,881
	-----	-----
	\$ 51,943	76,273
	=====	=====

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

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(7) Investment in Joint Venture

On September 30, 1998, the Company signed a 50/50 Joint Venture Agreement (JV) with Lakeside Investments, LLC (Lakeside) of New York. On October 1, 1998, the joint venture effected the incorporation of International Assets New York, LLC (IANY) a 50/50 owned entity formed to transact the business for the JV. IANY has elected partnership federal income tax treatment. Each party made an initial contribution of \$50,000 during the year ended September 30, 1999 and an additional subsequent capital contributions during the year ended September 30, 2000 of \$60,000. A principal of Lakeside actively manages this business. IANY offers a variety of financial strategies to high net worth private investors resident in the United States and certain foreign countries. The Company accounts for this investment under the equity method of accounting. In accordance with the equity method, the Company has reduced its investment in joint venture to \$0 as of September 30, 2001.

For the years ended September 30, 2001 and 2000, the Company has recorded losses of \$20,353 and \$55,286, respectively for 50 percent of the joint venture's losses for the periods. As of September 30, 2001 and 2000, the Company had a payable to the joint venture of \$2,032 and \$2,027, respectively, which relates to joint venture cash outlays which were made on behalf of the Company.

(8) Financial Instruments with Off-Balance Sheet Risk

The Company is party to certain financial instruments with off-balance sheet risk in the normal course of business as a registered securities broker/dealer. In addition, the Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the consolidated financial statements at September 30, 2001 at market values of the related securities (totaling \$5,313,641) and will incur a loss if the market value of the securities increases subsequent to September 30, 2001.

(9) Capital and Cash Reserve Requirements

As of September 30, 2001 and 2000, IAAC is subject to the Securities and Exchange Commission (SEC) uniform net capital rule (Rule 15c3-1), which requires the maintenance of minimum net capital at an amount equal to the greater of \$100,000, 6-2/3 percent of aggregate indebtedness, or \$2,500 for each security in which a market is made with a bid price over \$5 and \$1,000 for each security in which a market is made with a bid price of \$5 or less with a ceiling of \$1,000,000, and requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1. As of September 30, 2001, the Company had excess net capital of \$526,126 and a ratio of aggregate indebtedness to net capital of 0.82 to 1.

As of September 30, 2001, ITCI is subject to the SEC uniform net capital rule (Rule 15c3-1), which requires the maintenance of minimum net capital at an amount equal to the greater of \$50,000 or 6-2/3 percent of aggregate indebtedness. At September 30, 2001, the Company had excess net capital of \$181,078 and a ratio of aggregate indebtedness to net capital of approximately 0.18 to 1.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

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

(10) Leases

The Company occupies leased office space of approximately 13,815 square feet at 250 Park Avenue South, Winter Park, Florida. The expiration date of the office lease was May 31, 2001. The Company has received extensions from the landlord to remain in its current location until December 31, 2001, on a month-to-month basis.

The Company has executed a new lease for office space of approximately 5,100 square feet at 220 E. Central Parkway, Altamonte Springs, Florida. The estimated commencement date is February 1, 2002, with six months free rent, and a seven year term to July 31, 2009.

The Company is obligated under various noncancelable operating leases for the rental of its office facilities and certain office equipment. Rent expense associated with operating leases amounted to \$294,302 and \$386,900 for the years ended September 30, 2001 and 2000, respectively. Future minimum lease payments under noncancelable operating leases as of September 30, 2001 are as follows:

Year ending September 30, -----	
2002	\$ 94,000
2003	141,000
2004	99,000
2005	99,000
2006	102,000
Thereafter	310,000 -----
Total future minimum lease payments	\$ 845,000 =====

IANY, the Company's joint venture, occupied 1,975 square feet at 90 West Street, NYC. The lease had a termination date of August 31, 2003. This office facility has not been occupied since September 11, 2001 due to damages from the World Trade Center tragedy. In November 2001, a surrender agreement was executed voiding this obligation.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(11) Income Taxes

Income tax (benefit) expense for the years ended September 30, 2001 and 2000 consists of:

	Current -----	Deferred -----	Total -----
2001:			
Federal	\$ 58,021	(1,306,967)	(1,248,946)
State	9,933	(223,732)	(213,797)
	-----	-----	-----
	\$ 67,954	(1,530,697)	(1,462,743)
	=====	=====	=====
2000:			
Federal	\$ 100,807	107,100	207,907
State	16,964	18,333	35,297
	-----	-----	-----
	\$ 117,771	125,433	243,204
	=====	=====	=====

Total income tax (benefit) expense for the years ended September 30, 2001 and 2000 differed from the amounts computed by applying the U.S. federal income tax rate of 34 percent to income before income taxes as a result of the following:

	2001 -----		2000 -----	
	Amount -----	% of pretax income -----	Amount -----	% of pretax income -----
Computed "expected" tax expense	\$ (1,621,008)	34.0%	\$ 177,598	34.0%
Increase in income tax expense resulting from:				
State income taxes, net of federal income tax benefit	(159,029)	3.3%	23,296	4.5%
Meals and entertainment expense not deductible for tax purposes	34,464	(0.7%)	31,590	6.0%
Memberships	3,470	(0.1%)	7,204	1.4%
Other, net	1,553	--	3,516	0.7%
Valuation allowance	277,807	(5.8%)	--	--
	-----	-----	-----	-----
	\$ (1,462,743)	30.7%	\$ 243,204	46.6%
	=====	=====	=====	=====

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

Deferred income taxes as of September 30, 2001 and 2000 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, 2001 and 2000:

	2001	2000
	-----	-----
Gross deferred tax liabilities:		
Accumulated depreciation and amortization	\$ (10,484)	(20,803)
Software development costs	(208,396)	(156,846)
	-----	-----
Total gross deferred tax liabilities	(218,880)	(177,649)
	-----	-----
Gross deferred tax assets:		
Investment in Limited Partnership	3,770	3,770
Amortization of other assets	41,172	40,672
Net operating loss carryforward	1,849,234	--
	-----	-----
Total gross deferred tax asset	1,894,176	44,442
Valuation allowance	(277,807)	--
	-----	-----
Total net deferred tax assets	1,616,369	44,442
	-----	-----
Net deferred tax asset (liability)	\$ 1,397,489	(133,207)
	=====	=====

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income or the reversal of deferred tax liabilities during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. As of September 30, 2001, 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 and net operating loss carryforward, net of the recorded valuation allowance.

At September 30, 2001, the Company has net operating loss carryforwards for federal income tax purposes which begin to expire in 2019.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(12) Employee Benefit Plans

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

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

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

IAAC's contributions to these employee benefit plans for the years ended September 30, 2001 and 2000 are summarized as follows:

	2001	2000
	-----	-----
RSP	\$ --	40,000
401(k) Plan	--	40,000
	-----	-----
	\$ --	80,000
	=====	=====

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

As of September 30, 2001 and 2000, 158,928 and 163,270 common shares of the Company were allocated to 401(K) plan participants, respectively. During the years ended September 30, 2001 and 2000, no common shares of the Company were purchased from terminated 401(K) plan participants. As of September 30, 2001 and 2000, 69,694 common shares of the Company were allocated to RSP participants.

On November 1, 2001, International Assets Advisory Corp. terminated the International Assets Advisory Corporation 401K Profit Sharing Plan ("401K") and the International Assets Advisory Corporation Retirement Savings Plan ("RSP"). All participants under the 401K and RSP will vest 100 percent in their respective account balances and the employer sponsor and its related employees will make no further contributions to the plans.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

Also, on November 1, 2001, International Assets Holding Corporation became the primary sponsoring employer of both plans. The plans became known as the International Assets Holding Corporation 401K Profit Sharing Plan and the International Assets Holding Corporation Retirement Savings Plan. International Assets Holding Corporation will effectuate the necessary actions to terminate the plans.

(13) Stock Options

The International Assets Holding Corporation Stock Option Plan (the "Plan") was adopted by the Board of Directors of the Company and approved by the Company's stockholders during January 1993. The Plan permits the granting of awards to employees and directors of the Company and its subsidiaries in the form of stock options. Stock options granted under the Plan may be "incentive stock options" meeting the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, or nonqualified stock options, which do not meet the requirements of Section 422. As of September 30, 2001, a total of 1,399,300 shares of the Company's common stock had been reserved for issuance pursuant to options granted under the Plan.

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

At September 30, 2001, there were 258,105 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 2001 and 2000, where exercise price equals the market price of the stock on the grant date, was \$2.27 and \$5.02, respectively. The per share weighted average fair value of stock options granted during 2001, where exercise price is greater than market price on the grant date was \$2.27.

The following weighted average assumptions were used:

	2001 -----	2000 -----
Exercise price equal to market price on grant date:		
Expected risk-free interest rate	5.04%	6.32%
Expected life	6.48 years	6.91 years
Expected volatility	80.4%	73.5%
Expected dividend yield	--	--
Exercise price greater than market price on grant date:		
Expected risk free interest rate	5.04%	--
Expected life	6.50 years	--
Expected volatility	80.4%	--
Expected dividend yield	--	--

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

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

		2001	2000
		-----	-----
Net (loss) income	As reported	\$(3,304,928)	279,143
	Pro forma	\$(3,562,585)	70,965
Basic (loss) earnings per share	As reported	\$ (1.47)	0.13
	Pro forma	\$ (1.59)	0.03
Diluted (loss) earnings per share	As reported	\$ (1.47)	0.12
	Pro forma	\$ (1.59)	0.03

Pro forma net (loss) income reflects only options granted from 1996 to 2001. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net (loss) income amounts presented above because compensation cost is reflected over the options' expected life ranging from 5 to 8.5 years and compensation cost for options granted prior to October 1, 1995 is not considered.

Stock option activity during the fiscal years ended September 30, 2000 and 2001 is as follows:

	Number of shares	Weighted- average exercise price
	-----	-----
Outstanding at September 30, 1999	\$ 698,584	\$ 2.16
Granted	152,480	6.84
Exercised	(300,840)	2.28
Forfeited	(129,492)	1.77
Expired	--	--
	-----	-----
Outstanding at September 30, 2000	420,732	4.17
Granted	346,500	3.09
Exercised	--	--
Forfeited	(103,123)	5.26
Expired	--	--
	-----	-----
Outstanding at September 30, 2001	\$ 664,109	\$ 3.43
	=====	=====

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

At September 30, 2001, the range of exercise prices and weighted-average remaining contractual life of outstanding options was \$1.25 - \$11.70 and 7.93 years, respectively.

At September 30, 2001 and 2000, the number of options exercisable was 160,903 and 42,513, respectively, and the weighted-average exercise price of those options was \$3.29 and \$3.62, respectively.

Incentive Stock Options

As of September 30, 2001, options outstanding under qualified incentive stock options, including their grant date, exercise price and expiration date, were as follows:

Options outstanding	Grant date	Exercise price	Expiration date	Exercisable
26,544	January 23, 1993	\$ 3.87	January 23, 2003	A
4,796	August 12, 1994	4.17	August 12, 2004	B
26,378	December 28, 1995	2.09	December 28, 2005	C
8,393	December 28, 1995	1.90	December 28, 2005	C
1,198	March 7, 1996	2.28	March 7, 2006	B
23,381	December 11, 1996	2.51	December 11, 2006	B
5,995	October 1, 1998	1.49	October 1, 2008	B
83,390	November 2, 1998	1.38	November 2, 2008	D
19,184	November 2, 1998	1.25	November 2, 2008	C
11,990	January 6, 1999	1.25	January 6, 2009	B
22,890	December 9, 1999	7.17	December 9, 2009	B
21,800	January 28, 2000	11.70	January 28, 2010	E
8,750	March 10, 2000	11.63	March 10, 2010	C
50,000	April 27, 2000	5.19	April 27, 2010	F
5,000	December 21, 2000	2.22	December 21, 2010	E
20,000	December 22, 2000	2.13	December 22, 2010	E
2,500	January 8, 2001	2.88	January 8, 2011	E
2,500	January 22, 2001	2.75	January 22, 2011	E
10,000	January 29, 2001	4.25	January 29, 2011	E
25,000	March 9, 2001	3.13	March 9, 2011	G
222,500	March 9, 2001	3.13	March 9, 2011	E
2,000	July 6, 2001	2.27	July 6, 2011	H
2,000	August 30, 2001	1.90	August 30, 2011	E
606,729				

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

- (A) Exercisable at 25% per year beginning two years from the date of grant.
- (B) Exercisable at 20% per year beginning three years from the date of grant.
- (C) Exercisable at 20% per year beginning one years from the date of grant.
- (D) Exercisable at 30% after year one, 30% after year two and 40% after year three.
- (E) Exercisable at 33.3% after year one, 33.3% after year two and 33.4% after year three.
- (F) Exercisable at 25.7% on October 1, 2000, 25.7% on October 1, 2001, 25.7% on October 1, 2002 and 22.9% on October 1, 2003.
- (G) Exercisable at 13.6% on October 1, 2003 and 86.4% on January 1, 2004.
- (H) Exercisable at 50% on August 31, 2001, 16.6% on July 6, 2002, 16.7% on July 6, 2003 and 16.7% on July 6, 2004.

As of September 30, 2001 and 2000, 144,555 and 33,139 options, respectively, were exercisable under qualified incentive stock options. During the year ended September 30, 2001, none of the incentive stock options were exercised. During the year ended September 30, 2000, 300,840 options were exercised with a weighted average exercise price of \$2.28.

Nonqualified Stock Options

As of September 30, 2001, options outstanding under nonqualified options, including their grant date, exercise price and expiration date, were as follows:

Options outstanding	Grant date	Exercise price	Expiration date	Exercisable
11,990	July 20, 1998	\$ 2.40	July 20, 2008	A
11,990	January 6, 1999	1.25	January 1, 2009	A
10,900	June 4, 1999	6.65	June 4, 2009	A
22,500	March 9, 2001	3.13	March 9, 2011	B
57,380				

- (A) Exercisable at 20% per year beginning one years from the date of grant.
- (B) Exercisable at 33.3% after year one, 33.3% after year two and 33.4% after year three.

As of September 30, 2001 and 2000, 16,350 and 9,374 options, respectively, were exercisable under nonqualified stock options. During the year ended September 30, 2001 and 2000, none of the nonqualified stock options were exercised.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(14) ITCI Stock Option and Plan

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

The right to exercise the options granted and purchase the option shares depended upon meeting certain financial benchmarks as of September 30, 2000, and as of September 30, 2001. None of the benchmarks were met and therefore the option plan terminated as of September 30, 2001.

There has been no vesting as of September 30, 2001, and like the Parent, the Company recognizes compensation expense under APB No. 25 and no such expense would be recognized until the achievement of the financial benchmarks.

(15) Preferred Stock

The Company has authorized 3,000,000 shares of its preferred stock for issuance at a par value of \$.01 per share. As of September 30, 2001 and 2000, no shares have been issued and the Board of Directors has not yet determined the specific rights and privileges of these shares.

(16) Stock Dividend

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

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

(Continued)

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(17) Commitments and Contingent Liabilities

The Company has entered into an employment agreement with its chief executive officer, which has been amended and expires on March 24, 2003. Under the terms of the agreement, the officer will receive specified annual compensation, a bonus, a monthly automobile allowance and reimbursement for personal income tax preparation fees. The bonus is calculated by applying the consolidated return-on-equity percentage for that year to the consolidated pre-tax earnings adjusted before the deduction for officer bonus expense and as adjusted for certain financial transactions. The executive bonus percentage is subject to a minimum of 5 percent and a maximum of 15 percent of adjusted consolidated pre-tax earnings of the Company. In the event of termination of the agreements by the Company other than for cause, as defined, or if the executive resigns as a result of a breach by the Company, the agreement provides for payments to such individual in an amount equal to 100 percent of his total compensation for 24 months following the date of termination.

The Board of Directors authorized the Company to continue its repurchase of up to \$500,000 in shares of the Company's common stock in the open market through the year ended September 30, 2001. The stock purchases may be made in the open market from time to time as market conditions permit. The Company is required to comply with Rule 10b-18 and Regulation M of the Securities and Exchange Commission, which regulate the specific terms in which shares may be repurchased. Since the inception of the repurchase program on March 13, 1996, the Company has repurchased and retired a total of 43,112 shares (as adjusted for the 10 percent stock dividends) in the open market at a total of \$129,233. During the fiscal years ended September 30, 2001 and 2000, the Company did not repurchase any Company shares through open market repurchases.

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

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(18) Quarterly Financial Information (Unaudited)

	For the three months ended			
	December 31, 2000	March 31, 2001	June 30, 2001	September 30, 2001
2001:				
Revenues	\$ 1,420,272	983,937	1,223,491	1,043,688
Total expenses	2,344,213	2,379,532	2,396,521	2,318,793
Income (loss) before income taxes	(923,941)	(1,395,595)	(1,173,030)	(1,275,105)
Net income (loss)	(596,435)	(885,930)	(740,363)	(1,082,200)
Net income (loss) per share - basic	\$ (0.27)	(0.40)	(0.33)	(0.47)
Net income (loss) per share - diluted	\$ (0.27)	(0.40)	(0.33)	(0.47)

	For the three months ended			
	December 31, 1999	March 31, 2000	June 30, 2000	September 30, 2000
2000:				
Revenues	\$ 3,525,105	3,733,426	2,784,005	2,364,330
Total expenses	2,856,519	3,375,672	2,996,412	2,655,916
Income (loss) before income taxes	668,586	357,754	(212,407)	(291,586)
Net income (loss)	402,886	217,147	(141,305)	(199,585)
Net income (loss) per share - basic	\$ 0.21	0.10	(0.06)	(0.09)
Net income (loss) per share - diluted	\$ 0.18	0.09	(0.06)	(0.09)

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2001 and 2000

(19) Subsequent Events

On October 5, 2001 the Board of Directors of the Company approved the issuance of the following stock options:

Incentive Stock Options

Options granted	Grant date	Exercise price	Expiration date	Exercisable
50,000	October 5, 2001	\$0.90	October 5, 2011	(a)
25,000	October 5, 2001	\$0.99	October 5, 2011	(a)
75,000				

Nonqualified Stock Options

45,000	October 5, 2001	\$0.90	October 5, 2011	(a)
120,000				

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

On November 1, 2001 International Assets Advisory Corporation entered into a merger with IAAC, LLC, a wholly owned subsidiary of International Assets Holding Corporation. IAAC, LLC is a Florida limited liability company formed by International Assets Holding Corporation in July 2001 for the purpose of the anticipated merger that occurred on November 1, 2001. IAAC, LLC is the surviving entity of the merger. Upon effectiveness of the merger, the name of the surviving entity became International Assets Advisory, LLC.

On November 1, 2001 Global Assets Advisors, Inc. entered into a merger with Global Assets Advisors, LLC, a wholly owned subsidiary of International Assets Holding Corporation. Global Assets Advisors, LLC is a Florida limited liability company formed by International Assets Holding Corporation in July 2001 for the purpose of the anticipated merger that occurred on November 1, 2001. Global Assets Advisors, LLC is the surviving entity of the merger.

As further described in Note 2, International Assets Holding Corporation entered into a purchase and sale agreement dated August 24, 2001 and amended October 1, 2001 (the Agreement) to sell its newly created 100% membership interests in International Assets Advisory, LLC and Global Assets Advisors, LLC. To accomplish and in keeping with the terms of the agreement, International Assets Advisory, LLC and Global Assets Advisors, LLC will distribute to International Assets Holding Corporation all but approximately \$150,000 of their combined net assets which at closing are expected to result in a gain of approximately \$400,000, net of costs of the transaction. The sale transactions were completed on December 13, 2001.

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	58	1987	1987	Director, Chairman of the Board and Chief Executive Officer
Stephen A. Saker	55	1990	1991	Director, Vice President and Secretary
Jerome F. Miceli	58	1990	-	Director of the Company
Robert A. Miller, PhD	58	1998	-	Director of the Company
Jeffrey L. Rush, M.D.	61	1999	-	Director of the Company
Gregory T. Gerard	41	-	2000	Senior Vice President of Global Business Development
Jonathan C. Hinz	39	-	1995	Chief Financial Officer and Treasurer
Tresa Veitia-Williamson	36	-	1999	Vice President and Director of Marketing

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

Diego J. Veitia founded the Company in 1987 to serve as a holding company for IAAC and other subsidiaries. He has served as Chairman of the Board, director and Chief Executive Officer of the Company since its inception. He also served as President of the Company for the following periods: from 1987 until 1991, from November 1999 through August 2000 and again from September 2001 to the present. Mr. Veitia founded IAAC in 1981 and has served as Chairman of the Board and director of IAAC, IAAL, GAA and GAAL until the sale of IAAL and GAAL in December 2001. In November 1999 Mr. Veitia resumed the role of President of all of the subsidiaries of the Company. Mr. Veitia is currently serving as Chairman, Chief Executive Officer and President of INTLTRADER.COM, IAMC, IFP and OTCL. Mr. Veitia also serves as Chairman and President of Veitia and Associates, Inc., an inactive registered investment advisor. Mr. Veitia served as Chairman of the All Seasons Global Fund, Inc., a publicly held closed-end management investment company from October 1987 until October 1996. During the last five years Mr. Veitia has also served as director of America's All Seasons Income Fund, Inc., an inactive management investment company.

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 currently serves as Vice President, Secretary and Director of IAMC and OTC. Mr. Saker has also served as director, Executive Vice President and Secretary of IAAC from 1985 and served as director and Executive Vice President of IAAC, IAAL, GAA and GAAL until the sale of IAAL and GAAL in December 2001. Mr. Saker served as Director, Secretary and Executive Vice President of INTLTRADER.COM from May 1998 through December 2001. Since November 1991, Mr. Saker has served as Vice President, Treasurer and Secretary of Veitia and Associates, Inc., an inactive registered investment advisor. Mr. Saker also served as Secretary and director of All Seasons Global Fund, Inc. from October 1987 until October 1996.

Jerome F. Miceli has been a director of the Company since 1990. Mr. Miceli served as President, Chief Operating Officer and Treasurer of the Company from 1991 to 1999. Mr. Miceli has also served as President, Chief Executive Officer, Treasurer and director of IAAC from 1990 to 1999. Until November 1999 Mr. Miceli also served as President, Treasurer and Director of INTLTRADER.COM, GAA, IAMC, IFP and OTCL. In addition, from December 1990 until October 1996, Mr. Miceli served as Treasurer and director of All Seasons Global Fund Inc., a publicly held closed-end management investment company. Mr. Miceli also served as President of Veitia and Associates, Inc., an inactive registered investment advisor, from 1990 until 1999.

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

Jeffrey L. Rush, M.D. became a director of the Company in February 1999. Dr. Rush is a graduate of Dartmouth and State University New York Medical School in 1966. He has been a Board Certified Radiologist since 1972. Dr. Rush served as Chairman of the Radiology Department at Alvarado Medical Center, San Diego, CA from 1972 - 1994. In addition, he served on the Advisory Board, National Medical Enterprises (Tenet Health) from 1982 - 1990. Dr. Rush presently serves as Chairman of Pacific Medical Building, LP, a developer and owner of medical office buildings and clinics. He has served in that capacity since 1991.

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

Jonathan C. Hinz joined the Company in October 1995 and currently serves as Chief Financial Officer and Treasurer for the Company, INTLTRADER.COM, IFP, IAMC and OTCL. Mr. Hinz has also served as Chief Financial Officer and Treasurer of IAAC, IAAL, GAA and GAAL until the sale of IAAL and GAAL in December 2001. Prior to joining the Company, Mr. Hinz served as Chief Financial Officer and Controller of Computer Science Innovations, Inc. from 1987 to 1995. Mr. Hinz is a certified public accountant.

Tresa Veitia-Williamson joined IAAC in September 1995 and currently serves as Vice President and Director of Marketing for the Company, INTLTRADER.COM, IFP and OTCL. Ms. Veitia-Williamson has also served as Vice President and Director of Marketing of IAAC, IAAL, GAA and GAAL until the sale of IAAL and GAAL in December 2001. Prior to joining the Company, Ms. Veitia-Williamson was an account supervisor at Ogilvy & Mather in New York. Ms. Veitia-Williamson received an MBA from Columbia University in 1989.

Compliance with Section 16(a) of the Exchange Act

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

Based solely on the review of such reports, the Company is aware of one director and one executive officer that had late filings under Section 16(a). Jerome F. Miceli, a director of the Company, did not report in a timely manner under Section 16(a) a sale of 1,000 shares of common stock on April 2, 2001. Mr. Miceli subsequently reported these transactions on a Form 5 filed on January 9, 2002. Gregory T. Gerard, an executive officer of the Company, did not report in a timely manner under Section 16(a) a purchase of 1,000 shares of common stock on December 13, 2000 and a stock option awarded on January 29, 2001 for 10,000 shares of common stock, with a strike price of \$4.25 per share. Mr. Gerard subsequently reported these transactions on a Form 5 filed on January 9, 2002. The Company believes that during fiscal year 2001, all other executive officers and directors complied with the Section 16(a) requirements.

ITEM 10. EXECUTIVE COMPENSATION.

Summary Compensation Table

The following table is a three-year summary of the compensation awarded or paid to, earned by, the Company's Chief Executive Officer and its four most highly compensated executive officers whose total cash compensation exceeded \$100,000 during the Company's last completed fiscal year.

Name and Principal Position	Year	Annual Compensation			Long Term Compensation		LTIP Payouts	All other Compensation
		Salary	Bonus	Other-Annual Compensation	Awards	Payouts		
		\$	\$	\$	Rest- ricted Stock Award(s) \$	Securities Underlying Options/ SARs (#)(2)	\$	\$ (3)
Diego J. Veitia, Director, Chairman of the Board and Chief Executive Officer (1) (4)	2001 2000 1999	\$148,349 \$147,092 \$143,504	\$ - \$ 201,690 \$ 112,971	\$19,845 \$ - \$ -	\$ - \$ - \$ -	25,000 - 119,900	\$ - \$ - \$ -	\$ - \$16,188 \$19,146
William C. Dennis, Former Director, President and Chief Operating Officer (5)	2001 2000	\$257,200 \$ 81,521	\$ 92,500 \$ 62,500	\$ - \$ -	\$ - \$ -	25,000 75,000	\$ - \$ -	\$ - \$ -
Stephen A. Saker, Director, Vice President and Secretary (6)	2001 2000 1999	\$197,178 \$219,805 \$169,046	\$ - \$ 15,000 \$ 10,000	\$ - \$ - \$ -	\$ - \$ - \$ -	15,000 - 23,980	\$ - \$ - \$ -	\$ - \$ 5,949 \$ 8,610
Gregory T. Gerard, Senior Vice President and Managing Director of Global Development (7)	2001 2000	\$100,000 \$ 66,667	\$ 16,667 \$ 33,333	\$ - \$ -	\$ - \$ -	10,000 21,800	\$ - \$ -	\$ - \$ -
Todd A. Boren, Former Senior Vice President and Managing Director Private Client Group (8)	2001	\$209,621	\$ -	\$ -	\$ -	30,000	\$ -	\$ -

(1) Mr. Veitia received \$19,845, or approximately 13% of 2001 total salary and bonus in other annual compensation consisting of \$9,095 paid for tax preparation fees and \$10,750 related to auto lease reimbursement as calculated under the IRS lease valuation method.

(2) Option shares presented have been restated for the 10% stock dividend declared by the Corporation on February 25, 2000 for shareholders of record as of March 10, 2000. Option shares have also been restated for the 10% stock dividend declared by the Corporation on February 12, 1999 for shareholders of record as of March 5, 1999.

(3) All other compensation is comprised of Company contributions to the Company's 401(k) Profit Sharing Plan (formerly known as the Employee Stock Ownership Plan), Retirement Savings Plan, automobile related benefits paid directly by the Company and payments for personal income tax preparation fees.

(4) Salary for 2001 includes \$9,469 not yet paid to Mr. Veitia for a voluntary salary deferral related to wages earned for the month of September 2001. Salary for 2001 does not include a \$3,156 voluntary 25% salary waiver related to the month of September 2001.

(5) Mr. Dennis joined the Company on April 27, 2000 as Special Assistant to the Chairman and assumed the position of Director, President and Chief Operating Officer on September 7, 2000. On September 14, 2001 Mr. Dennis resigned from the Company. Compensation stated above for 2000 includes base salary earned during the portion of the fiscal year since April 27, 2000 and a pro-rata share of an earned first year guaranteed bonus. Salary compensation for 2001 includes \$7,200 paid to Mr. Dennis for an auto allowance reimbursement and \$20,833 related to salary earned for the fiscal year 2001 not yet paid to Mr. Dennis. Bonus compensation for 2001 includes the pro-rata balance of the earned first year guaranteed bonus and a \$5,000 cash bonus paid in 2001. On May 1, 2001 Mr. Dennis issued an irrevocable and unconditional waiver to the \$150,000 bonus that was due to be paid as of April 30, 2001, according to the terms of the employment agreement with Mr. Dennis. In a separate transaction, on June 5, 2001 the Company purchased, by issuance of 57,625 common shares of the Company, a Promissory Note, due by Mr. Dennis to the former employer of Mr. Dennis, including the receipt of a \$150,000 promissory note. The promissory note included \$13,657 of accrued interest at 5.75% per annum. On July 11, 2001 the Company executed an unconditional and irrevocable agreement to forgive the \$150,000 promissory note held by the Company, with accrued interest, due from Mr. Dennis, with forgiveness effective June 11, 2002. Unexercisable options for 80,725 shares were cancelled on September 14, 2001 and exercisable options for 19,275 shares were cancelled on December 13, 2001, 90 days after the employee resignation date.

(6) Salary reported for Mr. Saker is comprised of \$48,750 for 1999 and \$51,250 for 2000 and 2001 base salary. The remaining salary is comprised of commissions earned through securities brokerage and money management.

(7) Mr. Gerard joined the Company on January 28, 2000 as Senior Vice President and Managing Director of Global Business Development. Compensation stated above for 2000 includes base salary earned during the portion of the fiscal year beginning January 28, 2000 and a pro-rata share of an earned first year guaranteed bonus. Bonus compensation for 2001 includes the pro-rata balance of the earned first year guaranteed bonus. The total bonus was paid in 2001 with \$15,000 cash and \$35,000 paid by issuance of 15,000 shares of the Company's common stock.

(8) Mr. Boren joined IAAC in May 1994 and was appointed Senior Vice President and Managing Director, Private Client Group of the Company on October 6, 2000. Mr. Boren resigned the position of Senior Vice President and Managing Director, Private Client Group of the Company on April 1, 2001. Mr. Boren continued to serve as Senior Vice President and Director of Retail Sales of IAAL until the sale of this business activity on December 13, 2001. Salary reported for Mr. Boren is comprised of \$80,000 base salary and \$129,621 commissions earned through securities brokerage and money management. All of the 30,000 options awarded in 2001 were unexercisable on December 13, 2001 and cancelled because Mr. Boren ceased employment with the Company due to the sale of IAAL on this date.

Stock Options and Stock Appreciation Rights (SAR)

The International Assets Holding Corporation Stock Option Plan (the "Plan") was adopted by the Board of Directors of the Corporation in January, 1993 and approved by the stockholders in November, 1993. On February 15, 1996 the shareholders approved an amendment to the Plan to increase the number of shares available for issuance under the Plan from 250,000 to 500,000 shares effective December 28, 1995. On February 16, 1999 the shareholders approved an amendment to the Plan to increase the number of shares available for issuance under the Plan from 500,000 to 700,000 shares.

In accordance with the terms of the Company's stock option plan the Company's Board of Directors has authorized a 10% share and price adjustment for outstanding stock options issued prior to March 5, 1999. This adjustment is related to the Company's 10% stock dividend declared on February 12, 1999 and paid on March 26, 1999. Previously issued option shares have been proportionately increased by 10% and the corresponding option exercise price per share has also been reduced by 10%. In conjunction with the stock dividend for record date March 5, 1999 the total options authorized under this plan were proportionally increased from 700,000 options to 770,000 options as a result of this stock dividend.

In addition, the Company's Board of Directors has authorized a 9% share and price adjustment for outstanding stock options issued prior to March 10, 2000. This adjustment is related to the Company's 10% stock dividend declared on February 25, 2000 and paid on March 24, 2000. Previously issued option shares have been proportionately increased by 9% and the corresponding option exercise price per share has also been reduced by 9%. In conjunction with the stock dividend for record date March 10, 2000 the total options authorized under this plan were proportionally increased from 770,000 options to 839,300 options as a result of this stock dividend. On February 15, 2001 the shareholders approved an amendment to the Plan to increase the number of shares available for issuance under the Plan from 839,300 to 1,339,300 shares

The Plan permits the granting of awards to employees of the Company and its subsidiaries in the form of stock options of the Company's common stock. 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 (the "Code"), or non-qualified options which do not meet the requirements of Section 422.

The Plan is administered by the 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.

No Stock Appreciation Rights (SAR) have been granted by the Company.

Option/SAR Grants in Last Fiscal Year

The following table reports total options granted to named executive officers during the 2001 fiscal year. Individual grants are as follows.

Executive Officer		Number of Securities Underlying Options/SAR's Granted (#/Shares)	% of Total Options/SAR's Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Share)	Expiration Date
Diego J. Veitia	(1)	25,000	7.72%	3.4375	3/09/11
William C. Dennis	(2)	25,000	7.72%	3.125	3/09/11
Stephen A. Saker	(1)	15,000	4.63%	3.125	3/09/11
Gregory T. Gerard	(3)	10,000	3.09%	4.25	1/29/11
Todd A. Boren	(1) (4)	30,000	9.26%	3.125	3/09/11

(1) Option granted on 3/9/2001 and exercisable at 33.3% after year one, 33.3% after year two and 33.4% after year three.

(2) On 9/14/01 Mr. Dennis resigned from the Company. Option granted on 3/9/2001 were exercisable at 3,400 shares on 10/1/03 and 21,600 on 1/1/04. Vesting at 25,000 shares on 3/9/03. The 25,000 options awarded in 2001 were subsequently cancelled on the employee resignation date of 9/14/01 and none of these options were exercisable as of the date of resignation.

(3) Option granted on 1/29/2001 and exercisable at 33.3% after year one, 33.3% after year two and 33.4% after year three.

(4) Mr. Boren's employment with the Company (via Mr. Boren's position with the Company's previous ownership of IAAL) ceased on 12/13/01 due to the sale of IAAL on this date. The 30,000 options awarded in 2001 were cancelled on the employee termination date of 12/13/01 and none of these options were exercisable as of the date of employment termination.

Aggregated Options/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

The following table sets forth for each of the Named Executive Officers certain information concerning options exercised during the fiscal year ended September 30, 2001 and the number of shares subject to both exercisable and unexercisable stock options as of that date. The table also shows values for "in-the-money" options. These values represent the positive spread between the respective exercise prices of outstanding options and the fair market value of the Company's common stock as of September 30, 2001.

Executive Officer	Shares Acquired On Exercise (#)	Value Realized (\$)(1)	Number of Securities Underlying Unexercised Options/SARs at September 30, 2001 Exercisable/Unexercisable (#)(2)	Value of Unexercised In-the-Money Options/SARs At September 30, 2001 Exercisable/Unexercisable (\$)(3)
Diego J. Veitia	-	\$ -	62,348 / 72,960	\$ - / \$ -
William C. Dennis (4)	-	\$ -	19,275 / -	\$ - / \$ -
Stephen A. Saker	-	\$ -	34,827 / 29,388	\$ - / \$ -
Gregory T. Gerard	-	\$ -	7,259 / 24,541	\$ - / \$ -
Todd A. Boren (5)	-	\$ -	1,799 / 46,840	\$ - / \$ -

(1) Based on the fair market value of the Company's common stock on the exercise date (the closing price) minus the exercise price and multiplied by the number of shares acquired.

(2) Includes both "in-the-money" and "out-of-the-money" options. "In the-money" options are options with exercise prices below the market price of the Company's common stock on September 30, 2001.

(3) Based on the closing price of the Company's common stock on September 30, 2001 (\$1.00) minus the exercise price.

(4) On September 14, 2001 Mr. Dennis resigned from the Company. Unexercisable options for 80,725 shares were cancelled on September 14, 2001 and exercisable options for 19,275 shares were cancelled on December 13, 2001, 90 days after the employee resignation date.

(5) Mr. Boren's employment with the Company (via Mr. Boren's position with the Company's previous ownership of IAAL) ceased on 12/13/01 due to the sale of IAAL on this date. Unexercisable options for 43,844 shares were cancelled on December 13, 2001 and exercisable options for 4,795 shares will remain available for 90 days after the December 13, 2001 termination date.

Long-Term Incentive Plans-Awards in Last Fiscal Year

None.

Compensation of Directors

Members of the Board of Directors who are not officers or employees of the Company were paid an annual fee of \$21,000 for the fiscal years ended September 30, 2001 and 2000, comprised of (i) \$15,000 which is deposited in installments into a Company brokerage account and paid to each director for the purchase of common stock of the Company in the open market, and (ii) \$6,000 payable in cash in quarterly installments of \$1,500 each. In addition to the annual fee, outside directors also receive \$500 for each board meeting attended. Such directors were also reimbursed for expenses relating to their attendance at meetings during the fiscal year. The fee portion for stock purchases for one director was redirected for cash payment for the period June 2000 through June 2001.

At the August 10, 2001 Board of Directors meeting the Directors agreed to a 25% decrease in the annual fee for the pro-rate period August 10, 2001 through September 30, 2001. At a later Board of Director meeting in November 2001 the Directors agreed to reduce their annual fees combined with the meeting fees from \$23,000 annually to \$12,000 annually, beginning October 1, 2001.

Further, those directors who served as chairman of the audit, compensation and personnel committees during the fiscal year ended September 30, 2001 and 2000 received \$5,500 per year for these additional responsibilities.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The Company has entered into an employment agreement with Diego J. Veitia, its chief executive officer, which has been amended and expires on March 24, 2003. Under the terms of the agreement, the officer will receive specified annual compensation, a bonus, a monthly automobile allowance and reimbursement for personal income tax preparation fees. The bonus is calculated by applying the consolidated return-on-equity percentage for that year to the consolidated pre-tax earnings adjusted before the deduction for officer bonus expense and as adjusted for certain financial transactions. The executive bonus percentage is subject to a minimum of 5 percent and a maximum of 15 percent of adjusted consolidated pre-tax earnings of the Company. In the event of termination of the agreements by the Company other than for cause, as defined, or if the executive resigns as a result of a breach by the Company, the agreement provides for payments to such individual in an amount equal to 100 percent of his total compensation for 24 months following the date of termination.

William C. Dennis joined the Company on April 27, 2000 as Special Assistant to the Chairman and assumed the position of Director, President and Chief Operating Officer on September 7, 2000. On September 14, 2001 Mr. Dennis resigned from the Company. The Company entered into an employment agreement with William C. Dennis, its president, which expires September 7, 2002. Under the terms of the agreement, the officer will receive specified annual compensation, a bonus, stock options, a monthly automobile allowance and reimbursement for certain expenses. The bonus is calculated by applying the consolidated return-on-equity percentage for that year to the consolidated pre-tax earnings adjusted before the deduction for officer bonus expense and as adjusted for certain financial transactions. The executive bonus percentage is subject to a minimum of 5 percent and a maximum of 15 percent of adjusted consolidated pre-tax earnings of the Company. In the event of termination of the agreements by the Company other than for cause, as defined, or if the executive resigns as a result of a breach by the Company, the agreements provide for payments to such individual in an amount equal to 100 percent of his total compensation for the remaining term of the agreement. Pursuant to the voluntary resignation by Mr. Dennis in September 2001, the Company agreed to payment of 30 days salary from the date of resignation.

On May 1, 2001 Mr. Dennis issued an irrevocable and unconditional waiver to the \$150,000 bonus that was due to be paid as of April 30, 2001, according to the terms of the employment agreement with the then President of the Company. In a separate transaction, on June 5, 2001, the Company purchased, by issuance of 57,625 common shares of the Company, a \$150,000 promissory note, due by the then President of the Company to his former employer. The promissory note included \$13,657 of accrued interest at 5.75% per annum. On July 11, 2001 the Company executed an unconditional and irrevocable agreement to forgive the \$150,000 promissory note held by the Company with accrued interest, due from the former President of the Company, with forgiveness effective June 11, 2002. The forgiveness of the note was reflected as compensation and benefits expense in the third quarter of fiscal 2001.

Employee Investment/Retirement Plans

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

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

The Company has the option to make a matching contribution at the sole discretion of the Company. Employer contributions under the 401(k) Plan gradually vest over seven years and employee contributions are fully vested at all times. Plan distributions are paid upon death, disability, retirement or termination of employment, subject to the provisions of the 401(k) Plan and administrative plan policy.

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

On November 1, 2001, IAAC terminated the International Assets Advisory Corporation 401K Profit Sharing Plan ("401K") and the International Assets Advisory Corporation Retirement Plan ("RSP"). All participants under the 401K and RSP will vest 100 percent in their respective account balances and the employer sponsor and its related employees will make no further contributions to the plans.

Also, on November 1, 2001, International Assets Holding Corporation became the primary sponsoring employer of both plans. The plans became known as the International Assets Holding Corporation 401K Profit Sharing Plan and the International Assets Holding Corporation Retirement Savings Plan. International Assets Holding Corporation is currently taking actions to terminate the plans.

Report on Repricing of Options/SARs.

None.

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

The following table sets forth certain information concerning the beneficial ownership of the Company's Common Stock as of January 3, 2002, by (i) each person known by the Company to own more than 5% of the Common Stock, (ii) each director of the Company, (iii) each of the most highly compensated executive officers whose total cash compensation exceeded \$100,000 during the Company's last completed fiscal year and (iv) all executive officers and directors of the Company as a group. All shares are directly owned by the individual unless otherwise indicated.

Name and Address of Beneficial Owner -----	Number of Shares(1)(2) -----	Percent of Class -----
The Diego J. Veitia Family Trust (3)	538,006	22.66%
Diego J. Veitia (3)(4)(5)	694,674	27.96%
The IAAC 401(k) Profit Sharing Plan (3)	158,928	6.69%
Stephen A. Saker (3)(6)	124,498	5.16%
Jerome F. Miceli (3)	44,801	1.89%
Jeffrey L. Rush (3)(7)	49,752	2.09%
Robert A. Miller (3)(8)	31,556	1.32%
Gregory T. Gerard (3)(9)	33,849	1.41%
All directors and executive officers as a group (10) (6 persons) -----	979,130	38.23%

- (1) Except as otherwise stated, all stockholders have sole voting and investment power with respect to the shares of Common Stock set forth opposite their respective names.
- (2) Includes shares that can be acquired within 60 days from the date hereof upon the exercise of warrants or options or conversion of convertible securities. Shares subject to issuance upon the exercise of options or warrants or other rights to acquire shares are deemed outstanding for purposes of computing the percentage owned by each person but are not deemed to be outstanding for the purpose of computing the outstanding percentage of any other persons.
- (3) 250 Park Avenue South, Suite 200, Winter Park, Florida 32789.
- (4) Includes 538,006 shares held by The Diego J. Veitia Family Trust (the "Trust"). Mr. Veitia is Chairman of the Board of the Company and the settlor, sole trustee and primary beneficiary of the Trust and, as such, may be deemed the beneficial owner of the shares held by the Trust under rules and regulations promulgated by the SEC.
- (5) Includes 110,308 shares subject to two fully exercisable options from the Company. Also, includes 42,401 shares held in the International Assets Holding Corp. 401(k) Profit Sharing Plan and 3,959 shares held in the International Assets Holding Corp. Retirement Savings Plan.
- (6) Includes 30,031 shares subject to two fully exercisable options from the Company and 9,592 shares subject to one partially exercisable option from the Company. Also, includes 43,903 shares held in the International Assets Holding Corp. 401(k) Profit Sharing Plan and 3,972 shares held in the International Assets Holding Corp Retirement Savings Plan.
- (7) Includes 4,360 shares subject to one partially exercisable option from the Company.
- (8) Includes 14,388 shares subject to two partially exercisable options from the Company.
- (9) Includes 17,849 shares subject to two partially exercisable option from the Company.
- (10) Includes 140,339 shares subject to fully exercisable options and 46,189 shares subject to partially exercisable options in the favor of Messrs. D. Veitia, Saker, Rush, Miller, Gerard from the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On May 1, 2001 the then President of the Company issued an irrevocable and unconditional waiver to the \$150,000 bonus that was due to be paid as of April 30, 2001, according to the terms of the employment agreement with the then President of the Company.

On June 5, 2001, the Company purchased, by issuance of 57,625 common shares of the Company, a \$150,000 promissory note, due by the then President of the Company to his former employer. The promissory note included \$13,657 of accrued interest at 5.75% per annum.

On July 11, 2001 the Company executed an unconditional and irrevocable agreement to forgive the \$150,000 promissory note held by the Company with accrued interest, due from the former President of the Company, with forgiveness effective June 11, 2002. The forgiveness of the note was reflected as compensation and benefits expense in the third quarter of fiscal 2001.

On January 4, 2000 the Company made a loan to the CEO of the Company including the execution and receipt of a \$250,000 promissory note due January 3, 2001. The Board of Directors of the Company has granted an extension of the due date of the promissory note to December 31, 2001. The promissory note includes interest of 6 percent per annum. The loan to officer was previously approved by the Company's Board of Directors. As of September 30, 2001, the remaining principal balance of the promissory note including accrued interest is \$55,941.

On August 28, 2000 the Company made a loan to a Vice President of the Company including the execution and receipt of a \$66,000 promissory note due August 27, 2001. The Board of Directors of the Company has granted an extension of the due date of the promissory note to August 31, 2002. The promissory note includes interest of 6.27 percent per annum. As of September 30, 2001 the remaining principal balance of the promissory note including accrued interest is \$70,600.

The Company has engaged, on a task-by-task basis, a creative design firm that is partially owned by a spouse of an officer of the Company. The Company incurred promotional expense related to this creative design firm totaling approximately \$34,023 and \$121,000 during the years ended September 30, 2001 and 2000, respectively.

The Company believes that all prior transactions between the Company and its officers, directors or other affiliates of the Company were on terms no less favorable than could have been obtained from unaffiliated third parties on an arm's-length basis. However, as the requisite conditions of competitive, free-market dealings may not exist, the foregoing transactions cannot be presumed to have been carried out on an arm's-length basis, nor upon terms no less favorable than had unaffiliated parties been involved.

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

- (a) The Company's consolidated financial statements are listed in the index set forth in Item 7 on this Form 10-KSB. Financial statement schedules are not required under the related instructions of the SEC or are inapplicable, and therefore, have been omitted.
- (b) The Company filed one report on Form 8-K during the last quarter of the period covered by this report. On September 27, 2001 the Company announced on Form 8-K that William C. Dennis had resigned the position of President and Chief Operating Officer as of September 17, 2001.

- (c) The following exhibits are incorporated by reference herein unless otherwise indicated:
- (3.1) The Company's Certificate of Incorporation and amendments are incorporated by reference to Exhibits 3.1, 3.2, and 3.3 of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
 - (3.2) The Company's By-laws are incorporated by reference to Exhibit 3.4, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
 - (4.1) The Company's Form of Common Stock Certificate is incorporated by reference to Exhibit 4.1, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
 - (4.2) The Company's Revised Form of Warrant Certificate is incorporated by reference to Exhibit 4.2, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
 - (4.3) The Company's Warrant Agreement dated January 31, 1994, between the Company and Chemical Bank is incorporated by reference to Exhibit 4.3, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
 - (4.4) The Company's Revised Form of Subscription Agreement is incorporated by reference to Exhibit 4.4, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
 - (10.1) The Company's International Assets Holding Corporation Stock Option Plan is incorporated by reference to Exhibit 10.2, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
 - (10.1.a) The Company's International Assets Holding Corporation Stock Option Plan, Amendment dated December 28, 1995, is incorporated by reference to Exhibit 10.2 (a), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.
 - (10.1.b) The Company's International Assets Holding Corporation Stock Option Plan, Amendment dated October 28, 1998, is incorporated by reference to Item 3, of the Registrant's Proxy Statement on Form DEF 14A, filed with the SEC on January 15, 1999.
 - (10.1.c) The Company's International Assets Holding Corporation Stock Option Plan, Amendment dated June 9, 2000 is incorporated by reference to Item 3, of the Registrant's Proxy Statement on Form DEF 14A, filed with the SEC on January 12, 2001.
 - (10.2) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP") is incorporated by reference to Exhibit 10.3, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
 - (10.2.a) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP"), First Amendment dated November 4, 1993, is incorporated by reference to Exhibit 10.3(a), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.

- (10.2.b) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP"), Amendment 1994-1, dated July 19, 1994, is incorporated by reference to Exhibit 10.3(b), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.
- (10.2.c) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP"), Amendment 1994-1, dated December 30, 1994, is incorporated by reference to Exhibit 10.3(c), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.
- (10.2.d) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP"), Amendment 1995-1, dated July 21, 1995, is incorporated by reference to Exhibit 10.3(d), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.
- (10.2.e) The Company's International Assets Advisory Corporation 401(k) Profit Sharing Plan, entered into as of May 1, 1999 is incorporated by reference to Exhibit 10.2(e) of the Registrant's Form 10-KSB filed with the SEC for the fiscal year ended September 30, 1999.
- (10.2.f)* The Company's International Assets Advisory Corporation 401(k) Profit Sharing Plan, Amendment 2000-I is attached hereto as Exhibit 10.2.f.
- (10.6) The Company's Clearing Agreement dated February 29, 1984, between Prudential Securities, Inc. and IAAC, as amended, is incorporated by reference to Exhibit 10.10, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
- (10.9) The Company's Lease dated November 5, 1993, by and between Barnett Bank of Central Florida and IAAC is incorporated by reference to Exhibit 10.15, of the Registrant's Registration Statement on Form SB-2 (No. 33-70334-A), as amended, filed with the SEC on February 2, 1994.
- (10.10) The Company's Joint Venture Agreement dated September 30, 1998, by and between the Company and Lakeside Investments, LLC, a limited liability company organized under the laws of Delaware, is incorporated by reference to Exhibit 10.10 of Form 10-KSB, for the fiscal year ended September 30, 1998, as filed with the SEC on December 24, 1998.
- (10.11) The Company's Limited Liability Company Agreement dated September 30, 1998, by and between the Company and Lakeside Investments, LLC, for International Assets New York, LLC, a limited liability company organized under the laws of Delaware, is incorporated by reference to Exhibit 10.11 of Form 10-KSB, for the fiscal year ended September 30, 1998, as filed with the SEC on December 24, 1998.
- (10.12) The Company's Employment Agreement, entered into as of March 24, 1999, between the Company and Diego J. Veitia, is incorporated by reference to Exhibit 10.12 of Form 10-QSB, for the quarterly period ending June 30, 1999, as filed with the SEC on August 12, 1999.
- (10.12.a) The Company's Employment Agreement, entered into as of March 24, 1999, letter amendment, between the Company and Diego J. Veitia, dated June 29, 2001 is incorporated by reference to Exhibit 10.12.a of Form 10-QSB, for the quarterly period ending June 30, 2001, as filed with the SEC on August 6, 2001.

- (10.14) The Company's Employment Agreement, entered into as of September 7, 2000, between the Company and William C. Dennis, is incorporated by reference to Exhibit 10.14 of Form 10-KSB, for the fiscal year ended September 30, 2000, as filed with the SEC on December 29, 2000.
- (10.14.a) The Company's Employment Agreement, entered into as of September 7, 2000, letter amendment, between the Company and William C. Dennis, dated May 1, 2001 is incorporated by reference to Exhibit 10.14.a of Form 10-QSB, for the quarterly period ending June 30, 2001, as filed with the SEC on August 6, 2001.
- (10.15) The Company's Debt Forgiveness Agreement, entered into as of July 11, 2001, between the Company and William C. Dennis, is incorporated by reference to Exhibit 10.15 of Form 10-QSB, for the quarterly period ending June 30, 2001, as filed with the SEC on August 6, 2001.
- (10.16) The Company's Purchase Agreement, dated August 24, 2001, by and among the Company, International Assets Advisory, LLC, Global Assets Advisors, LLC and Lakeside Assets, LLC, as amended by Amendment No. 1, dated October 1, 2001 is incorporated by reference to Item 7, Exhibit 2 of Form 8-K, as filed with the SEC on December 27, 2001.
- (10.17)* The Company's Lease dated October 31, 2001, by and between Emerson International, Inc. and the Company is attached hereto as Exhibit 10.17.
- (11)* The Statement of Computation of per share earnings is attached hereto as Exhibit 11.
- (21)* The Company's list of subsidiaries is attached hereto as Exhibit 21.
- (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: January 11, 2002

By: /s/ Diego J. Veitia

Diego J. Veitia,
Chief Executive Officer

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

Signature -----	Title -----	Date -----
/s/ Diego J. Veitia ----- Diego J. Veitia	Chief Executive Officer and Chairman of the Board	January 11, 2002
/s/ Stephen A. Saker ----- Stephen A. Saker	Vice President, Secretary, and Director	January 11, 2002
/s/ Jerome F. Miceli ----- Jerome F. Miceli	Director	January 11, 2002
/s/ Robert A. Miller ----- Robert A. Miller	Director	January 11, 2002
/s/ Jeffrey L. Rush ----- Jeffrey L. Rush	Director	January 11, 2002
/s/ Jonathan C. Hinz ----- Jonathan C. Hinz	Chief Financial Officer and Treasurer	January 11, 2002

Exhibit Index

Exhibit Number -----	Description -----
Ex 10.2.f	Amendment to Profit Sharing Plan
Ex 10.17	Agreement of Lease
Ex 11	Statement of Computation of Earnings Per Share
Ex 21	Subsidiaries of the Registrant

2001-I AMENDMENT TO INTERNATIONAL ASSETS ADVISORY CORPORATION 401(k) PROFIT

SHARING PLAN

THIS AMENDMENT is made this 31st day of October, 2001, by International Assets Advisory Corporation, a Florida corporation, hereinafter referred to as the "Employer".

WHEREAS, the Employer has adopted the International Assets Advisory Corporation 401(k) Profit Sharing Plan (the "Plan"); and

WHEREAS, effective November 1, 2001, pursuant to a corporate reorganization, a portion of the Corporation's employees will become employed by International Assets Holding Corporation ("Holding"), a Florida corporation; and,

WHEREAS, the Corporation desires to amend certain provisions of said Plan and Trust Agreement, including changing the primary employer sponsoring the Plan to International Assets Holding Corporation.

NOW, THEREFORE, this Amendment to the International Assets Advisory Corporation 401(k) Profit Sharing Plan.

1. The Employer Information Section of Page 1 of the Adoption Agreement is hereby amended to read as follows:

Name of Employer executing the Signature Page of this Agreement:

International Assets Holding Corporation.

Employer Identification Number for the Employer:

59-2921318

2. The Plan Information Section of Page 1 of the Adoption Agreement is hereby amended to read as follows:

Name of Plan:

International Assets Holding Corporation 401(k) Profit Sharing Plan.

3. The effective date of this amendment is October 31, 2001.

4. Except as herein modified and amended, all of the provisions of the International Assets Holding Corporation 401(k) Profit Sharing Plan, formerly known as the International Assets Advisory Corporation 401(k) Profit Sharing Plan, as amended, shall be and remain in full force and effect.

The Employer has caused this Amendment to be executed on the date first above written.

INTERNATIONAL ASSETS ADVISORY CORPORATION

By: /s/ Diego J Veitia

THIS AGREEMENT OF LEASE (the "Lease") is dated as of this 31st day of October, by EMERSON INTERNATIONAL, INC., a Florida Corporation hereinafter (Landlord") and by INTERNATIONAL ASSETS HOLDING CORPORATION, hereinafter ("Tenant"), for the premises which are more particularly described in Exhibit "A" which is attached to this Lease ("Premises").

ARTICLE ONE - DEFINITIONS

1.1 Definitions. As used in this Lease, the following terms shall have the following meanings:

- A. Building: The Building on the real property situated at 220 E. Central Parkway, Altamonte Springs, Florida 32701, including all parking areas.
- B. Premises: That part of the Building outlined on Exhibit "A", on the 2nd floor of the Building, including all tenant improvements made by Landlord pursuant to paragraph 2.2. The Premises consist of 5,100 rentable square feet, which includes a portion of the common areas as defined hereinafter.
- C. Estimated Commencement Date: February 1, 2002
- D. Termination Date: The last day of the month corresponding to the schedule of months shown below, unless sooner terminated as provided in this Lease.
- E. Term: Six months of free rent and seven (7) years at the rents listed below; also the period commencing on the Commencement Date and expiring at midnight of the Termination Date.
- F. Rent Term: Rent per 12 month period: as listed follows plus applicable sales tax:

Months of Term	Monthly Rent	Total Rent
02/02/02 - 07/31/02	FREE RENT	FREE RENT
08/01/02 - 07/31/03	\$ 7,650.00	\$ 91,800.00
08/01/03 - 07/31/04	\$ 7,918.00	\$ 95,016.00
08/01/04 - 07/31/05	\$ 8,194.00	\$ 98,328.00
08/01/05 - 07/31/06	\$ 8,483.00	\$ 101,796.00
08/01/06 - 07/31/07	\$ 8,780.00	\$ 105,360.00
08/01/07 - 07/31/08	\$ 9,087.00	\$ 109,044.00
08/01/08 - 07/31/09	\$ 9,405.00	\$ 112,860.00

G. Security Deposit: \$ 7,650.00

Total amount due with Lease signing		
Security Deposit -		\$ 7,650.00
First Month Rent -		\$ 7,650.00
Total -		\$15,300.00

- H. Landlord's Mailing Address:

Emerson Investments International, Inc.
5728 Major Blvd., Suite 200
Orlando, Florida 32819

I. Normal Business Hours for purposes of Heating and Air Conditioning: The hours are from 7:00 a.m. to 7:00 p.m. Monday through Friday, except recognized Legal Holidays, and from 8 a.m to 3 p.m. Saturdays except recognized Legal Holidays. Sundays, Legal Holidays and off hours the HVAC system is in effect (operational) but at a modified temperature setting.

- J. Watt Load: Ten (10) watts per sq. ft. of 120 volt outlet load.

K. Broker, if applicable: None

L. Permitted Use: General Office Purposes.

M. Tenant's Representatives: Tenant's employees, agents, contractors, licensees and invitees.

N. Common Areas: Lobby area, corridors and lavatories on the floor on which the Premises are situated, stairways, shipping and receiving areas, mechanical areas, plaza and areas exterior to the Building.

O. Property: The Land and the Building, including all Common Areas.

P. Building Rules and Regulations: Rules with respect to Tenant's use and possession of the Premises attached as Exhibit "B" and incorporated herein.

Q. Estoppel Forms: Forms which Tenant, upon request from Landlord, shall complete, with respect to the subject matter of such estoppel forms. Landlord to provide Non-Disturbance Agreement.

R. Parking Spaces: Tenant shall be provided at no extra charge 25 parking spaces of which 13 shall be in Landlord's parking garage or adjacent thereto, all of which shall be on or in the building.

Satellite Dish Location: A location on the roof of the Building where Landlord allows Tenant to locate its Satellite Dish, providing there is no conflict with current Tenants.

Design and Engineering Support: Landlord provided design, layout and specification development services, at no extra charge to the Tenant.

U. Improvements to the Premises: Those agreed upon improvements to the Premises to be constructed by the Landlord or its designated contractor, pursuant to the plans and specifications agreed to by the Tenant, at no charge to the Tenant, which improvements are projected to cost not to exceed \$127,500.

ARTICLE TWO - TERM

2.1 Length of Term. The term of the Lease ("Term") commences February 2, 2002 (the "Commencement Date"), and ends on, June 30, 2009 (the "Termination Date"), unless postponed or sooner terminated in accordance with this Lease, to wit: Seven and one half years (7 1/2) years.

2.2 Improvements to Premises. Upon execution of this Lease, Landlord shall proceed with reasonable diligence to construct improvements upon the Premises (the "Improvements" to the Premises) in compliance with Floor Plan Exhibit "A". Landlord shall have no liability to Tenant arising from any delay in constructing Improvements upon the Premises if such delay is caused by matters beyond the reasonable control of the Landlord or by changes requested by Tenant. The taking of possession of the Premises by Tenant shall be deemed to be an acceptance of the Improvements by Tenant.

2.3 Alternative Commencement Dates. In the event the Premises are not ready for occupancy by the Tenant on the Commencement Date, because of strike, material shortage, destruction (partial or total), natural disaster, prior Tenant's failure to deliver possession or any other reason other than through the fault of Tenant, the Term shall begin on the date the Premises are ready for occupancy by the Tenant and the Term shall be extended for a period of time equal to that which shall have elapsed between the Commencement Date and the date on which the Premises are ready for occupancy by the Tenant. Tenant acknowledges and agrees that the delay of the commencement of the Term and the extension of the Term, as provided for herein, shall be the full extent of Landlord's liability for a delay hereunder.

In the event that Landlord's inability to deliver possession of the Premises is caused, in whole or in part, by Tenant, its employees, agents, contractors, invitees or guests, the Term shall commence on the date which is the later of the Estimated Commencement Date or the date on which the Premises would have been available for occupancy, the good faith determination of same by Landlord will be deemed conclusive, absent manifest error. In the event the completion of the Premises are delayed past the commencement date (February 1, 2002), Landlord agrees to make a rent abatement of three (3) days free rent for every day, after the commencement date, the Premises has not receive issuance of the Certificate of Occupancy.

ARTICLE THREE - USE OF PREMISES

3.1 Permitted Use. Tenant shall use and occupy the Premises for general office purposes for the conduct of Tenant's business and not for other purposes. The Premises shall not be used for any illegal purpose, nor in any manner which is disruptive to other tenants; nor in any manner to invalidate Landlord's insurance or to increase Landlord's insurance premium rates. In the event the Landlord's insurance premiums are increased due to Tenant's use of the Premises, Tenant shall pay the amount of any such increase to Landlord within fifteen (15) days of demand by Landlord. Tenant shall procure, at its own cost and expense, all necessary licenses and permits for Tenant's use of the Premises. Landlord has made no inquiries about and makes no representations, express or implied, concerning whether Tenant's proposed use of the Premises is permitted under applicable law, including applicable zoning law; should Tenant's proposed use be prohibited, Tenant shall be obligated to comply with applicable law and this Lease shall nevertheless remain in full force and effect.

The Tenant will not, without the written consent of the Landlord, use any apparatus, machinery, equipment or device in or about the Premises which may cause any excessive noise or set up any vibration or which in any way would increase the amount of electricity or water normally supplied to the Premises for use as general offices. Tenant shall not connect any apparatus machinery, equipment or device with existing water lines without the consent of the Landlord.

3.2 Compliance with Law. Tenant shall not use the Premises nor permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force requiring Tenant's compliance and with the requirements of any board of underwriters, environmental agency, or other similar body now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises.

3.3 Rules and Regulations. Tenant shall comply with the Building Rules and Regulations annexed to this Lease which by reference are incorporated herein, and all reasonable modifications and additions to the regulations from time to time adopted by the Landlord so long as the enforcement thereof does not materially reduce the benefits inuring to the Tenant under this Lease. The Landlord shall not be responsible to the Tenant for the non-performance of any of the regulations by any other Tenant or occupant of the Building. Notwithstanding the foregoing, the Landlord will use its best efforts to encourage compliance by other Tenants of the Rules and Regulations. The existence of and incorporation into this Lease of the regulations shall not have the effect of subrogating the Tenant to the rights of the Landlord to enforce the regulations against other Tenants in the Building. Landlord shall not be responsible to the Tenant for the non-performance of any of the regulations by any other Tenant or occupant of the Building. The existence of and incorporation into this Lease of the regulations shall not have the effect of subrogating the Tenant to the rights of Landlord to enforce the regulations against other Tenants in the Building. In the existence of the regulations shall not be construed to impose upon the Landlord any duty or obligation to enforce the regulations.

ARTICLE FOUR - RENT

4.1 Rent. Tenant shall pay to the Landlord at the place hereinafter designated by the paragraph entitled "Notices", or at such other place as the Landlord may from time to time designate the aggregate annual sum Rent in monthly installments as specified in Paragraph 1.1 F. The payment of Rent shall be due and payable in legal tender of the United States of America in advance without notice, demand, deductions, right of reduction to set-off of any kind on the first day of each month, that rent is due hereunder plus all sales and use taxes (if any) thereon. The first such installment shall be paid on or before August 1, 2002 and a such appropriate sum on or before the first day of each and every successive calendar month thereafter during the Term. In the event the Tenant takes possession on a date other than the first of the month or this Lease terminates on a date other than the last day of the month, the monthly installment of Rent will be prorated. The first rental payment shall be adjusted to provide Tenant with any credits due to it hereunder.

4.2 Sales and Property Taxes. Tenant agrees to pay, before delinquency, any all taxes levied or assessed and which become payable during the term upon Tenant's equipment, furniture, fixtures and other personal property located in the Premises, directly to the appropriate governmental taxing authority.

4.3 Holding Over. Tenant shall pay Landlord for each day Tenant retains possession of the Premises or any part thereof after termination, by lapse of time or otherwise, fifty (50%) per cent of the daily fixed rental for the last period prior to the date of such termination. Tenant shall also pay all damages sustained by the Landlord by reason of such retention, or, if the Landlord gives notice to the Tenant of Landlord's election thereof, such holding over shall constitute a renewal of this Lease on a month to month basis. However, acceptance by the Landlord of Rent after such termination shall not constitute a renewal and this provision does not waive the Landlord's right of reentry or any other right guaranteed under this Lease.

4.4 Payment of Sums Other Than Rent. Any sums due the Landlord other than Rent or Additional Rent shall be due and payable within thirty (30) days after the Landlord renders a statement. Any sums not paid within said ten day period shall bear interest thereafter at eighteen percent (18%) per annum until payment is made.

4.5 Late Charges. Notwithstanding anything to the contrary contained herein, in order to cover the extra expense involved in handling delinquent payments, Tenant shall pay a "late charge of five percent (5 %) of the total amount overdue when any installment of Rent is received at the Landlord's address listed above more than ten (10) days after the due date thereof and (5%) of the total amount overdue when any other amount due for any reason is received at the Landlord's address listed above more than thirty (30) days after the due date thereof. This charge is for extra expenses incurred by the Landlord and shall not be considered interest or penalty.

ARTICLE FIVE - SECURITY DEPOSIT

5.1 Deposit and Use of Security Deposit. Tenant has deposited the sum of \$ 7,650 with the Landlord as a security deposit ("Security Deposit"), the receipt of which is acknowledged. The Security Deposit shall be held by the Landlord without liability for interest, as security for the faithful performance by the Tenant of all of the terms and conditions of this Lease to be observed and performed by Tenant. If any of the rents herein reserved or any other sum payable by the Tenant to the Landlord shall be overdue and unpaid, or should Landlord make any required payments on behalf of the Tenant, or should Tenant fail to perform any of the material terms, covenants or conditions of this Lease, then the Landlord may, at its option and without prejudice to any other remedy which the Landlord may have, appropriate and apply all or part of the Security Deposit toward the payment of the Rent, loss or damage sustained by the Landlord due to the uncured material breach on the part of the Tenant or any sums that were paid by Landlord for or on behalf of Tenant. Landlord's claim against the Security Deposit includes any actual damage or deficiencies incurred by the Landlord in the reletting of the Premises due to

Tenant's uncured material default, whether such damage or deficiencies accrue before or after summary proceedings or other reentry by the Landlord. Subject to Landlord's inspection and approval of the Tenant Premises, and assuming the Tenant has complied with all terms and conditions of the Lease, the Landlord will return the Tenant's security deposit within thirty (30) days of final inspection of the Premises.

ARTICLE SIX - RELOCATION

6.1 Right to Relocate. Landlord, at its sole expense, on at least one hundred twenty (120) days prior written notice, may require Tenant to move from the Premises to other space of comparable size, which means at least 100% of the original Premises, with decor comparable to the Premises and within the same building, in order to permit the Landlord to consolidate the space leased to the Tenant with other adjoining space leased or to be leased to another tenant in the Building or to any prospective new tenant for the Building. In the event of any such relocation, the Landlord will also pay the expense of moving Tenant's furniture and equipment to the relocated Premises and the expense of re-installing equipment. An appropriate adjustment shall be made in the Rent based on any variance between the Rentable Area in the Leased Premises and the Rentable Area in the Premises to which Tenant is relocated, except that Rent shall not be adjusted upward if the relocated Premises is larger than the original Leased Premises. Landlord shall have the right, in Landlord's reasonable discretion, to use such decorations and materials from the existing Premises, or other materials so that the space to which Tenant is relocated shall be comparable in its interior design and decoration to the Premises from which Tenant is removed. Notwithstanding the foregoing, Landlord shall not have the right to request Tenant relocate for the first twelve (12) months of the term.

6.2 Original Obligations Continue. Nothing contained herein shall be construed to relieve Tenant or Landlord or to imply that Tenant or Landlord is relieved of any obligation or liability under this Lease, inclusive of all Addenda hereto, by reason of the provisions of Article VI of this Lease, the provisions of which paragraph shall be applied to the space to which Tenant is relocated on the same basis as said provisions were applied to the Premises from which Tenant is removed.

6.3 Obligation to Execute Lease Addendum. In the event of a relocation, Tenant shall execute an Addendum to this Lease which will substitute the description of the new Premises for the description of the Premises contained in the Lease and will appropriately adjust the square footage of Rentable Area contained in the Premises as well as any other adjustments reasonably required as a result of the relocation so long as the terms and provisions of such Addendum does not materially or adversely affect Tenant's rights hereunder.

ARTICLE SEVEN

TENANT'S OBLIGATIONS WITH RESPECT TO THE PREMISES AND THE BUILDING

7.1 Initial Condition. Taking of possession of the Premises by the Tenant shall be conclusive evidence that the Landlord has performed its obligations with respect to the office build out described in the Work Letter Agreement (Exhibit "C" hereto) and that Tenant accepts the Premises in condition described in the Work Letter Agreement and the Premises and the Building were in good and satisfactory condition at the time possession was taken. Tenant understands and agrees, except as stated in the Work Letter Agreement, that the Landlord has no obligation and has made no promise to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof and that no representations respecting the condition of the Premises, the Land or the Building has been made by the Landlord except as specifically contained in this Lease, of which the Work Letter Agreement is part.

7.2 Tenant Obligations. The Tenant shall, at the Tenant's expense, keep the Premises and the fixtures and appurtenances therein in good condition and repair, in a sanitary and safe condition and shall commit no waste of the Premises or the Building. Tenant shall, at its cost, repair, replace or restore any damage to the Premises caused by the Tenant. If Tenant fails to make repairs and maintain the

Premises or any part thereto in a manner reasonably satisfactory to the Landlord, the Landlord shall, after giving Tenant thirty (30) days written notice, have the right to make such repairs or perform such maintenance on behalf of the Tenant, and the Tenant shall pay to the Landlord as Additional Rent the cost incurred by the Landlord in performing such repair and maintenance.

7.3 Alterations. Tenant shall not make nor allow to be made any alterations, additions or improvements to or of the Premises or any part thereof without the express prior written consent of the Landlord. Any alterations, additions or improvements (except movable furniture and trade fixtures) shall at once become a part of the Premises and become the property of the Landlord. In the event the Landlord consents to any alterations, additions, or improvements to the Premises by the Tenant, the Tenant shall undertake such alterations, additions or improvements at the Tenant's sole cost and expense and any contractor or person selected by the Tenant must first be approved in writing by the Landlord. Upon the expiration or earlier termination of the Term, the Tenant shall upon demand by the Landlord, at the Tenant's sole cost and expense, immediately remove any alterations, additions, or improvements made by the Tenant, designated by the Landlord to be removed, and the Tenant shall, immediately and at its sole cost and expense, repair any damage to the Premises caused by such removal and restore the Premises to its original condition, reasonable wear and tear excepted.

7.4 Surrender of Premises. The voluntary or other surrender of this Lease by the Tenant, or a mutual cancellation thereof, shall not automatically work a merger of the Landlord's and Tenant's estates. At the option of the Landlord such a surrender shall terminate all or any existing subleases or subtenancies, or may, at the option of the Landlord, operate as an assignment to it of any or all such subleases or subtenancies. Upon the termination of the Term, by lapse of time or otherwise, the Tenant shall surrender the Premises in the same condition as they have been received, excepting only reasonable use and wear and tear and damage by act of God or by the elements. If the Tenant is requested in writing by the Landlord to remove any personal property from the Building upon the termination of the Lease and shall have failed to remove same, the Landlord may at its option remove Tenant's personal property in the manner the Landlord may choose and store said personal property without liability to the Landlord for the loss thereof. Tenant shall pay the Landlord on demand any and all expenses incurred in such removal and storage, including court costs and attorney's fees. The Landlord may, in its sole discretion, without notice, sell the personal property or any part thereof at private sale and without legal process for such price as the Landlord may obtain. Landlord shall apply the proceeds of the sale first upon the expense incident to the removal and sale of the personal property, apply the balance to any amounts due from the Tenant to the Landlord pursuant to this Lease, and hold any additional balance, without interest, for the benefit of the Tenant.

7.5 Mechanics' Liens. In accordance with the applicable provisions of the Florida Mechanic's Lien Law and specifically Florida Statutes, Section 713. 10, no interest of Landlord whether personally or in the Premises, the Land, or the leasehold interest aforesaid shall be subject to liens for improvements made by Tenant or caused to be made by Tenant hereunder, further, Tenant acknowledges that Tenant, with respect to improvements or alterations made by Tenant or caused to be made by Tenant hereunder, shall promptly notify the contractor making such improvements to the Premises of this provision exculpating Landlord's liability for such liens. Notwithstanding the foregoing, in the event that, in contravention of the terms hereof, any such lien is claimed against the Premises, the Building, or the Land, Tenant shall have Thirty (30) days after receipt of written notice thereof to remove said lien and thereafter, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to discharge the same. Tenant's failure to remove any lien within the ten (10) day period set forth herein shall constitute an event of default hereunder, entitling Landlord to all rights and remedies available under this Lease or at Law. Any amount paid by Landlord for any of the aforesaid purposes shall be paid by Tenant to Landlord within thirty (30) days of receipt of Landlord's demand therefore.

7.6 Signs and Other Structures. The Tenant is entitled to have the insert signage, equal in dignity, size and position as other Teannts in the Building, at such locations as are designated by the Landlord in and about the Building to provide commercial information as to its location in the Building ("Signage Rights"). The Tenant shall not place or maintain or permit to be placed or maintained, and shall promptly remove any that may be placed, any signs, awnings structures, materials or advertising of any kind whatsoever on the exterior of the Building, or on any exterior windows in said Building, or elsewhere within the Premises, so as to be visible from the exterior of the Building, or on the interior walls or partitions, including doorways of the Premises, visible from the public hallways or other public areas of the Building without the express prior written consent of the Landlord which consent may be withheld by Landlord in its sole discretion. Tenant agrees that any signs erected by it without Landlord's prior approval or not maintained in accordance with the Landlord's policy will be removed by the Tenant at the Landlord's request or may be removed by Landlord, upon Landlord giving Tenant thirty (30) days notice, at the Tenant's expense.

7.7 No Common Area Maintenance Charge. The Tenant shall not be charged any additional charge or fee for Common Area maintenance. This is a full service Lease.

ARTICLE EIGHT

LANDLORD'S OBLIGATIONS WITH RESPECT TO THE PREMISES

8.1 Landlord's Obligations. Landlord agrees to furnish to the Premises, during reasonable and normal business hours, and subject to the Rules and Regulations now or hereafter adopted by the Landlord, the following services:

(a) Electricity (commensurate with the present electrical system and wiring supplying approximately 110 volts) for lights and other usual and ordinary office purposes (unless otherwise indicated and agreed upon in Exhibit "A"), including such electrically operated office equipment as electric typewriters, ordinary desk-type calculators, and adding machines, computers and word processing equipment and other light fractional-horsepower miscellaneous machinery. No machinery or equipment, whether electrically powered or otherwise, other than the usual and ordinary light, fractional-horsepower office equipment shall be placed in or upon the Premises without the written consent of the Landlord, and then only upon such terms and conditions and in such manner and at such locations, and subject to such restrictions as to use and times for the use thereof, as the Landlord may reasonably prescribe.

(b) Cleaning services, normal and usual in a first class office building, on Monday through Friday, except New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day (collectively "Holidays").

(c) Automatically operated elevator service, public stairs, electrical current for lighting, incidentals and normal office use, replacement of Building Standard lamps, and water at those points of supply provided for general use of its tenants at all times and on all days throughout the year.

(d) Heating, ventilating and air conditioning on Monday through Friday from 7:00 a.m. to 7:00 p.m. and Saturdays from 8:00 a.m. to 3:00 p.m., except Legal Holidays. Sundays, Legal Holidays and off hours the HVAC system is in effect (operational) but at a modified temperature setting. Landlord shall also furnish heating, ventilating and air conditioning at such other times as are now provided for herein, provided Tenant gives written request to Landlord before noon of the business day preceding such intended extra usage, and provided Tenant pays to Landlord the sum of \$20.00 per hour for the extra usage of heating or air conditioning, which Landlord may bill monthly.

(e) Landlord shall not be liable for, and Tenant shall not be entitled to any abatement or deduction of rental by reason of the Landlord's failure to furnish any of the foregoing services. Landlord shall not be liable under any circumstances for loss of or injury to property, however occurring, through or in connection with or incidental to failure to furnish any of the foregoing. Nor shall any such failure

relieve the Tenant from the duty to pay the full amount of Rent and other sums of money herein provided to be paid by the Tenant, nor shall it constitute a constructive eviction of the Tenant.

8.2 Supplemental Services. Whenever heat generating machines or equipment are used in the Premises which affect the temperature otherwise maintained by the air conditioning system, the Landlord reserves the right to install supplementary air conditioning units in the Premises and the cost thereof, including the cost of installation, operation and maintenance shall be paid by the Tenant to the Landlord upon demand by the Landlord. Landlord shall perform or cause to be performed the development of plans, specifications, construction, installation and finishing of the Improvements to the Premises described in and referred to in the Work Letter Agreement (Exhibit "C" hereto) in a first class and workman like manner per the agreed improvement allowance as outlined in Section 1.1 (U). Landlord shall provide the Design and Engineering Support described herein.

8.3 Duty to Report Defective Conditions. Tenant agrees to report immediately in writing to the Landlord any defective condition in or about the Premises, the Land or the Building known to Tenant whether Tenant is obligated to repair such defective condition or not; and a failure to report the same shall make the Tenant liable to the Landlord for any expense or damage resulting from such failure to notify.

ARTICLE NINE - PARKING AND COMMON AREAS

9.1 Parking and Use of Common Areas.

(a) In addition to the Premises, Landlord shall provide to Tenant the Parking Spaces. Tenant shall have the non-exclusive use of the automobile parking areas, together with Common Areas (as designated by Landlord from time to time), driveways and footways. Tenant's rights hereunder shall be subject to the terms and conditions of this Lease and to the Rules and Regulations regarding the use of the Parking Spaces.

(b) Landlord shall provide adequate security and lighting with respect to the Parking Spaces. Landlord shall not be liable for any damage of any nature whatsoever to or any theft of, vehicles or the contents thereof, while in or about the parking areas, except in the event the Landlord fails to provide adequate security or lighting with respect to the Parking Spaces.

ARTICLE TEN - INSURANCE AND INDEMNIFICATION

10.1 Indemnification and Hold Harmless. Landlord shall not be liable to Tenant for any injury or damage to any person or property in or about the Premises, building or Land from any cause whatsoever, including, and without limiting the generality of the foregoing, water leakage caused by water leaks of any character from the roofs, walls, pipes, basement or other portion of the Premises, the Building or the Land, or caused by gas, fire, oil, electricity or any cause whatsoever in, on or about the Premises or the Building or any part thereof, except for injury or damage caused by gross negligence of Landlord.

Landlord will indemnify and hold Tenant harmless from and against any and all liability, loss claims, demands, or damages or expenses (including reasonable attorneys' fees and attorneys fees on appeal) due to or arising out of any willful, intentional or negligent act or admission of or material breach of this Lease by Landlord or anyone for whom Landlord is legally responsible, except to the extent caused by willful or negligent act or omission or material breach of this Lease by Tenant or anyone for whom Tenant is legally responsible.

The Tenant will indemnify, defend and save harmless the Landlord and its agents from and against any and all liability, claims, demands, damages, expenses, fees, fines, penalties, suits, proceedings, actions and costs of actions of any kind and nature, including attorneys' fees, and attorneys' fees on appeal for injury to persons (including death) or property of the Landlord:

(a) occurring in, on or about the Land, the Building or the Premises, or any part thereof (including without limiting the generality of the foregoing, elevators, stairways, passageways or hallways, driveways, ramps and parking areas), when any such injury or damage shall be caused by the acts or omissions or negligence, fault or omission of the Tenant, its agents, servants, employees, or licensees or invitees, or by any person under the control or direction of the Tenant or shall have arisen in connection with or as a result of Tenant or its agents, servants, employees, licensees or guests' use of the Premises or presence in the Building or on the Land, unless caused by the gross negligence or willful or intentional conduct of Landlord; or

(b) arising or growing out of or connected with any material breach, violation, nonperformance, or failure to abide by any covenant, condition, agreement or provision contained in this Lease on the part of the Tenant to be kept, performed complied with or abided by.

10.2 Landlord's Insurance. Landlord shall insure the Building and shall maintain liability and other insurance in such amounts as may be required by Landlord's mortgagee, or in such amounts as Landlord, in its sole discretion, may deem appropriate. All such insurance shall be for the sole benefit of Landlord and, if required, Landlord's mortgagee. Tenant will not do or permit anything to be done upon or bring or keep or permit anything to be brought or kept upon the Premises, the Building or the Land which will increase Landlord's rate of insurance on the Building. If by reason of the failure of Tenant to comply with the terms of this Lease, or by reason of Tenant's occupancy (even though permitted or contemplated by this Lease), the insurance rate shall at any time be higher than it would otherwise be, Tenant will reimburse Landlord for that part of all insurance premiums charged because of such violation or occupancy by Tenant. Tenant agrees to substantially comply with any reasonable written requests or recommendation made by Landlord's insurance underwriter inspectors.

10.3 Tenant's Insurance.

(a) Tenant shall, at Tenant's sole expense, obtain and keep in force during the Term and any extension or renewal thereof: (I) fire and extended coverage insurance with vandalism and malicious mischief endorsements and a sprinkler leakage endorsement, on all of its personal property, including removable trade fixtures, located in the Premises, and on all leasehold improvements and all additions and improvements made by Tenant for not less than the full replacement cost thereof; (II) comprehensive general liability insurance, including contractual liability coverage, insuring Landlord (as an additional insured) and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto, and (III) workman's compensation and employer's liability insurance, if required by applicable laws.

(b) Tenant's insurance shall be with insurance companies approved by Landlord, which approval shall not be unreasonably withheld. No insurance shall be approved by Landlord if the company is not: (I) a responsible insurance carrier authorized to issue the relevant insurance, (II) authorized to do business in Florida, and (III) at least A-rated in the most current edition of Best's Insurance Reports and shall have minimum limits of Five Hundred Thousand and No/100 Dollars (\$500,000.00) for any loss of or damage to property from any one accident, and One Million and No/100 Dollars (\$1,000,000.00) for death of or injury to any one person from any one accident. The limits of the insurance shall not, however, limit the liability of the Tenant hereunder. The policies cannot contain provisions which deny coverage because the loss is due to the fault of Landlord or Tenant. If Tenant shall fail to procure and maintain the insurance, Landlord may, but shall not be required to, procure and maintain same, but at the expense of Tenant. Tenant shall deliver to Landlord, prior to occupancy of the Premises, copies of policies of liability insurance required herein, or certificates evidencing the existence and amount of such insurance, with loss payable clauses reasonably satisfactory to Landlord. Notwithstanding anything herein to the contrary, Landlord shall have the right to review the Tenant's insurance once every year and may require Tenant to alter its insurance coverage to cover the effects of inflation and to include or eliminate certain provisions in the

Tenant's insurance policy which reflects the then-current industry standards for the type of insurance coverage.

(c) Notwithstanding anything herein to the contrary, the parties hereto release each other and their respective authorized representatives from any claims for damage to any person or to the Premises, the Building and the Land that are caused by or result from risks that are insured against when any insurance policies carried by the parties and in force as of the time of any such damage or injury, to the extent of any net recovery therefrom.

10.4 Subrogation. Insurance carried by Tenant against loss or damage by fire or other casualty shall contain, if available without additional cost, a clause whereby the insurer waives its right to subrogation against the Landlord.

ARTICLE ELEVEN - DAMAGE BY CASUALTY AND CONDEMNATION

11.1 Damage by Casualty. In the event the Premises or the Building are damaged by fire or other casualty, and the Landlord has adequate insurance coverage, the Landlord shall forthwith repair the damage, provided the repairs can be made within one hundred eight (180) days from the date of casualty and provided the Landlord receives insurance proceeds adequate to pay for the cost of the repairs. During the period of repair, this Lease shall remain in full force and effect except that the Tenant shall be entitled to a proportionate reduction in its Rent and other monetary obligations while such repairs are being made. The proportionate reduction such sums is to be based upon the extent to which the damage or casualty materially affects the ability of the Tenant to use the Premises for the Permitted Use. If the Landlord determines that the repairs cannot be made within the one hundred eighty (180) day period, or if insurance proceeds are not available to cover the cost of said repairs, the Landlord shall have the option either (1) to repair or restore such damage, this Lease continuing in full force and effect but the Rent to be proportionately reduced as above stated, or (2) give notice to the Tenant at any time within one hundred and twenty (120) days after the date of the casualty terminating this Lease. In the event of the giving of such notice this Lease shall expire and all interest of the Tenant in the Premises shall terminate on the date so specified in such notice and Rent and other sums, as abated or reduced, shall be paid up to the date of such termination. The Landlord agrees to refund to the Tenant any rent theretofore paid applicable to any period of time subsequent to the date of termination. Notwithstanding anything to the contrary, the Landlord shall not be required to repair any injury or damage by fire or other casualty, or to make repairs or replacements of any paneling, decorations, partitions, railings, ceilings, floor coverings, office fixtures or any other property installed in the Premises by the Tenant. In the event that Landlord elects to repair or restore the damage to the Premises any such repairs or restoration are not completed within two hundred ten (210) days from the date of casualty, Tenant may, at its option cancel this Lease.

11.2 Condemnation. If all of a material portion of the Premises, the Building or the Land (notwithstanding the fact that the Premises may not be affected by such taking or appropriation) shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, Landlord shall have the right at its option, to terminate this Lease, and the Landlord shall be entitled to any and all income, rent, awards, or any interest therein whatsoever that may be paid or made in connection with such public or quasi-public use or purpose and the Tenant shall have no claim against the Landlord or the condemning authority for the value of any unexpired term of this Lease. Tenant may, however, in a separate, subsequent proceeding make a claim for trade fixtures installed in the Premises, at Tenant's expense, Tenant's moving costs and Tenant's attorney's fees or business damages compensable under Florida Law. If only a part of the Premises shall be so taken or appropriated, and Landlord does not terminate this Lease in accordance with the foregoing, then this Lease shall continue in full force and effect and the rental thereafter to be paid shall be equitably reduced. The Tenant may terminate this Lease by reason of taking or an appropriation under eminent domain authority only if such taking or appropriation shall be of such extent and nature as to substantially

handicap, impede or impair the Tenant's use of the Premises for the purposes set forth herein.

11.3 Existing Mortgages. This Lease is subject, subordinate, and inferior to any mortgage on the Premises and any and all amendments, renewals, and replacements thereof, and, in the event that any mortgagee, its successors or assigns, or any purchaser of the Premises at a foreclosure sale of by deed in lieu of foreclosure, acquires title to the Premises and elects not to terminate this Lease it shall not be bound by any Rent paid by the Tenant for more than one (1) month in advance, subject to any offset or deduction against any prior Landlord, nor be liable for any default under the Lease by any prior Landlord, or liable for the payment of any Tenant Improvement or other allowance or any other concession or for the return of any Security Deposit not delivered to it.

ARTICLE TWELVE - ASSIGNMENT AND SUBLETTING

12.1 Assignment and Subletting. Tenant may not, without the prior written consent of the Landlord, which consent may be unreasonably withheld by Landlord in its sole discretion, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease, or any interest therein, nor sublet the Premises or any part thereof, or permit the use of the Premises by any party other than the Tenant and its employees. Consent by Landlord to one assignment or sublease shall not destroy or waive this provision, and all other assignments and subleases shall like wise be made only upon the prior written consent of the Landlord. In the event of a proposed sublease or assignment, Landlord may, in lieu of consenting or denying such assignment or sublease, cancel this Lease as to the space proposed to be assigned or sublet. If such cancellation is only for part of the Premises, then equitable adjustments shall be made to the Rent and other sums payable by Tenant pursuant to this Lease. If Landlord consents to an assignment or sublet (I) such obligations or liabilities under this Lease and (II) any extensions, renewals, first refusal rights or options hereunder will automatically be of no force or effect for the assignee or sublessee or Tenant. If Tenant is any entity, any change to the structure of such entity or any disposition(s) of any of the interests therein by sale, assignment, operation of law or otherwise, or any change in the power to vote the interests therein, will be treated as a prohibited assignment of this Lease requiring Tenant to obtain Landlord's prior written consent. In the event any assignment or subleasing is consented to by Landlord, Tenant shall pay to Landlord any rent or other consideration received by Tenant in excess of the amount of Rent and other sums which the Tenant is paying or is obligated to pay during the term of the assignment or sublease. Sublessee or assignees shall become and shall expressly agree in writing to become liable to the Landlord for all obligations of the Tenant, without relieving the Tenant's liability, which liability shall remain unabated during the term of this Lease Agreement and any renewals thereof. Any attempt by Tenant to sublease or assign its interest hereunder without Landlord's consent shall be null and void and of no effect. Furthermore such attempted assignment or sublease shall constitute a default hereunder.

ARTICLE THIRTEEN - SALE OR MORTGAGE BY LANDLORD

13.1 Mortgagee's Rights and Estoppel Letters. Tenant agrees that this Lease is and shall be inferior and subordinate to any mortgage deed and security agreement now or in the future encumbering the Building or Land and to all advances already made, or which may be hereafter made, on account of the mortgage deed and security agreement to the full extent of all debts and charges secured thereby and to any renewals, enlargements or extensions of any part thereof and to any mortgage which the Landlord, any owner of or other Landlord of the Building or Land may hereafter, at any time, elect to place on the Building or Land. Tenant shall upon request execute any document which the Landlord may deem necessary to accomplish that end, and, in the event Tenant fails to do so within five (5) days of Landlord's written request, the Landlord is granted a power of attorney by Tenant and is empowered to execute such document or documents in the name of the Tenant, and as the act and deed of the Tenant, and this authority is hereby declared to be coupled with an interest in real estate and not revocable.

The Tenant at any time and from time to time at the request of the Landlord (including at the time of Commencement Date), or of any mortgagee or purchaser or any prospective mortgagee or purchaser of the Premises or of the Building or the Land, will execute, acknowledge and deliver to the Landlord, or such mortgagee or purchaser or prospective mortgagee or purchaser requesting the same, a certificate executed by the Tenant certifying:

- (a) That this Lease is unmodified and in full force and effect (or, if there had been modifications, that the same is still in full force and effect as modified and stating the modifications);
- (b) Whether or not there are then existing any offsets or defenses against the enforcement of any of the terms hereof (and, if so specifying same);
- (c) That there exist no condition or event which constitutes an event of default hereunder or which, after notice or lapse of time, or both, would constitute an event of default or if any such condition or event exists, specifying the nature and period of existence thereof and what action the Tenant has taken, is taking and purposes to take with respect thereof; and
- (d) The dates, if any, to which the Rent and other sums or other charges and deposits have been paid in advance.
- (e) The amount of rentable square footage comprising the Premises and the Commencement Date (i.e. the date when Tenant's obligation to pay rent commences) of this Lease.
- (f) It is agreed by the Tenant that any such certificate may be relied upon by the Landlord, any purchaser or prospective purchaser and any mortgagee or prospective mortgagee of the Premises or of the Building or the Land, or any part thereof.

In the event of foreclosure, or the transfer of title by a deed in lieu of foreclosure. Tenant agrees, upon request to attorn to the purchaser or transferee pursuant to any such transfer in lieu of foreclosures or at foreclosure sale and at the option of such purchaser or transferee, the Tenant shall thereafter remain bound, pursuant to the terms of this Lease as if a new and identical Lease between such purchaser or transferee, as Landlord, and Tenant, as Tenant, has been entered into for the remainder of the Lease Term and Tenant shall be entitled to and will receive from Landlord a non disturbance agreement from such purchaser or transferee.

13.2 Sale by Landlord. In the event of a sale or conveyance of the Building and/or the Land by the Landlord, so long as Landlord has given the Tenant notice of the same, the same shall operate to release the Landlord from any future liability upon any of the covenants or conditions, expressed or implied, herein contained in favor of the Tenant. In such event, the Tenant agrees to look solely to the successor in interest of the Landlord in and of this Lease in pursuit of any remedies or obligations due Tenant hereunder. This Lease shall not be affected by any such sales, and the Tenant agrees to attorn to the purchaser or assignee and Tenant shall be entitled to and will receive from Landlord a non disturbance agreement from such purchaser or transferee.

ARTICLE FOURTEEN - DEFAULTS AND REMEDIES

14.1 Defaults. The following shall be events of default hereunder:

- (a) In the event that Rent, additional rent or any other monetary amounts owed by Tenant hereunder, are not paid within ten (10) days of the date when due;
- (b) In the event, the Premises are abandoned, deserted or vacated; or
- (c) In the event, the Tenant fails to substantially comply with a material term, provision or covenant of this Lease, or the Tenant violates any rules and regulations now or hereafter established for the operation of the Building and such

failure is not cured within thirty (30) days after receipt of notice from Landlord advising Tenant of such default; or

(d) To the extent permitted by applicable law, any petition is filed by or against the Tenant under any section of chapter of the Federal Bankruptcy Act as amended; (and with respect to an involuntary petition, Tenant shall not have discharged or caused same to be discharged within ninety (90) days from the date of filing or such petition); or

(e) In the event, the Tenant becomes insolvent or makes a transfer in fraud of creditor; or

(f) In the event, the Tenant makes an assignment for the benefit of creditors; or

(g) In the event, a receiver is appointed for a substantial part of all of the assets of the Tenant and said receiver is not discharged within ninety (90) days after the date of appointment thereof; then upon the happening of any of the foregoing events of default, the Landlord shall have the option to proceed according to one or more of the following courses of action:

Terminate this Lease, in which event the Tenant shall immediately surrender the Premises to the Landlord, but if the Tenant shall fail to do so, the Landlord may, without further notice and without prejudice to any other remedy the Landlord may have for possession or arrearage in rental, enter upon the Premises, refuse to repair and maintain any mechanical or electrical system or disconnect any such services to the Premises and expel or remove the Tenant and its personal property without being liable to prosecution or any claim for damages therefore and without said entry affecting the Landlord's right to thereafter claim and collect all monies owed and to be owed under this Lease. The Tenant shall indemnify the Landlord for all loss and damage that Landlord may suffer by reason of such termination, whether through inability to relet the Premises, or through decrease in rental, or otherwise;

(II) Declare the entire amount of Rent and other sums owed (based on the most recent figures that would become due and payable during the remainder of the Term to be due and payable immediately, in which event the Tenant shall pay the same at once, together with all rent theretofore due. The Landlord and the Tenant agree that such payment shall not constitute a penalty or forfeiture but is payment of liquidated damages. The acceptance of such payment by the Landlord shall not constitute a waiver of any failure of the Tenant to comply with any term, provision, or covenant of this Lease or any violation of the rules and regulations;

(III) Enter the Premises as the agent of the Tenant without being liable to prosecution or any claim for damages therefore, and relet the Premises as the agent of the Tenant, and receive the rental therefore, and Tenant shall pay to the Landlord, on demand, at the office of the Landlord any deficiency that may arise in the event of such reletting;

(IV) As agent of the Tenant, do whatever the Tenant is obligated to do by provisions of this Lease and enter the Premises, without being liable to prosecution or any claims for damage therefore, in order to accomplish this purpose. The Tenant shall reimburse the Landlord immediately upon demand for any expense that the Landlord may incur in effecting compliance with this Lease on behalf of the Tenant, and the Tenant further agrees that the Landlord shall not be liable for any injury to person or damage to property resulting from such action.

(V) Pursuit by the Landlord and any of the foregoing causes of action shall not constitute an election of remedies nor shall it preclude the pursuit of any other course of action herein provided or any other remedies provided by law. No termination of this lease by lapse of time or otherwise shall affect the Landlord's right to collect Rent for a period prior to the termination hereof.

No action or thing done by the Landlord or its employee and agents during the Term shall be deemed an acceptance or surrender of the Premises, nor a constructive

eviction, and no agreement to accept a surrender of the Premises shall be valid, unless the same shall be in writing and signed by the Landlord.

14.2 Abandonment. In the event of abandonment of the Premises, any personal property belonging to the Tenant and left on the Premises shall be deemed to be abandoned, at the option of the Landlord, and the rights conferred upon the Landlord by this agreement with regard to the disposition of said personal property shall remain in full force and effect.

14.3 Right of Landlord to Perform. All covenants and obligations to be performed by the Tenant under any of the terms of this Lease shall be performed by the Tenant at the Tenant's sole cost and expense and without any abatement of Rent or other sums due. If the Tenant shall fail to pay any sum of money, other than Rent required to be paid by it hereunder or shall fail to perform any other act on its parts to be performed, and such failure shall continue for thirty (30) days after notice hereof by the Landlord (provided, however, in the event of an emergency no such notice shall be necessary), the Landlord may, but shall not be obligated to do so, and without waiving or releasing the Tenant from any obligation of the Tenant, perform of the Tenant's behalf any such acts to be made or performed. Any cost so incurred by Landlord, together with interest thereon, at the highest rate allowable by law, shall be payable to the Landlord on demand, and the Landlord shall have the same rights and remedies in the event of the nonpayment of Rent.

14.4 Attorney's Fees and Costs. The Landlord and Tenant further agree to pay all reasonable costs and expenses, including a reasonable attorney's fee, which may be sustained or incurred by the other party in the enforcement or declaration of any rights and remedies of the Landlord or obligations of the Tenant, whether arising under this Lease or granted, permitted or imposed by law or otherwise, including attorney's fees incurred in connection with appellate proceedings.

14.5 Dishonored Checks. If Tenant makes payment to Landlord with a check which is refused by the drawee because of lack of funds, or credit, Landlord shall have the right to collect a service charge of One Hundred Dollars (\$100.00) or five percent (5%) of the face amount of the check, whichever is greater. If it is necessary for Landlord to bring a legal action for recovery, the Tenant shall be additionally liable for court costs and attorney's fees.

ARTICLE FIFTEEN - MISCELLANEOUS PROVISIONS

15.1 Right of Entry. Tenant agrees that the Landlord shall have the right at any time and from time to time to enter the Premises (subject to giving Tenant reasonable notice of the same except in the event of an emergency in which case no such notice shall be necessary) to inspect the same, to make repairs, to supply janitor service and any other service required to be made by Landlord; Landlord may submit the Premises to prospective purchasers or tenants, have entry to post appropriate or lawful notices, so long as Tenant's rights are not materially or adversely affected, and to alter, improve or repair the Premises and any portion of the Building without abatement of Rent or other sums. Landlord may for that purpose erect scaffolding any other necessary structures where reasonably required by the character of the work to be performed, always providing the entrance to the Premises shall not be blocked hereby, and further providing that the business of the Tenant shall not be interfered with unreasonably. Tenant waives any claims for damages for any injury or inconvenience to or interference with the Tenant's business and loss of occupancy or quiet enjoyment of the Premises. For each of the aforesaid purposes, Landlord shall at all times retain a key with which to unlock all of the doors in the Premises. Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency and any entry to the Premises obtained by the Landlord by any of said means, or otherwise, shall not under any circumstances be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of the Tenant from the Premises or any portion thereof.

15.2 Real Estate Broker. Not Applicable

15.3 Nonwaiver. The waiver by the Landlord of any term, covenant or condition herein shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition contained in this Lease. The acceptance of Rent or other sums by the Landlord shall not be deemed to be a waiver of any breach by the Tenant of any term, covenant or condition of this Lease.

15.4 Notices. All notices and demands and requests that may be or are required to be given by either party to the other shall be in writing. Any written notice to either the Landlord or the Tenant shall be deemed delivered (whether or not received) when mailed by certified or registered mail, postage prepaid, and deposited in the United States Mail. Any written notice not so mailed shall be deemed to have been received upon its actual receipt, with the sender of the notice bearing the burden of proving receipt. Notices to the Tenant may be addressed to the Premises, or to such other place as the Tenant may from time to time designate in a notice to the Landlord. All notices and demands by the Tenant to the Landlord shall be sent as above required to, Emerson Investments International, Inc., 5728 Major Blvd., Suite 200, Orlando, Florida 32819, or to such other person or place as the Landlord may from time to time designate in a notice to the Tenant.

15.5 Captions. Captions of each paragraph are added as a matter of convenience only and shall be considered to be of no effect in the construction of any provision or provisions of this Lease.

15.6 Definitions. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in the masculine gender include the feminine and neuter. If there be more than one Tenant, the obligations hereunder imposed upon the Tenant shall be joint and several. The term "business day" or "business days" as used in this Agreement, and except as modified by the rules and regulations from time to time adopted by the Landlord, shall exclude Saturdays, Sundays and all Holidays.

15.7 Time. Time is of the essence of this Lease and each and all of its provisions.

15.8 Lease Examination. The submission of this instrument for examination of signature by the Tenant does not constitute a reservation of, offer or an option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

15.9 Severability. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws (the deletion of which would not adversely affect the receipt of any material benefit or substantially increase the burden of any part hereto) effective during this Term, then and in that event, it is the intention of the parties that the remainder of this Lease, and the Term covered thereby, shall not be affected. All rights, powers, and privileges conferred by this Lease upon the parties shall be cumulative but not restricted to those given by law.

15.10 Entire Agreement and Modification. This Lease contains the entire agreement of the parties, and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied in this instrument shall be of any force or effect. No amendment, modification or variation of this Lease or any of its terms or provisions shall be effective, binding or valid unless and until it is reduced to writing and executed by the parties. No failure of the Landlord to exercise any power given the Landlord by this instrument, or to insist upon strict compliance by the Tenant of any obligations hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of the Landlord's right to demand exact compliance with the terms of this Lease.

15.11 No Estate in Land. This Lease shall create the relationship of Landlord and Tenant. No estate shall pass out of the Landlord and the Tenant has only a right to use that is not subject to levy and sale.

15.12 Special Provisions. Insofar as the attached special stipulations, if any, conflict with any of the foregoing provisions, the special provisions shall control.

15.13 Rules of Construction. This Lease shall be construed under the laws of the State of Florida.

15.14 Plans. Any floor plan, drawing or sketch that is attached to or made a part of this Lease, is used solely for the purpose of reasonably approximately identification and location of the Premises, and any markings, measurements, dimensions or notes of any kind contained therein (other than the outline of the Premises for approximate identification and location of the Premises) are not to be considered a part of this Lease.

15.15 Successors and Assigns. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs successors, executors, administrators and assigns of the parties hereto.

15.16 Landlord's Liability. Notwithstanding any provisions herein to the contrary, Tenant specifically agrees to look solely to Landlord's interest in the Building (including casualty or condemnation proceeds) for the recovery of any judgment from Landlord, it being agreed that neither Landlord nor its principals shall ever be personally liable for any such judgment.

15.17 Hazardous Materials and Pollutants. Tenant shall have no right and specifically agrees to not permit or allow any hazardous, dangerous chemicals or materials into the Building, Land, or Premises. Tenant discloses to Landlord that it intends to use the hereinafter described toxic chemicals (or other substances that constitute hazardous substances) in its business operations to be conducted on the Premises and that the manner of their usage in Tenant's operations, the hazardous by-products derived therefrom, and the manner of disposal of such by-products is as hereafter described as none used by Tenant.

Tenant shall indemnify, defend and hold Landlord harmless from any and all liability, claims costs, fines, fees, actions, or sanction asserted by or on behalf of any person or governmental authority arising from or in connection with Tenant's use or misuse, handling or mishandling, storage, spillage, discharge, seepage into water bodies or the groundwater supply, or release into the atmosphere of any hazardous materials, toxic substances, pollutants, or contaminants, whether solid, liquid or gas. Tenant shall take all reasonable precautions and safety measures, in accordance with current technology, to prevent the release of hazardous materials, toxic substances, pollutants, and contaminants under Tenant's control. In the event Tenant learns of the discharge upon the Premises of any hazardous materials, pollutant or contaminant under Tenant's control, Tenant shall immediately undertake to contain, remove, and abate the discharge. Failure of Tenant to comply with the provisions of this Paragraph 15.17 shall constitute an event of default. This indemnification obligation shall survive the expiration or termination of this Lease, and shall be binding personally on all officers, directors or other individuals of any entity that Tenant may be executing this Lease.

15.18 Radon Gas. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present a health risk to persons who are exposed to it over time. Levels of radon that exceed Federal and State guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

15.19 Waiver by Tenant. To the extent permitted by law, Tenant hereby waives: (a) jury trial in any action or proceeding regarding a default by Tenant and/or Landlord's right to possession of the Premises, and (b) in any action or proceeding by Landlord for monies owed by Tenant and/or possession of the Premises, then Tenant waives the right to interpose any cross claim or counterclaim (except a mandatory cross claim or counterclaim if the same is provided for pursuant to Florida law). However, the foregoing will not prohibit Tenant from bringing a separate lawsuit against Landlord.

15.20 Landlord's Reservation of Rights with Respect to the Building. Landlord, in addition to all other rights which it may have under this Lease, hereby expressly reserves all rights in connection with the Land, the Building or the Premises not expressly and specifically granted to Tenant under this Lease and Tenant hereby waives all claims for damages, loss, expenses, liability, eviction or abatement it has or may have against Landlord on account of Landlord's exercise of its reserved rights, including, but not limited to, Landlord's right to alter the existing name, address, style or configuration of the Building or the common areas, signage, suite identifications, parking facilities, lobbies, entrances and exits, elevators and stairwells. Landlord reserves the right to use, install, monitor, and repair pipes, ducts and conduits within the walls, columns, and ceilings of the Premises.

15.21 Confidentiality. Landlord and Tenant acknowledge that the terms and provisions of this Lease have been negotiated based upon a variety of factors, occurring at a coincident point in time, including, but not limited to: (I) the individual principals involved and the financial strength of Tenant, (II) the nature of Tenant's business and use the Premises, (III) the current leasing market place and the economic conditions affecting rental rates, (IV) the present and projected tenant mix of the Building, and (V) the projected juxtaposition of tenants on the floor(s) upon which the Premises are located and the totality, uniqueness, complexity and interrelation of these efforts, Tenant therefor agrees, except where Tenant is required by law for the operation of Tenant's business, to make regulatory filings or other disclosures, not to disseminate in any manner whatsoever, (whether by word of mouth, mechanical reproduction, physical tender or by any manner of visual or aural transmission or review) the terms and conditions of this Lease to third parties who could in any way be considered presently or in the future as prospective tenants for this or any other leasehold property with which Landlord may be involved.

15.22 Authority. If more than one person or entity is named herein as Tenant, their liability hereunder will be joint and several. In case Tenant is a corporation, Tenant (a) represents and warrants that this Lease has been duly authorized, executed and delivered by and on behalf of Tenant and constitutes the valid and binding agreement of Tenant in accordance with the terms hereof, and (b) Tenant shall deliver to Landlord or its agent, concurrently with the delivery of this Lease, executed by Tenant, certified resolutions of the board of directors (and shareholders, if required) authorizing Tenant's execution and delivery of this Lease and the performance of Tenant's obligations hereunder. In case Tenant is a partnership, Tenant represents and warrants that all of the persons who are general or managing partners in said partnership have executed this Lease on behalf of Tenant, or that this Lease has been executed and delivered pursuant to and in conformity with a valid and effective authorization therefor by all of the general or managing partners of such partnership, and is and constitutes the valid and binding agreement of the partnership and each and every partner therein in accordance with its terms. It is agreed that each and every present and future partner in Tenant shall be and remain at all times jointly and severally liable hereunder and that neither the death, resignation or withdrawal of any partner, nor the subsequent modification or waiver of any of the terms and provisions of this Lease, shall release the liability of such partner under the terms of this Lease unless and until Landlord shall have consented in writing to such release.

15.23 Force Majeure. If, by reason of (I) strike, (II) labor troubles, (III) governmental preemption in connection with a national emergency, (IV) any rule, order or regulation of any governmental agency, (V) conditions of supply or demand which are affected by war or other national, state or municipal emergency, or any other cause or (VI) any cause beyond Landlord's reasonable control, Landlord is unable to perform or is delayed in performing any of its obligations under this Lease (including Improvements, if applicable) or is unable to supply or is delayed in supplying any service which Landlord is obligated to supply, then Landlord shall have no liability in connection with that inability and this Lease and Tenant's obligation to perform all of Tenant obligations under this Lease shall in no way be affected, impaired or excused.

15.24 Payment Allocation. If Tenant is in arrears in payment of any amount of Rent to be paid hereunder, Tenant waives Tenant's rights, if any, to designate the items against which any payments made by Tenant are to be credited, and Landlord may apply any payments made by Tenant to any items it sees fit, irrespective of and notwithstanding any designation or request by Tenant as to the items against which any such payments shall be credited.

15.25 Recordation. Tenant agrees not to record this Lease or any memorandum hereof but Landlord may record this Lease or a memorandum thereof, at its sole discretion.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the date here below written.

WITNESS: LANDLORD
EMERSON INTERNATIONAL, INC.,
A Florida Corporation

/s/

As to Landlord

By: /s/ Joseph Pasqualetti
Joseph Pasqualetti
President
Date: January 10, 2001

WITNESSES: TENANT
International Assets Holding
Corporation

/s/

As to Tenant

By: /s/ Stephen A. Saker

Stephen Saker
Vice President
Date: November 2, 2001

EXHIBIT 11

STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
For the Twelve Months Ended September 30, 2001 and 2000

	2001 (1)	2000
	-----	----
Basic (Loss) Earnings Per Share		
Numerator:		
Net (loss) income	\$ (3,304,928)	\$ 279,143
Denominator:		
Weighted average number of common shares outstanding	2,242,845	2,123,064
Basic (loss) earnings per share	\$ (1.47)	\$ 0.13
Diluted (Loss) Earnings Per Share		
Numerator:		
Net (loss) income	\$ (3,304,928)	\$ 279,143
Denominator:		
Weighted average number of common shares outstanding	2,242,845	2,123,064
Weighted average number of net common shares that would be issued upon exercise of dilutive options assuming proceeds used to repurchase shares pursuant to the treasury stock method (2)	-	247,910
Weighted average number of common shares and dilutive potential common shares outstanding	2,242,845	2,370,974
Diluted (loss) earnings per share	\$ (1.47)	\$ 0.12

(1) Diluted loss per share is the same as basic loss per share due to the net loss in 2001.

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

SUBSIDIARIES OF THE REGISTRANT

Name	Place of Incorporation
INTLTRADER.COM, INC. International Asset Management Corp. International Financial Products, Inc. Offshoretrader.com Ltd.	Florida Florida Florida Bermuda