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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, 1998

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 (IRS Employer Identification No.)
incorporation or organization)

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: \$9,350,223

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the last sale price of such stock as of December 15, 1998: \$1,241,689

The number of shares outstanding of Common Stock was 1,478,090 as of December 15, 1998.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrants Proxy Statement, to be filed, for the Annual Meeting of Stockholders to be held on February 16, 1999 are incorporated by reference into Part III.

Transitional small business disclosure format Yes No

INTERNATIONAL ASSETS HOLDING CORPORATION

1998 FORM 10-KSB

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PART I

ITEM 1. DESCRIPTION OF BUSINESS.

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

General

International Assets Holding Corporation is a Delaware corporation formed in October 1987 for the purpose of serving as a holding company for International Assets Advisory Corp. ("IAAC") and other subsidiaries. Currently, the Company has five wholly owned subsidiaries, IAAC, Global Assets Advisors, Inc. ("GAA"), International Asset Management Corp. ("IAMC"), International Financial Products, Inc. ("IFP") and International Trader Association, Inc. ("ITA"). All of the Company's subsidiaries are Florida corporations. As used in this Form 10-KSB, the term "Company" refers, unless the context requires otherwise, to International Assets Holding Corporation and its subsidiaries IAAC, GAA, IAMC, IFP and ITA. IAAC operates a full-service securities brokerage firm specializing in global investing on behalf of its clients. GAA provides investment advisory and money management services. IAMC functions as the manager of the physical assets of the Company. IFP, 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. ITA was formed to take advantage of internet technology developments within the securities industry and has had minimal start-up activity to date.

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

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

Historically, the securities industry's focus for channeling private client funds into international investments has been through mutual funds. While the Company believes that its expertise in the international markets puts it in a unique position to add value in the sale of global products such as mutual

funds, its main focus is on the direct investment in carefully selected international securities by its private clients. The Company has developed an experienced team specializing in the research, selection, trading, currency exchange and execution of individual equity and fixed income products on a global basis.

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

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

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

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

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

ITA was formed by the Company in May 1998 to capitalize on the use of recent and future technology developments that relate to the securities industry transacting securities brokerage activities for internet based client transactions. ITA is currently in the process of applying for NASD membership and becoming a registered securities broker. The subsidiary will focus on internet based foreign equity transactions as well as U.S. equity and options transactions. ITA will also emphasize international investing for this new business venture.

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 (IANY) a 50/50 owned entity formed to transact business out of an office in New York City as a brokerage branch of IAAC and through the money management arm of GAA. IANY will offer a variety of financial strategies to high net worth private investors. Among the strategies to be offered are selected approaches to international tax planning with the primary goal of utilizing established, but less understood techniques to reduce the exposure of wealthy clients living in a number of high tax jurisdictions. Additionally, IANY will utilize strategies that are expected to provide clients with a degree of asset protection in an increasingly litigious environment.

Business Strategy

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

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

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

The International Securities Markets

The Company believes that investment in the international markets by U.S. investors will continue to grow in the coming years, as the global capital markets continue to grow. In 1980 the non-U.S. world stock market capitalization totaled \$931 billion. In 1997 that number grew almost eight-fold to \$7.3 trillion (Ibbotson Associates, a company which studies capital markets). The number of American Depository Receipts (ADRs) that are now trading on U.S. exchanges further evidences this growth. ADR's, which represent shares in foreign companies, issued by U.S. banks and traded in this country as domestic shares simplify trading in foreign securities by eliminating currency exchange and legal obstacles. In 1997, ADR trading volume reached 13 billion shares, a 25% increase from 1996 (Bloomberg).

Management believes that the two main justifications for the rapid growth in international investing by U.S. investors are diversification and potentially superior investment returns. The U.S. market had an exceptional year in 1997, with an annual return of 33.4%, making it the fourth best performing developed global stock market (Ibbotson Associates). Less obvious was that Switzerland with 44.2%, Italy with 36.2% and Denmark with 35.6% all had better returns. During the years 1993-1996, the U.S. was only in the top five performing developed markets once, when it placed second in 1995 (Ibbotson Associates/Morgan Stanley Capital International). As the majority of foreign markets continue to exhibit a low correlation to the U.S. market (and therefore offer potential diversification benefits), while offering the potential for return enhancement, management believes that an increased number of investors will ultimately see the benefits of investing globally.

While investing in international markets also involves risk considerations not typically associated with investing in securities of U.S. issuers, the Company believes that such considerations are outweighed by the benefits of diversification and potentially superior returns. Among the risk considerations involved in investing in international markets is that less information may be available about foreign companies than about domestic companies. Foreign companies are also generally not subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to domestic companies. In addition, unlike investing in U.S. companies, securities of non-U.S. companies are generally denominated in foreign currencies, thereby subjecting each security to changes in value when the underlying foreign currency strengthens or weakens against the U.S. dollar. Currency exchange rates generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention of

U.S. or foreign governments or central banks or by currency controls or political developments in the U.S. or abroad.

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

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

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

The Brokerage Business

For the fiscal years ended September 30, 1998 and 1997, approximately 75% of the Company's total revenues were derived from commissions earned from transactions with its retail clients. The Company's client base is composed primarily of high net worth individuals. The average age of its clients is approximately 56 and a substantial portion are retirees. Clients are distributed nationwide. However, a particularly large number of clients reside in Florida, California, New York, Texas and Pennsylvania. The Company has approximately 9,000 active client accounts at September 30, 1998.

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

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

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

Principal Transactions

In addition to executing trades as agent, the Company acts as a principal in executing trades in over-the-counter debt and equity securities. When transactions are executed by the Company on a principal basis, the Company receives, in lieu of commissions, markups or markdowns that constitute revenues

from principal transactions. To facilitate trading by its clients, the Company buys, sells and maintains inventories of approximately 150 primarily international securities.

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

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

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

Marketing

The Company believes that its ability to deliver its global securities message in a cost-effective manner is a key element to its operations. The Company uses a variety of marketing tools. These include targeted direct mail, newsletter publishing, advertising, public relations and promoting public appearances by Mr. Veitia, the Company's Chairman and Chief Executive Officer.

After some experimentation with a variety of marketing tools in the Company's early years, management has found direct mail marketing to be the most cost-effective mechanism for attracting customers. The Company believes that it has developed an expertise in attracting high net worth clients through the use of low cost, direct mail marketing techniques. The Company further believes that the most important aspect of its direct mail marketing effort is its database of potential clients. The Company's database currently has access to approximately 1,000,000 names, including approximately 9,000 clients, 40,000 subscribers and prospective clients that receive the Company's newsletter. The Company also sends existing and prospective clients separate items such as research reports, fax and E-mail alerts and other special reports with a narrower focus than its newsletters.

Competition

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

Research Services

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

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

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

Administration and Operations

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

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

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

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

The Company believes that its internal controls and safeguards against securities theft are adequate. As required by the NASD and other authorities,

the Company carries a fidelity bond covering any loss or theft of securities, as well as embezzlement and forgery. IAAC annually assesses the total required bond coverage and carries a \$250,000 limit. This \$250,000 limit is the maximum required bond limit of the NASD.

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

Regulation

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

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

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

Net Capital Requirements

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

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

IAAC is in compliance with the Rule, as well as the applicable minimum net capital requirements of the NASD. IAAC has elected to compute its net capital under the Basic Method. In computing net capital under the Rule, various adjustments are made to net worth with a view to excluding assets not readily

convertible into cash and to providing a conservative statement of other assets, such as a firm's position in securities. To that end, a deduction is made against the market value of securities to reflect the possibility of a market decline before their disposition. For every dollar that net capital is reduced, by means of such deductions or otherwise (for example, through operating losses or capital distributions), the maximum aggregate indebtedness a firm may carry is reduced. Thus, net capital rules, which are unique to the securities industry, impose financial restrictions upon the Company's business that are more severe than those imposed on other types of businesses. Compliance with the net capital rules may limit the operations of the Company because they require minimum capital for such purposes as underwriting securities distributions, and maintaining the inventory required for trading in securities.

Net capital changes from day to day, but at September 30, 1998 and 1997, IAAC had excess net capital of \$2,845,889 and \$2,331,202, respectively, and a ratio of aggregate indebtedness to net capital of .27 to 1 and .51 to 1, respectively.

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

Employees

At September 30, 1998, the Company employed 76 employees, of which 70 were full time employees. Of such employees, 7 have managerial responsibilities, 32 are account executives, 7 are traders and 30 have administrative duties, including persons engaged in other service areas such as research, money management, accounting, operations, compliance and marketing. The Company considers its relationship with its employees to be good.

Compliance with Environmental Regulations

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

ITEM 2. DESCRIPTION OF PROPERTY.

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

ITEM 3. LEGAL PROCEEDINGS.

During the year ended September 30, 1998, the Company received notification from an NASD arbitration panel that an award of \$99,845 plus \$100,000 reimbursement for a portion of the claimant's legal fees was awarded. During the year ended September 30, 1997, the Company settled certain client matters arising in the normal course of business totaling \$146,000. These costs have been included in other operating expenses in the accompanying consolidated statement of operations.

The Company is party to certain litigation as of September 30, 1998 which relates primarily to matters arising in the ordinary course of business. Management of the Company anticipates that the final resolution of these items will not have a material adverse effect on the Company's consolidated financial statements.

The foregoing discussion contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such

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

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

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

PART II

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

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

On November 14, 1997 the Board of Directors of the Company declared a 10% stock dividend for shareholders of record on December 26, 1997 and payable on January 20, 1998. As a result of this stock dividend the common stock prices prior to December 26, 1997 (Fiscal Year 1998 first fiscal quarter) presented have been restated (reduced) by 10%.

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

	High	Low
The Company's Common Stock, as traded under the symbol IAAC		
Fiscal Year 1997		
First Quarter.....	4	2 1/2
Second Quarter.....	3 1/8	2 3/8
Third Quarter.....	3 1/4	2 1/2
Fourth Quarter.....	4 3/4	2 13/16
Fiscal Year 1998		
First Quarter.....	4 3/4	3 5/8
Second Quarter.....	4 1/4	3 1/4
Third Quarter.....	3 3/4	3
Fourth Quarter.....	3 3/8	1 1/2
The Company's Warrants, as traded under the symbol IAACW, expired February 11, 1997		
Fiscal Year 1997		
First Quarter.....	1/8	1/32
Second Quarter.....	1/32	1/32

There were approximately 158 shareholders of record of the Common Stock at September 30, 1998. The total shareholders of record stated does not include the approximate number of total beneficial shareholders.

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

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

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report.

Certain statements in this discussion may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks including, but not limited to, changes in general economic and business conditions, interest rate and securities market fluctuations, competition from within and from outside the investment brokerage industry, new products and services in the investment brokerage industry, changing trends in customer profiles, Year 2000 issues and changes in laws and regulation applicable to the Company. Although the Company believes that its 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 assets have decreased from \$7,928,214 in 1997 to \$6,560,081 in 1998 and the Company's liabilities decreased from \$2,100,820 in 1997 to \$1,148,931 in 1998. The decrease in assets is primarily attributable to a \$1,813,910 decrease in securities owned offset by a \$386,703 increase in receivable from clearing broker. The decrease in total liabilities is primarily attributable to a \$609,437 decrease in accrued salaries and a \$391,651 decrease in securities sold, but not yet purchased. The decrease in the net assets (assets less liabilities) of \$416,244 relates to the \$217,338 net loss incurred by the Company for the fiscal year ended September 30, 1998, and costs from Company stock repurchases totaling \$198,906 for the same period.

The Company's consolidated balance sheet at September 30, 1998, reflects a net receivable from clearing broker, for trades which had not yet settled for cash, due to the proceeds from the sale of securities exceeding the cost of securities purchased.

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

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

Results of Operations: 1998 Compared to 1997

The Company's revenues are derived primarily from commissions earned on the sale of securities and net dealer inventory and investment gains (trading income) in securities purchased or sold for the Company's account. For each of the years ended September 30, 1998 and 1997, approximately 75% of the Company's revenues were derived from commissions earned on the sale of securities, with approximately 19% and 20%, respectively, of revenues coming from net dealer inventory and investment gains.

Total revenues decreased by approximately 24% to \$9,350,223 in 1998 from \$12,301,621 in 1997. This decrease was primarily attributable to a \$2,249,192 decrease in commission revenue primarily due to a decrease in retail security order flow. Commission revenue decreased by approximately 24% to \$7,000,069 for 1998 from \$9,249,261 for 1997. Revenues from commissions are affected by both retail trading volume and the dollar amount of retail trades. Based on the number of retail trades processed, 1998 volume decreased by approximately 13% from 1997 levels. In addition, the dollar average of retail trades decreased by 14% for 1998 as compared with 1997. The average number of account executives decreased from an average of 44 in 1997 to an average of 39 in 1998, or a decrease of approximately 11%.

Net dealer inventory and investment gains decreased by approximately 27% to \$1,791,739 for 1998 from \$2,457,892 for 1997. The decrease in net dealer inventory and investment gains is primarily attributable to decreases in both retail trading and decreases in Company investment portfolio valuations due to the volatility of the foreign and especially Asian financial markets. The decreases in retail trading and investment portfolio valuations were partially offset by increases in wholesale trading activity. The increase in wholesale trading is attributable to the ongoing development of new wholesale trading relationships by the Company as well as maintenance of existing wholesale relationships. The Company's retail trading department primarily concentrates on global securities which it believes are likely to be traded by the Company's clients. By focusing on these types of securities, trading income is more directly related to commission income and order flow.

Revenues from management and investment advisory fees decreased by approximately 9% to \$73,657 for 1998 from \$81,302 for 1997. The decrease is primarily due to decreases in the dollar amount of money under management as well as decreases in investment supervisory fees.

Interest and dividend revenue decreased by approximately 3% to \$269,855 for 1998 from \$279,041 in 1997. This decrease is partly attributable to somewhat lower yields on securities and investments held by the Company throughout the 1998 fiscal year. The decrease is also attributable to decreases in invested funds available from the operations of the Company.

Total expenses decreased by \$1,433,987, or approximately 13% from 1997 as compared to 1998. This decrease in total expense is related to the corresponding decrease in total revenues. The major expenses incurred by the Company relate to direct costs of its securities operations such as commissions and clearing fees, employees compensation and benefits, communications and promotion expense.

Commissions and clearing fees decreased by \$936,854, or approximately 18% from 1997 as compared to 1998. This decrease in commissions and clearing fees is directly related to the 24% decrease in commission revenue and the 27% decrease in net dealer inventory and investment gains.

Employees compensation and benefits decreased by \$683,493, or approximately 26% from 1997 as compared to 1998. The decrease in employees compensation and benefits expense is primarily due to the decrease in performance based bonus expense and a decrease in retirement plan profit sharing expense. The decrease in performance based bonus and retirement plan profit sharing expense is based on the \$297,159 loss before income taxes incurred for 1998 compared to the \$1,220,252 income before income taxes for 1997.

Promotion expense decreased by \$42,000, or approximately 3% from 1997 as compared to 1998. This decrease is primarily due to the reduction of promotion related expenditures including travel and entertainment expenditures. Expenditures by the marketing department for print media, including newsletter publication and postage, remained approximately the same for 1998 as compared to 1997.

Communications expense decreased by \$45,012, or approximately 12% from 1997 as compared to 1998. This decrease is due to decreased telephone expense due to the corresponding decrease in average account executives from 44 in 1997 to 39 for 1998. Occupancy and equipment rental expense increased by \$35,750, or approximately 11% from 1997 as compared to 1998. This increase was due to a scheduled rent increase previously negotiated with the owner of the Company's leased premises as well as an increase in other leased equipment expense.

Professional fees increased by \$62,303, or approximately 17% from 1997 as compared to 1998. This increase is primarily due to the legal fees incurred from a closed NASD arbitration matter. Other operating expenses increased by \$179,394, or approximately 32% from 1997 as compared to 1998. Approximately \$100,000 of the increase in other operating expenses is for the award of the same closed arbitration matter and an additional \$100,000 of the increase is for partial reimbursement of the claimants legal fees also awarded to the claimant in the same matter. Other operating expenses included various other expenses that decreased from 1997 to 1998 offsetting a portion of the expenses related to the closed arbitration matter.

As a result of the above, the Company is reporting a net loss of \$217,338 for the year ended September 30, 1998. This is compared to net income of \$717,869 for the year ended September 30, 1997. The Company's effective income tax benefit was approximately 26.8% for 1998 compared to the effective income tax rate of 41.2% for 1997. The effective tax rate decrease for 1998 from the expected 34% benefit is primarily due to the effect of permanent differences.

1997 Compared to 1996

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

Net dealer inventory and investment gains increased by approximately 5% to \$2,457,892 for 1997 from \$2,355,761 for 1996. The increase in net dealer inventory and investment gains is primarily attributable to increases in both fixed income trading and increases in the volume of wholesale trading activities. The Company's retail trading desk primarily concentrates on global securities which it believes are likely to be traded by the Company's clients. By focusing on these types of securities, retail trading income is more directly related to commission income and order flow.

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

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

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

Commissions and clearing fees increased by \$557,454, or approximately 12% from 1996 as compared to 1997. This increase in commissions and clearing fees is directly related to the 10% increase in commission revenue and the 5% increase in net dealer inventory and investment gains.

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

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

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

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

Liquidity and Capital Resources

A substantial portion of the Company's assets are liquid. At September 30, 1998, approximately 88% of the Company's assets consisted of cash, cash deposits with clearing broker (a cash equivalent), marketable securities and receivable from clearing broker, net. All assets are financed by the Company's equity capital, short-term borrowings from securities lending transactions and other payables.

IAAC is subject to the requirements of the SEC and the NASD relating to liquidity and net capital levels. At September 30, 1998, IAAC had net capital of \$2,961,389, which was \$2,845,889 in excess of its minimum net capital requirement at that date.

In the opinion of management, the Company's existing capital and cash flow from operations will be adequate to meet the Company's capital needs for at least the next 12 months in light of known and reasonably estimated trends. In addition, management believes that the Company will be able to obtain additional short or medium-term financing that may be desirable in the ordinary conduct of its business. The Company has no plans for additional financing and there can be no assurance such financing will be available.

Year 2000 Compliance

The securities industry is, to a significant extent, technologically driven and dependent. In addition to some internally utilized technological applications, the Company's businesses are materially dependant upon the performance of exchanges, market centers, counterparties, customers and vendors (collectively

"the Company's material third parties") who, in turn, may be heavily reliant on technological applications. The securities industry is interdependent with each other, strengthened or weakened by the quality and performance of its attendant information and embedded technology.

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

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

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

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

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

During fiscal year 1997 the Company began the strategic review process as it relates to the Year 2000 process. The Board of Directors of the Company approved the Company's Year 2000 plan at its meeting on July 17, 1998. This plan includes

all phases necessary and budgetary consideration for each fiscal year through the Year 2000.

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

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

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

Effects of Inflation

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

ITEM 7. CONSOLIDATED FINANCIAL STATEMENTS
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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, 1998 and 1997 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Assets Holding Corporation and Subsidiaries as of September 30, 1998 and 1997 and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

Orlando, Florida
November 17, 1998

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 1998 and 1997

Assets	1998	1997
	-----	-----
Cash	\$ 617,628	551,257
Cash deposits with clearing broker	2,424,486	2,415,582
Foreign currency	3,961	-
Receivable from clearing broker, net	791,753	405,050
Other receivables	63,523	58,602
Securities owned, at market value	2,014,734	3,828,644
Income taxes receivable	67,398	3,655
Deferred income tax benefit	127,065	48,851
Property and equipment, at cost:		
Leasehold improvements	52,953	52,953
Furniture and equipment	902,719	843,995
	-----	-----
	955,672	896,948
Less accumulated depreciation and amortization	(605,059)	(456,822)
	-----	-----
Net property and equipment	350,613	440,126
Other assets, net of accumulated amortization of \$118,504 in 1998 and \$88,750 in 1997	98,920	176,447
	-----	-----
Total assets	\$ 6,560,081	7,928,214
	=====	=====

See accompanying notes to consolidated financial statements.

Liabilities and Stockholders' Equity	1998	1997
	-----	-----
Liabilities:		
Foreign currency sold, but not yet purchased	\$ 7,206	3,992
Securities sold, but not yet purchased, at market value	290,403	682,054
Accounts payable	72,600	116,067
Accrued employee compensation and benefits	291,536	900,973
Accrued expenses	352,544	268,314
Deferred income taxes	16,797	20,059
Other liabilities	117,845	109,361
	-----	-----
Total liabilities	1,148,931	2,100,820
	-----	-----
Stockholders' equity:		
Preferred stock, \$.01 par value. Authorized 1,000,000 shares; issued and outstanding -0- shares	-----	-----
Common stock, \$.01 par value. Authorized 3,000,000 shares; issued and outstanding 1,481,574 and 1,411,262 shares in 1998 and 1997, respectively	14,816	14,113
Additional paid-in capital	3,564,648	3,125,043
Retained earnings	1,831,686	2,688,238
	-----	-----
Total stockholders' equity	5,411,150	5,827,394
Commitments and contingent liabilities		
	=====	=====
Total liabilities and stockholders' equity	\$ 6,560,081	7,928,214
	=====	=====

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended September 30, 1998 and 1997

	1998	1997
	-----	-----
Revenues:		
Commissions	\$ 7,000,069	9,249,261
Net dealer inventory and investment gains	1,791,739	2,457,892
Management and investment advisory fees	73,657	81,302
Account maintenance fees	164,238	148,395
Interest and dividends	269,855	279,041
Other	50,666	85,730
	-----	-----
Total revenues	9,350,223	12,301,621
	-----	-----
Expenses:		
Commissions and clearing fees	4,289,969	5,226,823
Employees compensation and benefits	1,926,792	2,610,285
Communications	328,295	373,307
Promotion	1,186,344	1,228,344
Occupancy and equipment rental	361,234	325,484
Interest	5,704	3,543
Professional fees	426,291	363,988
Insurance	197,718	219,823
Depreciation and amortization	177,991	162,122
Other operating expenses	747,044	567,650
	-----	-----
Total expenses	9,647,382	11,081,369
	-----	-----
Income (loss) before income taxes	(297,159)	1,220,252
	-----	-----
Income tax expense (benefit)	(79,821)	502,383
	=====	=====
Net income (loss)	\$ (217,338)	717,869
	=====	=====
Earnings (loss) per share:		
Basic	\$ (0.14)	0.45
	=====	=====
Diluted	\$ (0.14)	0.44
	=====	=====
Weighted average number of common shares outstanding:		
Basic	1,533,534	1,578,966
	=====	=====
Diluted	1,533,534	1,643,001
	=====	=====

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

Years ended September 30, 1998 and 1997

	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balances at September 30, 1996	\$ -----	14,508	3,237,125	1,990,748	-----	5,242,381
Acquisition of 24,025 common shares	-----	-----	-----	-----	(75,700)	(75,700)
Acquisition of 15,500 common shares	-----	-----	-----	-----	(57,156)	(57,156)
Retirement of 39,525 common shares held in treasury	-----	(395)	(112,082)	(20,379)	132,856	-----
Net income	-----	-----	-----	717,869	-----	717,869
Balances at September 30, 1997	-----	14,113	3,125,043	2,688,238	-----	5,827,394
Acquisition of 63,336 common shares	-----	-----	-----	-----	(168,297)	(168,297)
Acquisition of 7,000 common shares	-----	-----	-----	-----	(30,609)	(30,609)
Retirement of 70,336 common shares held in treasury	-----	(703)	(134,379)	(63,824)	198,906	-----
10% stock dividend	-----	1,406	573,984	(575,390)	-----	-----
Balances at September 30, 1998	\$ -----	14,816	3,564,648	1,831,686	-----	5,411,150

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 1998 and 1997

	1998	1997
	-----	-----
Cash flows from operating activities:		
Net income	\$ (217,338)	717,869
(loss)		
Adjustments to reconcile net income (loss) to net cash provided		
by operating activities:		
Depreciation and amortization	177,991	162,122
Deferred income taxes	(81,476)	(17,843)
Cash provided by (used for) changes in:		
Receivable from clearing broker, net	(386,703)	(167,914)
Receivable from affiliated company	-----	26,542
Other receivables	(4,921)	49,483
Securities owned, at market value	1,813,910	(39,052)
Income taxes receivable	(63,743)	(3,655)
Other assets	47,773	(18,744)
Securities sold, but not yet purchased at market value	(391,651)	(347,027)
Accounts payable	(43,467)	5,034
Accrued employee compensation and benefits	(609,437)	57,029
Accrued expenses	84,230	111,993
Income taxes payable	-----	(121,318)
Other liabilities	8,484	4,627
	-----	-----
Net cash provided by operating activities	333,652	419,146
	-----	-----
Cash flows from investing activities:		
Acquisition of property and equipment and other assets	(58,724)	(250,096)
	-----	-----
Net cash used for investing activities	(58,724)	(250,096)
	-----	-----
Cash flows from financing activities:		
Acquisition of common shares related to repurchase program	(30,609)	(57,156)
Acquisition of common shares related to terminated		
ESOP participants and RSP participants	(168,297)	(75,700)
	-----	-----
Net cash used for financing activities	(198,906)	(132,856)
	-----	-----
Net increase in cash and cash equivalents	76,022	36,194
	-----	-----
Cash and cash equivalents at beginning of year	2,962,847	2,926,653
	=====	=====
Cash and cash equivalents at end of year	\$ 3,038,869	2,962,847
	=====	=====

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 1998 and 1997

	1998	1997
	-----	-----
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 5,704	3,543
	=====	=====
Income taxes paid	\$ 75,399	645,200
	=====	=====

Supplemental disclosure of noncash financing activities:
 On January 20, 1998, the Company issued 140,648 shares of common stock in conjunction with a ten percent stock dividend.

See accompanying notes to consolidated financial statements.

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

(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 five wholly-owned subsidiaries, International Assets Advisory Corp., International Assets Management Corp., Global Assets Advisors, Inc., International Financial Products, Inc. and International Trader Association, Inc. International Assets Advisory Corp. is a registered broker/dealer under the Securities Act of 1934. Its securities transactions are cleared through Wexford Clearing Services Corporation (a wholly-owned, guaranteed subsidiary of Prudential Securities Incorporated) on a fully disclosed basis. International Assets Management Corp. was formed to manage the physical assets of the Company. Global Assets Advisors, Inc. provides investment advisory and account management services. International Financial Products, Inc. is inactive but was formed to market products which are not investments, but are related to the financial industry. International Trader Association, Inc. was formed to capitalize on the use of recent and future technology developments that relate to the securities industry and has had minimal start-up activity to date. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Reclassifications

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

(c) Cash and Cash Equivalents

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

(d) Financial Instruments

As of September 30, 1998 and 1997, the carrying value of the Company's financial instruments including cash, cash deposits with clearing broker, foreign currency, receivables, accounts payable and accrued expenses approximate their fair values, based on the short-term maturities of these instruments. Additionally, the carrying value of securities owned and any securities and foreign currency sold, but not yet purchased, approximate their fair value at September 30, 1998 and 1997 as they are based on quoted market prices.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

(e) Valuation of Securities and Foreign Currency

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

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

As of September 30, 1998, securities includes 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 management and investment advisory fees, from account maintenance fees charged to customers and from realized and unrealized trading income in securities purchased or sold for the Company's account. Commission and trading income are recorded as of the trade date of the securities. Interest income is recorded on the accrual basis and dividend income is recognized upon receipt.

(g) Depreciation and Amortization

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

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

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

(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 has included these expenses in promotion expenses in the accompanying consolidated statements of operations. Advertising costs for the years ended September 30, 1998 and 1997 were \$872,882 and \$816,835, respectively.

(j) Stock Option Plan

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

(k) Use of Estimates

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

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

(1) Earnings Per Share

Basic earnings (loss) per share has been computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted earnings (loss) per share has been computed by dividing net income (loss) by the weighted average number of common shares and dilutive potential common shares outstanding. Dilutive potential common shares, amounting to 64,035 shares for the year ended September 30, 1997, reflect the potential dilution that could occur if options to issue common stock were exercised.

Options to purchase 170,000 shares of common stock were excluded from the calculation of diluted earnings per share for the year ended September 30, 1997 because their exercise prices exceeded the average market price of common shares for the period. All options were excluded from the calculation of diluted earnings (loss) per share for the year ended September 30, 1998, because their inclusion would have been antidilutive.

(m) Future Application of Accounting Standards

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

(2) Related Party Transactions

During the years ended September 30, 1998 and 1997, the Board of Directors of the Company approved the reimbursement of approximately \$39,000 and \$100,000, respectively, of expenses incurred in connection with responding to issues raised during a Securities and Exchange Commission (SEC) inspection of an affiliated company.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

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

Securities owned and securities sold, but not yet purchased at September 30, 1998 and 1997 consist of trading and investment securities at market values as follows:

	Owned	Sold, but not yet Purchased
	<u> </u>	<u> </u>
1998:		
Obligations of U.S. Government	\$ 373,841	--
Common stock and American Depository Receipts	836,057	290,403
Corporate and municipal bonds	341,066	--
Foreign government obligations	26,713	--
Unit investment trusts, mutual funds and other investments	437,057	--
	-----	-----
	\$ 2,014,734	290,403
	=====	=====
1997:		
Obligations of U.S. Government	\$ 933,766	--
Common stock and American Depository Receipts	1,302,419	682,054
Corporate and municipal bonds	426,254	--
Foreign government obligations	68,591	--
Unit investment trusts, mutual funds and other investments	1,097,614	--
	-----	-----
	3,828,644	682,054
	=====	=====

(4) Financial Instruments with Off-Balance Sheet Risk

The Company is party to certain financial instruments with off-balance sheet risk in the normal course of business as a registered securities broker/dealer. As of September 30, 1998 and 1997, the Company remains liable for a number of equity securities it has sold, which are owned by outside parties (see note 3). Risks arise from movements in the value of these securities which the Company must purchase to cover those previously sold.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

(5) Liabilities Subordinated to Claims of General Creditors

During the years ended September 30, 1998 and 1997, International Assets Advisory Corp. (IAAC) did not have any liabilities which were subordinated to the claims of general creditors.

6) Capital and Cash Reserve Requirements

As of September 30, 1998 and 1997, IAAC 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 \$100,000, 6-2/3% of aggregate indebtedness, or \$2,500 for each security in which a market is made with a bid price over \$5 and \$1,000 for each security in which a market is made with a bid price of \$5 or less with a ceiling of \$1,000,000, and requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1. At September 30, 1998, IAAC had excess net capital of approximately \$2,845,889 and a ratio of aggregate indebtedness to net capital of approximately .27 to 1.

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

(7) Leases

The Company is obligated under various noncancelable operating leases for the rental of its office facilities and certain office equipment. Rent expense associated with these operating leases amounted to \$284,800 and \$264,045 for the years ended September 30, 1998 and 1997, respectively. The future minimum lease payments under noncancelable operating leases as of September 30, 1998 are as follows:

Year ending September 30,		
1999	\$	319,000
2000		330,100
2001		236,200
2002		29,500
2003		27,500
Thereafter		3,200

Total future minimum lease payments	\$	945,500
		=====

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

8) Income Taxes

Income tax expense (benefit) for the years ended September 30, 1998 and 1997 consists of:

	Current	Deferred	Total

1998:			

Federal	\$ 1,345	(69,568)	(68,223)

State	310	(11,908)	(11,598)
	-----	-----	-----
	\$ 1,655	(81,476)	(79,821)
	=====	=====	=====
1997:			
Federal	\$ 444,439	(15,244)	429,195
State	75,787	(2,599)	73,188
	-----	-----	-----
	\$ 520,226	(17,843)	502,383
	=====	=====	=====

Total income tax expense (benefit) for the years ended September 30, 1998 and 1997 differed from the amounts computed by applying the U.S. federal income tax rate of 34% to income (loss) before income taxes as a result of the following:

	1998		1997	
	Amount	% of pretax income	Amount	% of pretax income
	-----	-----	-----	-----
Computed "expected" tax expense (benefit)	\$ (101,034)	(34.0)%	\$ 414,885	34.0%
Increase (decrease) in income tax expense resulting from:				
State income taxes, net of federal income tax benefit	(7,655)	(2.6)	46,927	3.9
Meals and entertainment expense not deductible for tax purposes	21,552	7.3	27,034	2.2
Memberships, net	7,076	2.4	10,002	.8
Other, net	240	.1	3,535	.3
	-----	-----	-----	-----
	\$ (79,821)	(26.8)%	\$ 502,383	41.2%
	=====	=====	=====	=====

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

Deferred income taxes as of September 30, 1998 and 1997 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, 1998 and 1997:

	1998	1997
	-----	-----
Gross deferred tax liabilities:		
Accumulated depreciation and amortization	\$ (16,797)	(20,059)
	-----	-----
Gross deferred tax assets:		
Accrued reserves	84,667	11,400
Rent abatement	8,208	14,144
Amortization of other assets	29,885	23,307
Contributions carryover	4,305	--
Total gross deferred tax assets	127,065	--
	-----	-----
	\$ 110,268	28,792
	=====	=====

There was no valuation allowance for deferred tax assets as of September 30, 1998 and 1997. 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, 1998, 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.

(9) Employee Benefit Plans

IAAC has an Employee Stock Ownership Plan (ESOP) with 401(k) features which enables generally all Company employees who have completed one year of continuous service and who have attained the age of twenty-one to acquire shares of the parent Company's common stock. The 401(k) feature allows employees to elect to defer a portion of their salary into the ESOP. The amount contributed reduces the employee's taxable compensation. IAAC has the option to make a matching contribution based on a percentage of the participants' contributions. The ESOP is a "nonleveraged" ESOP as of September 30, 1998 and 1997.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

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 the various employee benefit plans for the years ended September 30, 1998 and 1997 are summarized as follows:

	1998	1997
	-----	-----
RSP	\$ --	64,600
ESOP- 401(k) portion	1,209	59,864
	-----	-----
	\$ 1,209	124,464
	=====	=====

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

As of September 30, 1998 and 1997, 312,120 and 336,690 common shares of the Company were allocated to ESOP participants, respectively. During the years ended September 30, 1998 and 1997, 58,238 and 24,025 common shares of the Company were purchased from terminated ESOP participants.

As of September 30, 1998 and 1997, 56,896 and 56,350 common shares of the Company were allocated to RSP participants, respectively. During the years ended September 30, 1998 and 1997, 5,089 and -0- common shares of the Company were purchased from terminated RSP participants.

10) Stock Options

The International Assets Holding Corporation Stock Option Plan (the Plan) was adopted by the Board of Directors of the Company and approved by the Company's stockholders during January 1993. The Plan permits the granting of awards to employees and directors of the Company and its subsidiaries in the form of stock options. Stock options granted under the Plan may be "incentive stock options" meeting the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, or nonqualified options which do not meet the requirements of Section 422. As of September 30, 1998, a total of 500,000 shares of the Company's common stock had been reserved for issuance pursuant to options granted under the Plan.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

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

At September 30, 1998, there were 57,500 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 1998 and 1997, where exercise price equals the market price of the stock on the grant date, was \$1.83 and \$2.15, respectively.

The following weighted average assumptions were used:

	1998	1997
	-----	-----
Exercise price equal to market price on grant date		
Expected risk-free interest rate	5.56%	6.40%
Expected life	6.0 years	7.0 years
Expected volatility	55.60%	60.10%
Expected dividend yield	0.00%	0.00%

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

		1998	1997
		-----	-----
Net income (loss)	As reported	\$ (217,338)	717,869
	Pro forma	\$ (305,656)	626,736
Basic earnings (loss) per share	As reported	\$ (.14)	0.45
	Pro forma	\$ (.20)	0.40
Diluted earnings (loss) per share	As reported	\$ (.14)	0.44
	Pro forma	\$ (.20)	0.38

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

Pro forma net income (loss) reflects only options granted in 1998, 1997 and 1996. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net income (loss) amounts presented above because compensation cost is reflected over the options' expected life ranging from 5 to 7 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, 1997 and 1998 is as follows:

	Number of shares	Weighted-average exercise price
	-----	-----
Outstanding at September 30, 1996	425,000	\$ 3.28
Granted	40,000	3.24
Exercised	--	--
Forfeited	--	--
Expired	--	--
	-----	-----
Outstanding at September 30, 1997	465,000	\$ 3.28
Granted	20,000	3.13
Exercised	--	--
Forfeited	(42,500)	3.88
Expired	--	--
	-----	-----
Outstanding at September 30, 1998	442,500	\$ 3.24
	=====	=====

At September 30, 1998, the range of exercise prices and weighted-average remaining contractual life of outstanding options was \$2.27 - \$5.11 and 6.53 years, respectively.

At September 30, 1998 and 1997, the number of options exercisable was 201,500 and 145,500, respectively, and the weighted-average exercise price of those options was \$3.64 and \$3.89, respectively.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

Qualified Incentive Stock Options

As of September 30, 1998, 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
85,000	January 23, 1993	\$ 4.64	January 23, 2003
40,000	August 12, 1994	5.00	August 12, 2004
10,000	December 21, 1995	2.73	December 21, 2005
110,000	December 28, 1995	2.50	December 28, 2005
105,000	December 28, 1995	2.27	December 28, 2005
5,000	March 7, 1996	2.73	March 7, 2006
30,000	December 11, 1996	3.01	December 11, 2006
10,000	August 26, 1997	3.92	August 26, 2007
10,000	February 13, 1998	3.38	February 13, 2008

405,000			
=====			

The options granted on January 23, 1993 are exercisable at 25% per year beginning two years from the date of grant. The options granted on August 12, 1994, December 21, 1995, March 7, 1996, December 11, 1996, August 26, 1997 and February 13, 1998, are exercisable at 20% per year beginning three years from the date of grant. The options granted on December 28, 1995 are exercisable at 20% per year beginning one year from the date of grant.

As of September 30, 1998 and 1997, no options have been exercised and 187,000 and 126,000 options, respectively, were exercisable under qualified incentive stock options.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 1998 and 1997

Nonqualified Options

As of September 30, 1998, 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
10,000	May 13, 1994	5.11	May 13, 2004
17,500	December 28, 1995	2.27	December 28, 2005
10,000	July 20, 1998	2.88	July 20, 2008

37,500			
=====			

The nonqualified options granted May 13, 1994 are exercisable at 25% per year beginning two years from the date of grant. The nonqualified options granted December 28, 1995 and July 20, 1998 are exercisable at 20% per year beginning one year from the date of grant.

As of September 30, 1998 and 1997, no options have been exercised and 14,500 and 19,500 options, respectively, were exercisable under nonqualified stock options.

(11) Preferred Stock

The Company has authorized 1,000,000 shares of its preferred stock for issuance at a par value of \$.01 per share. As of September 30, 1998 and 1997, no shares have been issued and the specific rights and privileges of these shares have not yet been determined by the Board of Directors.

(12) Warrants

The Company had reserved 697,902 shares of its common stock for issuance upon exercise of 697,902 outstanding warrants. The warrants, which were issued in connection with the Company's initial offering of common stock to the public in March of 1994, were exercisable at a price of \$5.45 per share (as adjusted for stock dividend) and expired unexercised on February 11, 1997.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

13) Stock Dividend

On December 15, 1997, the Company declared a ten percent stock dividend to shareholders of record as of December 26, 1997. On January 20, 1998, the Company issued 140,648 shares of common stock in conjunction with this dividend. Accordingly, amounts equal to the fair market value (based on quoted market prices as adjusted) of the additional shares issued have been charged to retained earnings and credited to common stock and additional paid-in capital.

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

14) Commitments and Contingent Liabilities

The Company has entered into employment agreements with its chief executive officer and chief operating officer which expire March 25, 1999. Under the terms of the agreements, the two officers will receive a specified annual compensation, a bonus to each officer equal to 10% of consolidated income before income taxes, monthly automobile allowances and reimbursement for personal income tax preparation fees. In the event of termination of the agreements by the Company other than for cause, as defined, or if the executives resign as a result of a breach by the Company, the agreements provide for payments to such individuals in an amount equal to 100% of their total compensation for 24 months following the date of termination. In addition, upon termination of the agreements by the Company prior to their expiration, other than for cause or if the executives resign as a result of a breach by the Company, the Company has agreed, at the option of the executives, to the extent such payments may be made under applicable law, to repurchase within 60 days of such termination at market value (average of bid and asked prices) all shares of stock of the Company owned by the executives, including ESOP shares, which amount to approximately 578,000 common shares as of September 30, 1998. In addition, these executives have 220,000 option shares granted of which 112,000 are vested at September 30, 1998. The agreements also contain nondisclosure and noncompetition provisions.

On March 13, 1996, the Company announced that the Board of Directors authorized the Company to repurchase up to \$500,000 of its common stock in the open market for the remainder of fiscal year 1996. On October 1, 1996, the Company, being authorized by the Board of Directors, extended the buyback program through the end of fiscal year 1997. On September 2, 1997, the Company, being authorized by the Board of Directors, extended the buyback program through December 31, 1997. On November 10, 1998, the Company, being authorized by the Board of Directors, extended the buyback program through September 30, 1999. The stock purchases will be made in the open market from time to time as market conditions permit. The Company is required to comply with Rule 10b-18 of the Securities and Exchange Commission which regulates the specific terms in which shares may be repurchased. As of September 30, 1998, the Company had repurchased a total of 35,630 shares under this program since its inception at a total repurchase cost of \$129,233.

(Continued)

INTERNATIONAL ASSETS HOLDING CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

In addition, concurrent with the open market repurchase program, the Company has repurchased and retired an additional 89,757 shares from terminated participants of the Company's ESOP and RSP for a total cost of \$243,997 since the inception of the program.

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 will contribute an equal capital contribution of \$100,000 with an additional optional \$100,000 contribution at a later date. A principal of Lakeside will actively manage the new business. IANY will offer a variety of financial strategies to high net worth private investors resident in the United States and certain foreign countries. IANY is in the process of negotiating an office lease as well as other equipment and furniture leases. The Company expects to sign 50/50 guarantees for the execution of these prospective leases. The Company will account for this investment under the equity method of accounting. As of September 30, 1998, no amounts have been funded.

During the year ended September 30, 1998, the Company received notification from a National Association of Securities Dealers (NASD) arbitration panel that an award of \$99,845 plus \$100,000 reimbursement for a portion of a claimant's legal fees was awarded. During the year ended September 30, 1997, the Company settled certain client matters arising in the normal course of business totaling \$146,000. These costs have been included in other operating expenses in the accompanying consolidated statements of operations.

The Company is party to certain litigation as of September 30, 1998 which relates primarily to matters arising in the ordinary course of business. Management of the Company anticipates that the final resolution of these items will not have a material adverse effect on the Company's consolidated financial statements.

15) Subsequent Events

On October 1, 1998, one qualified employee incentive stock option for 5,000 shares with an exercise price of \$1.78125 was authorized. The options granted on October 1, 1998 are exercisable at 20% per year beginning three years from the date of grant.

On November 2, 1998, two qualified employee incentive stock options for 100,000 and 20,000 shares with an exercise price of \$1.50 were authorized. Also on November 2, 1998, one qualified employee incentive stock option for 100,000 shares with an exercise price of \$1.65 was authorized. The options granted on November 2, 1998 are exercisable at 33% per year beginning one year from the date of grant. The options issued November 2, 1998 are issued subject to shareholder approval including an amendment to the stock option plan to increase the number of shares issuable under the plan from 500,000 shares to 700,000 shares. The next shareholder's meeting is scheduled for February 1999.

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	55	1987	1987	Director, Chairman of the Board and Chief Executive Officer
Jerome F. Miceli	55	1990	1991	Director, President, Chief Operating Officer and Treasurer
Stephen A. Saker	52	1990	1991	Director, Vice President and Secretary
Elmer L. Jacobs	63	1994		Director of the Company
Robert A. Miller, PhD	55	1998	-	Director of the Company
Jonathan C. Hinz	36	-	1995	Vice President and Controller

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

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

Jerome F. Miceli has been a director of the Company since 1990 and has served as President, Chief Operating Officer and Treasurer of the Company since 1991. Mr. Miceli has also served as President, Chief Executive Officer, Treasurer and director of IAAC since 1990. Mr. Miceli currently serves as President, Treasurer and Director of GAA, IAMC and IFP. Mr. Miceli also serves as CEO, President and Treasurer of ITA. In addition, from December 1990 until October 1996, Mr. Miceli served as Treasurer and director of All Seasons Global Fund Inc., a publicly

held closed-end management investment company. Mr. Miceli is also President of Veitia and Associates, Inc., an inactive registered investment advisor.

Stephen A. Saker has been a director of the Company since 1990 and has served as Secretary and Vice President of the Company since 1991. Mr. Saker has also served as director, Executive Vice President and Secretary of IAAC since 1985. Mr. Saker currently serves as Vice President, Secretary and Director of GAA, IAMC and ITA. Since November 1991, Mr. Saker has served as Vice President 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.

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

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. 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.

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

Compliance with Section 16(a) of the Exchange Act

Pursuant to Section 16(a) of the Exchange Act and the rules issued thereunder, the Company's executive officers, directors and owners of in excess of 10% of the issued and outstanding common stock are required to file with the SEC reports of ownership and changes in ownership of the common stock of the Company. Copies of such reports are required to be furnished to the Company. Based solely on the review of such reports furnished to the Company, the Company believes that during fiscal year 1998, all of its executive officers and directors complied with the Section 16(a) requirements.

ITEM 10. EXECUTIVE COMPENSATION.

Information with respect to this item will be contained in the Proxy Statement for the 1999 Annual meeting of Shareholders, which is incorporated herein by reference.

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

Information with respect to this item will be contained in the Proxy Statement for the 1999 Annual meeting of Shareholders, which is incorporated herein by reference.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to this item will be contained in the Proxy Statement for the 1999 Annual meeting of Shareholders, which is incorporated herein by reference.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(10.2.c) The Company's International Assets Advisory Corporation Employee Stock Ownership Plan and Trust ("ESOP"), Amendment 1994-1, dated December 30, 1994, is

incorporated by reference to Exhibit 10.3(c), of the Registrant's Registration Statement on Form S-8 (No. 333-10727), filed with the SEC on August 23, 1996.

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

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

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

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

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

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

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

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

(10.10)* Joint Venture Agreement between the Company and Lakeside Investments, LLC, a limited liability company organized under the laws of Delaware, dated September 30, 1998.

(10.11)* Limited Liability Company Agreement for International Assets New York, LLC, a limited liability company organized under the laws of Delaware, between the Company and Lakeside Investments, LLC, dated September 30, 1998.

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

(21)* List of Subsidiaries of the Company.

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

*Filed herewith

SIGNATURES

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

INTERNATIONAL ASSETS HOLDING CORPORATION

Dated: December 23, 1998

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

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

Signature	Title	Date
/s/ Diego J. Veitia Diego J. Veitia	Chief Executive Officer and Chairman of the Board	December 23, 1998
/s/ Jerome F. Miceli Jerome F. Miceli	President, Chief Operating Officer, Treasurer and Director	December 23, 1998
/s/ Stephen A. Saker Stephen A. Saker	Vice President, Secretary, and Director	December 23, 1998
/s/ Robert A. Miller Robert A. Miller	Director	December 23, 1998
/s/ Elmer L. Jacobs Elmer L. Jacobs	Director	December 23, 1998
/s/ Jonathan C. Hinz Jonathan C. Hinz	Vice President and Controller (Person Performing Similar Functions of Principal Financial Officer and Principal Accounting Officer)	December 23, 1998

JOINT VENTURE AGREEMENT

between

INTERNATIONAL ASSETS HOLDING CORP.

and

LAKESIDE INVESTMENTS, LLC

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EXHIBITS

Exhibit 5.2

Budget

JOINT VENTURE AGREEMENT

This Joint Venture Agreement (the "Agreement") made this 30th day of September, 1998 (the "Effective Date"), by and between International Assets Holding Corp., a corporation organized under the laws of Delaware ("IAHC"), and Lakeside Investments, LLC, a limited liability company organized under the laws of Delaware ("Lakeside") (IAHC and Lakeside being collectively referred to herein as the "Parties," and either one of them as a "Party");

WITNESSETH:

WHEREAS, the Parties intend to form a joint venture for the purpose of marketing and selling certain securities related products developed by International Assets Advisory Corp., a subsidiary of IAHC ("IAAC"), and by Lakeside, and new products to be developed by the joint venture (the "Business");

WHEREAS, the Parties intend that their joint venture relationship should be governed by the terms and conditions of this Agreement and the ancillary agreements referred to in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants, promises and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be and being legally bound, hereby agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Definitions. Capitalized words and phrases used in this Agreement have the following meanings:

(a) "Additional Capital Contribution" has the meaning given in the LLC Agreement.

(b) "Adverse Event" shall have the meaning set forth in Section 3.2.

(c) "Affiliate" of a Person shall mean a company, corporation, Company, or other Person that the Person, whether directly or indirectly, controls, is controlled by, or is under common control with; provided however that neither IAHC nor Lakeside shall be deemed to be an Affiliate of the other. For purposes of this definition "control" shall exist if such Person has direct or indirect ownership of 50% or more of the voting securities or other ownership interests of such Person.

(d) "Agreement" means this Agreement, as amended from time to time. Words such as "herein," "hereinafter," "hereof," "hereto," and "hereunder" refer to this Agreement as a whole, unless the context otherwise requires.

(e) "Board of Managers" means the Board of Managers of the Company.

(f) "Budget" means the Company's budget for a given Fiscal Year which has been approved pursuant to Section 5.2, which Budget will include (i) an income statement prepared on an accrual basis which will show in reasonable detail the revenues and expenses projected for the Company's business for such Fiscal Year, (ii) a cash flow statement which will show in reasonable detail the receipts and disbursements projected for the Company's business for such Fiscal Year and the amount of any corresponding cash deficiency or surplus, (iii) any contemplated borrowings of the Company for such Fiscal Year, (iv) any Additional Capital Contributions required of the Parties for such Fiscal Year.

(g) "Business" has the meaning set forth in the first recital to this Agreement.

(h) "Business Plan" means the overall business plan of the Company for a given Fiscal Year, and modifications or amendment thereto, as approved in accordance with the Section 5.1.

(i) "Call Right" shall have the meaning set forth in Section 8.3(b).

(j) "Company" means the limited liability company formed pursuant to this Agreement.

(k) "Company Products" shall have the meaning set forth in Section 7.2.

(l) "Consumer Price Index" shall mean the average price index for the prior twelve (12) months, counting from the first day of each Fiscal Year, for the New York City metropolitan area as published monthly by the Bureau of Labor Statistics of the United States Department of Labor.

(m) "Default Budget" shall have the meaning set forth in Section 5.2(b).

(n) "Default Budget Year" shall have the meaning set forth in Section 5.2(b).

(o) "Defaulting Party" shall have the meaning set forth in Section 12.1.

(p) "Delaware Act" shall mean the Delaware Limited Liability Company Act at Title 6 of the Delaware Code, ss 18-101 through ss 18-1109, as the same may be amended from time to time.

(q) "Entity" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust or foreign business organization.

(r) "Event of Default" shall have the meaning given in Section 12.1.

(s) "Fiscal Year" means the Company's fiscal year, which shall end on September 30.

(t) "Force Majeure" shall mean all events which are beyond the control of the Parties to this Agreement and which are unforeseen, unavoidable or insurmountable, and which prevent total or partial performance by a Party. Such events shall include any strikes, lockouts, explosions, shipwrecks, acts of nature or the public enemy, fires, floods, sabotage, accidents, wars, riots, interference by military authorities, insurrections and any other similar incident.

(u) "Indemnified Party" shall have the meaning set forth in Section 11.6(a).

(v) "Indemnifying Party" shall have the meaning set forth in Section 11.6(a).

(w) "Indemnitees" has the meaning given in Section 11.2.

(x) "Know-How" shall have the meaning set forth in Section 14.12(b).

(y) "LLC Agreement" has the meaning given in Section 2.1.

(z) "Manager" shall mean any one or more of the members of the Board of Managers of the Company.

(aa) "Membership Interest" has the meaning given in the LLC Agreement.

(bb) "Non-Defaulting Party" shall have the meaning set forth in Section 12.1.

(cc) "Option Agreement" shall mean the option agreement to be entered into between the parties.

(dd) "Parties" means those Entities executing this Agreement. "Party" means any one of the Parties. All references in this Agreement to a majority of the Parties shall mean Parties whose combined Percentage Interests equal more than fifty percent (50%).

(ee) "Percentage Interest" has the meaning given in the LLC Agreement.

(ff) "Permitted Transfer" has the meaning set forth in Section 8.2(b).

(gg) "Person" shall mean any individual or Entity, and their heirs, executors, administrators, legal representatives, successors and assigns where the context so permits.

(hh) "President" shall have the meaning given in the LLC Agreement.

(ii) "Products" shall mean the proprietary securities products marketed and sold by the Company.

(jj) "Property" means all real and personal property acquired by the Company and any improvements thereto, and shall include both tangible and intangible property, as well as the contractual rights of the Company.

(kk) "Put Right" shall have the meaning set forth in Section 8.3(a).

(ll) "SEC" shall have the meaning set forth in Section 3.2.

(mm) "Transfer" means, as a noun, any voluntary or involuntary transfer, sale, pledge, encumbrance or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, pledge, encumber or otherwise dispose of.

1.2 Interpretation.

In this Agreement, unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) words importing a gender include both genders;

(c) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced from time to time;

(d) references to Articles, Sections and Exhibits are references to articles and sections of, and exhibits to, this Agreement;

(e) headings are for convenience only and shall be ignored in construing this Agreement;

(f) references to any Party include references to its successors and permitted assigns;

(g) references to law include references to any constitutional provision, treaty, decree, convention, statute, act, regulation, rule, ordinance, subordinate legislation and any judgment or determination of any competent authority;

(h) references to any law are references to that law as amended, consolidated, supplemented or replaced from time to time; and

(i) references to any judgment include references to any order, injunction, decree, determination or award of any court or tribunal.

ARTICLE 2

THE COMPANY

2.1 Formation.

In order to carry out the purposes of this Agreement, the Parties shall form a Delaware limited liability company to be named International Assets New York, LLC (the "Company") and shall enter into an operating agreement for the Company substantially in the form of Exhibit 2.1 (the "LLC Agreement"). The Business shall be conducted by the Company in accordance with the LLC Agreement and with this Agreement.

2.2 Purpose.

(a) The purpose of the Company will be to carry out the Business. The Company will have all powers necessary to engage in any and all activities which the Parties deem necessary or desirable to accomplish the purpose of the Company.

(b) The Company shall exist and act only for the purpose specified in this Section 2.2. Except as otherwise provided in this Agreement, the Company shall not engage in any other activity or business. Neither Party shall have any authority to hold itself out as a general agent of the other Party in any other business or activity.

2.3 Place of Business.

The principal place of business of the Company shall be International Assets New York, LLC, New York, New York, or at such other place within or without the State of Delaware as may be determined by the Parties.

2.4 Term.

The term of the Company shall commence on the date hereof and shall continue until December 31, 2020, unless earlier terminated.

2.5 Statutory Compliance.

The Company shall exist under and be governed by the applicable laws of the State of Delaware. The Parties shall make all filings and disclosures required by, and shall otherwise comply with, all such laws. The Parties shall execute and file in the appropriate records within or without the State of Delaware any assumed or fictitious name certificates and other documents and instruments as may be necessary or appropriate with respect to the formation of, and conduct of business by, the Company.

2.6 Title to Property.

All Property owned by the Company shall be owned by the Company as an entity and no Party shall have any ownership interest in such property in its individual name or right, and each Party's interest in the Company shall be personal property for all purposes. Except as otherwise provided in this Agreement, the Company shall hold all of its Property in the name of the Company and not in the name of either Party.

2.7 Payments of Individual Obligations.

The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for or in payment of any individual obligation of a Party.

ARTICLE 3

PARTIES' CAPITAL CONTRIBUTIONS

3.1 Initial Capital Contributions and Percentage Interests.

(a) Immediately following the effectiveness of this Agreement and the formation of the Company, IAHC shall contribute to the Company \$100,000 in cash.

(b) Immediately following the effectiveness of this Agreement and the formation of the Company, Lakeside shall contribute to the Company \$100,000 in cash.

(c) The initial Percentage Interest of each Party in the Company is the percentage interest set forth in Exhibit A to the LLC Agreement.

(d) The Parties' capital contributions and capital accounts in the Company shall be governed by the terms of the LLC Agreement. The Parties' Percentage Interests shall be governed by the terms of the LLC Agreement.

3.2 Additional Capital Contributions.

(a) On such date or dates as may be specified in the Budget adopted by the Parties, each Party shall provide one or more Additional Capital Contributions of a mutually-agreed upon sum not exceeding \$100,000 per Party in the aggregate, provided, however, neither Party shall be required to make an Additional Capital Contribution if any of the following events (an "Adverse Event") occur:

(i) the Company is the subject of an investigation by the NASD or Securities and Exchange Commission ("SEC") with respect to any sales or trading practices or other matter relating to the Business other than routine inspections of the Company's books and records; or

(ii) the Company is the subject of a lawsuit in which the relief sought against the Company is greater than \$500,000.

(b) In the event that either Party elects not to make an Additional Capital Contribution due to the occurrence of an Adverse Event, neither Party shall make such Additional Capital Contribution. During the ninety (90) day period following the occurrence of an Adverse Event, IAHC shall have the right to exercise its Put Right under Section 8.3(a), and Lakeside shall have the right to exercise its Call Right under Section 8.3(b).

3.3 Other Matters.

Except as otherwise provided in this Agreement or in the LLC Agreement no Party shall demand or receive a return of its contributions to the Company without the consent of all Parties. Under circumstances requiring a return of any contribution to the Company, no Party shall have the right to receive property other than cash except as may be specifically provided in this Agreement or the LLC Agreement.

ARTICLE 4

MANAGEMENT

4.1 Management of the Company.

(a) The management of the Company will be undertaken in accordance with the applicable provisions of the LLC Agreement.

(b) The initial officers of the Company shall consist of a President, Vice President, Secretary and Treasurer. IAHC shall have the right to appoint the Vice-President and the Treasurer, and Lakeside shall have the right to appoint the President and the Secretary.

(c) Mark Frankel shall be the initial President, and shall receive an initial salary of Seventy-Five Thousand Dollars (\$75,000) per year. Such salary shall be increased at the beginning of each Fiscal Year following the initial Fiscal Year of the Company in an amount equal to the prior year's salary multiplied by the prior year's Consumer Price Index percentage amount. A bonus may be paid from time to time in the sole discretion of the Board of Managers. Operation of the Business shall be Mr. Frankel's primary endeavor. Mr. Frankel may engage in other business activities provided such activities are not competitive with the Business of the Company and do not interfere with the fulfillment of his obligations to the Company as determined from time to time by the Board of Managers.

4.2 Membership of Board of Managers.

Each of the Parties shall have the right to nominate two of the Managers. IAHC shall nominate Diego J. Veitia and Jerome F. Miceli as its initial Managers, and Lakeside shall nominate Menashe Frankel and Sharon Frankel as its initial Managers. Each of the Parties covenants that it shall take all actions from time to time necessary or desirable including, without limitation, the voting of its Membership Interest, the execution of written consents, the calling of special meetings, the waiving of notice and the attending of meetings, so as to cause the two persons nominated by the other Party to be Managers for so long as the other Party shall so desire. Each Party also agrees to take all action necessary to remove forthwith any Manager when (and only when) such removal is requested for any reason with or without cause by the Party that nominated such Manager and in the case of death, resignation or other removal as herein provided of such a Manager, to appoint forthwith another Manager nominated by the same Party that nominated the deceased, resigning or removed Manager.

ARTICLE 5

OPERATIONS OF THE COMPANY

5.1 Business Plan.

(a) The Company shall carry out, and the Parties shall cause the Company to carry out, all activities which are necessary to meet the objective of the Company's then applicable Business Plan.

(b) The initial Business Plan will be developed by the Parties on or before September 30, 1998.

(c) The Business Plan shall be reviewed at least annually by the President and shall be submitted to the Board of Managers for its review and consideration within forty-five (45) days before the end of each Fiscal Year of the Company. The Business Plan presented to the Board of Managers may be amended or modified by the Board of Managers, and the Business Plan, as approved by the Board of Managers, shall be implemented by the Company during the following Fiscal Year.

5.2 Budget.

(a) To meet the objectives of the Business Plan as from time to time in force, the Company shall establish a Budget for each Fiscal Year of the Company. The Budget for the first Fiscal Year is attached hereto as Exhibit 5.2. At least forty-five (45) days before the end of each Fiscal Year the President will provide the Board of Managers with a proposed Budget for the forthcoming Fiscal Year, for approval by the Board of Managers.

(b) If the Budget for any Fiscal Year thereafter has not been approved by the Board of Managers by the last day of the preceding Fiscal Year, the Budget for the preceding Fiscal Year (the "Default Budget") will remain in effect for such new Fiscal Year (the "Default Budget Year"), as adjusted (without duplication) to reflect increases or decreases resulting from the following events:

(i) the operation of escalation or de-escalation provisions in contracts in effect at the time of approval of the prior Fiscal Year's Budget solely as a result of the passage of time or the occurrence of events beyond the control of the Company to the extent such contracts are still in effect and have not been terminated;

(ii) elections made in any prior Fiscal Year under contracts contemplated by the Budget for the prior Fiscal Year regardless of which party to such contracts makes such election;

(iii) increases or decreases in expenses attributable to the annualized effect of employee additions or reductions during the prior Fiscal Year contemplated by the Budget for the prior Fiscal Year;

(iv) interest expense attributable to any loans made to the Company;

(v) increases or decreases in overhead expenses in an amount equal to the total of overhead expenses reflected in the Budget for the prior Fiscal Year

(excluding nonrecurring items) multiplied by the increase or decrease in the Consumer Price Index for the prior year (but in no event will such change be more than 5% of the corresponding items in the prior Fiscal Year Budget); and

(vi) decreases in expense attributable to non-recurring items reflected in the prior Fiscal Year's Budget.

(c) Following the approval of the Business Plan and Budget for a Fiscal Year (or deemed approval in the case of a Default Budget), the President of the Company will cause a copy of such Business Plan and Budget to be delivered to each Party. In the event any modification to the Business Plan or Budget is adopted in accordance with this Agreement, the President will promptly issue a revised Business Plan or Budget reflecting such modification for the remainder of such Fiscal Year and deliver a copy of it to each Party.

5.3 Deadlock.

(a) In the event that in two consecutive meetings the Board is unable to reach a decision on any of the matters listed in Section 5.3(b), either Party may request in a writing to the other Party that the President (or his designee) of each of the Parties use all reasonable efforts to reach agreement on the matter. If the Parties' Presidents or designees do not reach agreement in writing on the matter within fourteen (14) days of the date of receipt of such a written request, then the Parties may, at any time between the fifteenth and the twenty-second day after the date of receipt of the written request, exercise their respective Put Right and Call Right pursuant to, and in accordance with, the provisions of Section 8.3.

(b) The matters as to which Section 5.3(a) applies are:

(i) The approval of the Budget for a Fiscal Year (other than the first Fiscal Year of the Company), if the Company failed to meet the sales and earnings targets set for the Company in the Budget for the prior Fiscal Year; or

(ii) The raising of additional funds for the Company if the Company failed to meet the sales and earnings targets set for the Company in the Budget for the prior Fiscal Year.

ARTICLE 6

ACCOUNTING, BOOKS, RECORDS AND REPORTS

6.1 Accounting, Books and Records.

The Company shall maintain, and the Parties shall cause the Company to maintain, at IAHC's principal place of business separate books of account for the Company which shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received, and all income derived in connection with the operation of the Company's business in accordance with generally accepted accounting principles consistently applied and, to the extent inconsistent therewith, in accordance with this Agreement. The Company shall use the accrual method of accounting in preparation of its annual reports and for tax purposes and shall keep its books accordingly. Each Party shall, at its sole expense, have the right, at any time without notice to any other Party, to examine, copy, and audit the Company's books and records during normal business hours.

6.2 Tax Returns; Information.

The Parties shall cause the Company's accountants to prepare all income and other tax returns of the Company and shall cause the same to be filed in a timely manner. The Parties shall cause the Company to furnish to each Party a copy of each such return, together with any schedules or other information which each Party may require in connection with such Party's own tax affairs.

6.3 Reports.

Within thirty days of the end of each calendar year the President of the Company shall provide the Parties with summary financial information in a format to be determined by the Board of Managers relating to the operations of the Company for the year just ended. The President shall also prepare annual financial statements, including balance sheets, statements of operations, Company interests and cash flow, for each fiscal year of the Company. The annual financial statements shall be prepared in accordance with U.S. generally accepted accounting principles.

6.4 Certified Public Accounting Firm.

The Company shall retain a nationally recognized (that is, one of the six largest) independent certified accounting firm to audit its annual financial statements. The Company shall cause draft, unaudited financial statements to be provided to the Parties within 60 days following the end of each Fiscal Year and the audited annual financial statements and the report of the certified public accounting firm shall be provided, together with any management letter prepared

by such accounting firm, to the Parties within 90 days following the end of each Fiscal Year.

ARTICLE 7

PRODUCTS

7.1 Products Made Available to the Company.

(a) Each Party hereby promises to make its Products available to the Company, in a nonexclusive manner, for the purpose of marketing and selling the Products by the Company.

(b) The Parties shall provide the Company at cost with such marketing information concerning the Products as the Company may reasonably require in order to assist the Company with the marketing and sale of the Products.

(c) The Parties shall similarly provide other information to the Company as the Board of Managers of the Company may from time to time reasonably request, to facilitate the Company's marketing and sale of the Products, including, but not limited to mail lists.

7.2 Company Products Developed by the Joint Venture.

Any securities products developed by the Company (the "Company Products") shall be the property of the Company, in accordance with Section 2.6 hereof.

7.3 Costs Associated with the Marketing and Sale of Company Products

IAHC shall undertake to enter into a Services Agreement between IAHC and the Company, which shall govern the provision of services by IAHC to the Company. Such services shall include, but not be limited to, the provision of sub-clearing services, registration of Company Products, and sales and administrative services and costs attributable to the Company and the Company Products. The Services Agreement shall provide that services performed on behalf of the Company shall be provided at cost.

ARTICLE 8

TRANSFERS OF INTERESTS

8.1 Restrictions on Transfers.

Except as expressly permitted or required by this Agreement, no Party shall Transfer all or any portion of its Membership Interest or any rights therein without the unanimous consent of the Parties. Any Transfer or attempted Transfer by any Party in violation of the preceding sentence shall be null and void and of no force or effect whatsoever. Each Party hereby acknowledges the reasonableness of the restrictions on Transfer imposed by this Agreement in view of the purposes of this Agreement and the relationship of the Parties. Accordingly, the restrictions on Transfer contained herein shall be specifically enforceable. Each Party hereby further agrees to hold the Company and each other Party (and each other Party's successors and assigns) wholly and completely harmless from any cost, liability, or damage (including, without limitation, liabilities for income taxes and costs of enforcing this indemnity) incurred by any of such indemnified Persons as a result of a Transfer or an attempted Transfer in violation of this Agreement.

8.2 Permitted Transfers.

(a) Subject to the conditions and restrictions set forth in this Section 8.2 and in Section 8.4, a Party shall have the right to Transfer all (but not less than all) of its Membership Interest by means of a Permitted Transfer.

(b) A "Permitted Transfer" is:

(i) Any Transfer by a Party of all of its Membership Interest to a wholly-owned subsidiary of such Party;

(ii) Any Transfer made pursuant to the Option Agreement; and

(iii) Any Transfer made pursuant to Section 8.3 of this Agreement.

8.3 Purchase and Sale Rights.

(a) In the event that IAHC has the right to exercise its Put Right pursuant to Section 3.2 or 5.3, IAHC shall have the right to require Lakeside to purchase (the "Put Right") all but not less than all of the Membership Interest of IAHC. IAHC may exercise the Put Right by providing written notice to Lakeside of its intent to sell all of IAHC's Membership Interest to Lakeside. The notice shall include a closing date for such sale which shall be at least ninety (90) and no more than one hundred and twenty (120) days from the date of such notice. At the closing date, Lakeside shall purchase IAHC's right, title and interest in the Company at a price equal the lesser of the following two numbers:

(i) The product of the Percentage Interest represented by IAHC's Membership Interest and the shareholders' equity of the Company as determined in accordance with GAAP and as of the last day of the calendar quarter ended immediately prior to the date of the Put Right exercise notice; or

(ii) The sum total of IAHC's capital contributions to the Company.

If Lakeside fails to purchase IAHC's Membership Interest in connection with an exercise of the Put Right, such failure shall constitute an Event of Default under Section 12.1 and IAHC shall be the Non-Defaulting Party.

(b) In the event that Lakeside has the right to exercise its Call Right, Lakeside shall have the right to purchase (the "Call Right") all but not less than all of IAHC's Membership Interest pursuant to Section 3.2 or 5.3. Lakeside may exercise the Call Right by providing written notice to IAHC of its intent to purchase all of IAHC's Membership Interest. The notice shall include a closing

date for such sale which shall be at least ninety (90) and no more than one hundred and twenty (120) days from the date of such notice. At the closing date, Lakeside shall purchase IAHC's right, title and interest in the Company at a price equal the lesser of the following two numbers:

(i) The product of the Percentage Interest represented by IAHC's Membership Interest and the shareholders' equity of the Company as determined in accordance with GAAP and as of the last day of the calendar quarter ended immediately prior to the date of the Put Right exercise notice; or

(ii) The sum total of IAHC's capital contributions to the Company.

8.4 General Provisions Regarding Transfers.

(a) A Transfer otherwise permitted under this Article 8 shall not take effect unless and until the following conditions are satisfied:

(i) The transferor and transferee shall execute such documents and instruments of conveyance and assumptions as may be necessary or appropriate in the opinion of counsel to the Company to effect such Transfer and to confirm the transferee's agreement to be bound by the provisions of this Agreement and assumption of all monetary obligations of the transferor Party with respect to the Membership Interest being transferred and the transferor Party's agreement to guarantee the prompt payment and performance of such assumed obligations.

(ii) The transferee shall deliver such assurances as may be necessary or appropriate in the opinion of counsel to the Company to confirm such Transfer and that such transferor Party remains liable to perform all monetary obligations with respect to such interest.

(iii) The Company shall receive, prior to such Transfer, if it deems it necessary, an opinion of counsel satisfactory to the Company confirming that such Transfer will not terminate the Company for federal income tax purposes.

(iv) The transferor and transferee shall furnish the Company with the transferee's taxpayer identification number, sufficient information to determine the transferee's initial tax basis in the interest transferred, and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Agreement with respect to any transferred interest until it has received such information.

(b) The requirements of Section 8.4(a) shall not apply to an adjustment of Percentage Interests pursuant to Section 8.3 or a Transfer of Membership Interests pursuant to Section 8.3.

(c) The Parties intend that the Permitted Transfer of an interest in the Company shall not cause the dissolution of the Company under the Delaware Act; however, in the event of any such dissolution, the Parties shall cause the Company to be reformed and shall make reasonably best efforts to continue the business of the Company under this Agreement as if no such dissolution had occurred.

(d) In the event any Membership Interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Membership Interest.

ARTICLE 9

COMPLIANCE WITH LAW

9.1 General Compliance.

IAHC and Lakeside in the performance of their obligations under this Agreement and the Company in the conduct of its Business shall comply in all respects with all applicable laws and regulations of the United States of America (including all applicable state and federal securities laws) and of any country in which the Company does business. Each of the Parties shall cooperate with the other and with the Company in meeting this obligation.

ARTICLE 10

[Intentionally Omitted]

ARTICLE 11

INDEMNIFICATIONS

11.1 Parties' Indemnification.

No Party has or will have any authority to act for or to assume any obligation or responsibility on behalf of another Party or the Company except as expressly provided in this Agreement or in a writing signed by both Parties. In addition to the other remedies specified in this Agreement, each Party agrees to indemnify and hold each other Party harmless from and against any claim, demand, loss, damage, liability or expense of any kind or nature whatsoever, including reasonable outside attorneys' fees, incurred by or against such other Party and arising out of or resulting from any action taken by the indemnifying Party in violation of the first sentence of this Section 11.1

11.2 Indemnification as to Actions or Omissions in Company's Business.

Except to the extent otherwise provided in this Agreement, the Parties will cause the Company to indemnify, defend and hold harmless each Party and their respective officers, directors, employees and agents (collectively, "Indemnitees") from any loss, liability or damage incurred or suffered by any such Indemnitees with respect to any third-party claim by reason of any act performed or omitted to be performed, or alleged to have been performed or omitted, by such Indemnitees in connection with the Business of the Company (including any judgment, award, settlement, costs and other expenses, and reasonable outside attorneys' fees incurred in connection with the defense of any actual or threatened claim or action based on any such act or omission); provided that, if an Indemnitee's action or omission to act caused the loss, liability or damage incurred or suffered, such Indemnitee may not receive indemnification or avoid liability by reason of this provision with respect to any claim as to which the Indemnitee is adjudged by a final nonappealable decision of a court of competent jurisdiction to have acted in or with fraud, bad faith or willful misconduct. Any such indemnification will be made promptly following the fixing of the loss, liability or damage incurred or suffered by final nonappealable decision, settlement, contract or otherwise (except that any attorneys' fees and the expenses of defense may be paid as incurred).

11.3 Cross Indemnification.

As between the Parties, no Party will be liable or bear responsibility for more than its proportionate share (based on its Percentage Interest at the time such liability or obligation arises) of each of the liabilities and obligations of the Company. In the event that either Party is required to pay, discharge or otherwise bear responsibility for any amount of any liability or obligation of the Company in excess of such Party's proportionate share (otherwise than by reason of such Party's violation of this Agreement, fraud, bad faith or willful

misconduct), the other Party agrees to indemnify, hold harmless and reimburse such Party against and for such other Party's proportion share of such excess. It is the intention of the Parties that, following the operation of this Section, each Party will have borne exactly its proportionate share of the liability or obligation of the Company at issue.

11.4 Indemnifications by Lakeside.

Lakeside shall indemnify, defend and hold harmless IAHC and keep IAHC indemnified against any loss, damage, costs or expense (including reasonable attorneys' fees) suffered or incurred by IAHC as the result of any action, claim, demand or proceeding commenced by any Person due to:

- (a) Lakeside's breach of this Agreement; or
- (b) Lakeside's willful misconduct in the performance of its obligations under this Agreement.

11.5 Indemnifications by IAHC.

IAHC shall indemnify, defend and hold harmless Lakeside and keep Lakeside indemnified against any loss, damage, costs or expense (including reasonable attorneys' fees) suffered or incurred by Lakeside as the result of any action, claim, demand or proceeding commenced by any Person due to:

- (a) IAHC's breach of this Agreement; or
- (b) IAHC's willful misconduct in the performance of its obligations under this Agreement.

11.6 Procedure for Indemnification.

(a) Each Party (the "Indemnified Party") shall give prompt written notice to the other Party (the "Indemnifying Party") of any claim or event known to it which does or may give rise to a claim by the Notifying Party based on the indemnification provisions of this Agreement, stating the nature and basis and said claim or events and the amounts thereof, to the extent known. Such notice shall be a condition precedent to any indemnification obligation of the Notified Party. Notwithstanding the foregoing, failure to give reasonably prompt written notice pursuant to this Section 11.6 shall not defeat a claim made pursuant the indemnification provisions of this Agreement, except to the extent that the Notified Party can establish that it has been harmed by such delay.

(b) In the event of any claim, action, suit or proceeding made or brought against an Indemnified Party, the Indemnified Party shall give the Indemnifying

Party written notice of such claim, action, suit or proceeding as described in Section 11.6(a), with a copy of the claim, process and legal pleadings with respect thereto. After notification, the Indemnifying Party may participate in and assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party at the time of such assumption. If the Indemnifying Party assumes the defense of the claim, action, suit or proceeding, the Indemnified Party shall nonetheless have the right to employ its own counsel and such counsel may participate in such action, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party, when and as incurred, unless (a) the employment of counsel by the Indemnified Party has been authorized by the Indemnifying Party, or (b) the Indemnifying Party shall not in fact have employed counsel to assume the defense of such claim, action, suit or proceeding reasonably satisfactory to the Indemnified Party. If clause (b) of the preceding sentence applies, then counsel for the Indemnified Party shall have the right to direct the defense of such claim, action, suit or proceeding on behalf of the Indemnified Party. The Parties shall keep each other fully informed of such claim, action, suit or proceeding at all stages thereof whether or not both Parties are represented by its own counsel.

11.7 Survival.

The provisions of this Article 11 shall survive dissolution and liquidation of the Company and shall survive termination of this Agreement for any reason.

ARTICLE 12

EVENTS OF DEFAULT

12.1 Events of Default.

A Party ("the Defaulting Party") shall be in default under this Agreement, and shall thereby give rise to the rights and remedies of the other Party ("the Non-Defaulting Party") and other consequences specified in Section 12.2, if any of the following events (each such event, an "Event of Default") occurs:

(a) if the Defaulting Party fails to duly and punctually perform or comply with any of its material obligations under this Agreement and does not remedy such failure within 30 days from the earlier of:

(i) the date on which the Defaulting Party became aware of such failure; and

(ii) receipt of written notice from the Non-Defaulting Party requiring it to do so;

(b) if any representation made by the Defaulting Party in this Agreement is incorrect or is misleading in a material respect and the Defaulting Party does not remedy such defect within 30 days from the earlier of:

(i) the date on which the Defaulting Party became aware of such defect; and

(ii) receipt of written notice from the Non-Defaulting Party requiring it to do so;

(c) the Defaulting Party becomes or is deemed to be insolvent, bankrupt or unable to pay its debts; or a resolution is passed for, or an application is made for an order of, winding up the Defaulting Party; or the Defaulting Party enters into bankruptcy, reorganization or liquidation proceedings however described, whether voluntary or involuntary, under the U.S. Bankruptcy Code, state insolvency law, or the law of any country or jurisdiction; or the Defaulting Party makes an assignment for the benefit of creditors; or any action is taken by or against the Defaulting Party the purpose or effect of which is or may be to relieve the Defaulting Party from the payment of its debts; or the Defaulting Party has a trustee, receiver, administrator, or liquidator appointed for all or some of its assets; or the Defaulting Party takes or suffers any similar action in consequence of debt, bankruptcy or insolvency in any jurisdiction, provided that this paragraph shall not apply to a bona fide re-organization of the Defaulting Party while solvent on terms approved by the other Party (such approval not to be unreasonably withheld or delayed);

(d) without the prior written consent of the Non-Defaulting Party or as otherwise provided in this Agreement, the Defaulting Party assigns all or any part of its rights or interests under this Agreement, or the Defaulting Party gives notice of its withdrawal from the Company, or undertakes a Resignation (as that term is defined in the LLC Agreement); or

(e) the Defaulting Party is prevented by any law from carrying out any of its material obligations under this Agreement.

12.2 Remedies Upon Default.

The rights and remedies of the Non-Defaulting Party and other consequences that are triggered by the occurrence of any and every Event of Default are as follows:

(a) The Non-Defaulting Party may sue the Defaulting Party for compensatory damages, but in no event shall a Defaulting Party be liable for consequential damages;

(b) Notwithstanding any other provision of this Agreement, the Non-Defaulting Party shall be entitled to fill unilaterally all vacancies that may occur on the Board of Managers until the Event of Default is rectified;

(c) Notwithstanding any other provision of this Agreement, the Non-Defaulting Party shall be entitled to fill unilaterally any vacancies that may occur in any of the officer positions of the Company;

(d) The Non-Defaulting Party may order the dissolution of the Company in accordance with Article 14 of the LLC Agreement; and

(e) Exercise any other rights and remedies available to the Non-Defaulting Party at law or in equity.

The rights and remedies specified in this Section 12.2 are cumulative.

ARTICLE 13

TERMINATION

13.1 Passage of Time.

In the event that the Company has not been dissolved, wound up or liquidated on the date specified in Section 2.4, then this Agreement will terminate on that date and the Company shall be dissolved in accordance with the provisions of the LLC Agreement.

13.2 Early Termination.

If not previously terminated, this Agreement shall terminate on the first date that one of the Parties no longer owns a Membership Interest.

13.3 Dissolution, Liquidation, and Winding Up Generally.

Any dissolution, liquidation or winding up of the Company shall be done in accordance with the terms of the LLC Agreement.

ARTICLE 14

MISCELLANEOUS

14.1 Notices.

Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and (a) personally delivered, including over-night delivery by a courier service, (b) sent by postage prepaid registered first-class airmail or (c) transmitted by telecopy as follows:

If to IAHC:

International Assets Holding Corporation
250 Park Avenue South, Suite 200...
Winter Park, Florida 32789
Facsimile Number: (407) 629-2470

Attention: Diego J. Veitia

If to Lakeside:

Lakeside Investments, LLC
211 Private Way
Lakewood, New Jersey 08701
Facsimile Number: (732) 364-0956

Attention: Menashe Frankel

14.2 Binding Effect.

Except as otherwise provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, and permitted successors, transferees, and permitted assigns.

14.3 Construction.

Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Party. The terms of this Agreement are intended to embody the economic relationship among the Parties and shall not be subject to modification by, or be conformed with, any actions by the Internal Revenue Service except as this Agreement may be explicitly so amended and except as may relate specifically to the filing of tax returns.

14.4 Headings.

Article headings, Section headings, and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision of this Agreement.

14.5 Severability.

Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

14.6 Further Action.

Each Party agrees to perform all further acts and execute, acknowledge, and deliver any documents which may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Agreement.

14.7 Governing Law.

The laws of the State of New York, excluding the rules on conflict of laws and choice of law, shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the Parties.

14.8 Counterpart Execution.

This Agreement may be executed in several counterparts, each of which shall be an original, and such counterparts shall together constitute but one and the same instrument.

14.9 Force Majeure.

If an event of Force Majeure occurs, a Party's contractual obligations affected by such an event shall be suspended during the period of delay caused by the Force Majeure and shall be automatically extended, without penalty, for a period equal to such suspension. The Party claiming Force Majeure shall promptly inform the other Party in writing and shall furnish sufficient proof of the occurrence and duration of such Force Majeure. The Party claiming Force Majeure shall also use all reasonable endeavors to terminate the Force Majeure. In the event of Force Majeure, the Parties shall immediately consult with each other in order to find an equitable solution and shall use all reasonable endeavors to minimize the consequences of such Force Majeure.

14.10 Entire Agreement.

This Agreement and the schedules and exhibits hereto and the other agreements referred to herein constitute the entire agreement between the Parties pertaining to the Business and the Company and supersede all previous communications, agreements and understandings between the Parties relating to the Company. Neither Party has entered into this Agreement in reliance upon any representation, warranty or undertaking of the other Party that is not set out or referred to in this Agreement. This Agreement may be amended or modified only by a written agreement signed by all of the Parties.

14.11 Conflict with LLC Agreement.

Notwithstanding anything in this Agreement or the LLC Agreement to the contrary, in the event of any conflict between this Agreement and the LLC Agreement, the provisions of this Agreement shall control.

14.12 Confidentiality.

(a) Subject to the requirements of applicable law, each Party shall maintain in confidence the terms and existence of this Agreement and all confidential information identified as such received from the other, whether of a commercial or technical nature, shall use such information only for the benefit of the Company, and shall not disclose any such information to a third party (other than such Party's officers, directors, shareholders, partners and professional advisers) or make any unauthorized use thereof. Each Party shall treat such information with the same degree of care against disclosure or unauthorized use which it affords to its own confidential information. The obligation of confidential treatment shall not apply to any information that (i) has become generally available in the public domain, (ii) was in the receiving Party's possession prior to disclosure, (iii) was independently developed by the receiving Party, (iv) was received from a third party who had a right to disclose such information, or (v) is required to be disclosed to comply with applicable laws, rules, regulations or court orders; provided, that with respect to any disclosure of information pursuant to this Section 14.12(a)(v) each Party will consult with the other Party prior to making any such disclosure.

(b) The Parties acknowledge that the Company will receive from IAHC and IAHC's Affiliates and Lakeside and Lakeside's Affiliates certain proprietary information regarding the investment products developed prior to this Agreement by the Parties (the "Know-How"). The Parties and the Company acknowledge and agree that the Know-How of each Party is proprietary to such Party and is confidential. The Parties shall cause the Company to keep all Know-How in confidence, and shall not use such Know-How other than in the normal course of the Business. Except as permitted herein or as expressly permitted by the Parties in writing, the Company shall not, directly or indirectly, disclose, divulge, copy, furnish to or make accessible to any third party any Know-How. Notwithstanding the foregoing sentence, the Company may disclose the Know-How to those employees or officers of the Company who require such information in connection with the operation of the Business. The Parties shall cause the Company to ensure that such employees or officers are aware of and comply with the confidentiality obligation imposed on the Company under this Agreement. The Company's obligation of confidential treatment of the Know-How shall not apply to any information that (i) has become generally available in the public domain, (ii) was in the Company's possession prior to the date hereof, (iii) was independently developed by the Company, (iv) was received from a third party who had a right to disclose such information, or (v) is required to be disclosed to comply with applicable laws, rules, regulations or court orders; provided, that with respect to any disclosure of information pursuant to Section 14.12(b)(v) the Parties and the Company will consult with each other prior to the Company making any such disclosure.

(c) In order to avoid the disclosure or misappropriation of the Know-How, the Parties shall cause the Company to maintain appropriate security measures which are no less stringent than those security measures used to safeguard the Company's proprietary information and in any event that are no less stringent

than are reasonably necessary to protect that the Know-How from unauthorized disclosure. The Parties shall cause the Company to promptly notify each Party of any unauthorized disclosure of the Know-How and take such action as the Party affected by such disclosure reasonably requests to prevent any further unauthorized disclosure of the Know-How.

(d) This Section 14.12 will survive termination of this Agreement for any reason.

14.13 Due Authorization.

Each of the Parties represents and warrants that it has all requisite corporate and other power and authority to enter into and perform its obligations under this Agreement, and that the execution, delivery and performance of this Agreement by such Party has been duly authorized by all necessary corporate and other action on the part of such Party.

14.14 No Third Party Rights.

The representations, warranties, covenants and agreement contained in this Agreement are for the sole benefit of the Parties and shall not be deemed or construed as in any way creating or conferring any rights or obligations on any third party.

14.15 Dispute Resolution.

Any disputes arising out of, relating to, or arising in connection with this Agreement or any of the documents or agreements attached hereto as exhibits (including without limitation the LLC Agreement) shall be finally settled by arbitration in accordance with the Commercial Arbitration Rules and the Supplementary Procedures for Commercial Arbitration of the American Arbitration Association (except insofar as those rules and procedures are modified by the terms of this paragraph). Each of the Parties shall appoint one arbitrator, and the two arbitrators thus selected shall designate a third. If either of the Parties fails to appoint its arbitrator within sixty (60) days after receipt of notice of the appointment by the other of its arbitrator, or if the two arbitrators fail to appoint a third within sixty (60) days, then the American Arbitration Association will have the power, on the request of either party, to make the appointments. The arbitration will be held in New York City unless both Parties agree otherwise; and it shall be held as promptly as possible at such time as the arbitrators may determine. The arbitration shall be conducted in the English language. The decision of a majority of the arbitrators will be final and binding upon the parties hereto, and the expenses of the arbitration will be shared equally between the parties. The arbitration proceedings and all evidence provided by both parties shall be kept secret and confidential and not disclosed to any person not a party to the arbitration. Judgment upon the arbitration award may be entered in any court of competent jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be. Anything to the contrary in this Agreement

notwithstanding, neither Party shall be prevented from applying to a court of competent jurisdiction for such preliminary or interim injunctive relief, or relief in aid of arbitration, as may be necessary to preserve or restore the status quo, and neither Party shall be prevented from impleading any other Party into a lawsuit or other legal proceeding brought by a third person or entity where the impleading Party has a claim or cause of action against the impleaded Party for contribution, for indemnity, or otherwise related to or arising out of the same transaction or occurrence as is the subject of the third person or entity's lawsuit or proceeding.

IN WITNESS WHEREOF, the Parties have entered into this Joint Venture Agreement as of the day first above set forth.

International Assets Holding Corp.

By: /s/ Diego J. Veitia
Its: Chairman & CEO

Lakeside Investments, LLC

By: /s/ Menashe Frankel
Its: President

INTERNATIONAL ASSETS NEW YORK, LLC

LIMITED LIABILITY COMPANY AGREEMENT

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INTERNATIONAL ASSETS NEW YORK, LLC

LIMITED LIABILITY COMPANY AGREEMENT

THIS LIMITED LIABILITY COMPANY AGREEMENT (the "Agreement") is made and entered into as of this 30th day of September, 1998, by and among International Assets Holding Corp. ("IAHC") and Lakeside Investments, LLC ("Lakeside") (collectively, the "Members").

WHEREAS, the Members intend to form the Company (as hereinafter defined) for the purposes set forth herein; and

WHEREAS, the Members wish their relations and the Company to be governed by this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

(a) "Adjusted Capital Account Deficit" shall mean with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the taxable year, after giving effect to the following adjustments:

(i) credit to such Capital Account that amount which such Member is obligated to restore under Section 1.704-1(b)(2)(ii)(c) of the Treasury Regulations, as well as any addition thereto pursuant to the next to last sentence of Sections 1.704-2(g)(1) and (i)(5) of the Treasury Regulations, after taking into account thereunder any changes during such year in Partnership Minimum Gain (as determined in accordance with Section 1.704-2(d) of the Treasury Regulations) and in Partner Minimum Gain (as determined under Section 1.704-2(i)(3) of the Treasury Regulations); and

(ii) debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Treasury Regulations.

This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulation Sections 1.704-1(b)(2)(ii)(d) and 1.704-2, and will be interpreted consistently with those provisions.

(b) "Board of Managers" means the Board of Managers described in Section 5.1.

(c) "Capital Account" as of any given date shall mean the Capital Account as defined by Article 10.3.

(d) "Capital Contribution" shall mean any contribution to the capital of the Company in cash or property by a Member whenever made. "Initial Capital Contribution" shall mean the initial contribution to the capital of the Company pursuant to this Agreement. "Additional Capital Contribution" shall mean any Capital Contribution other than an Initial Capital Contribution.

(e) "Certificate" shall mean the Certificate of Formation of the Company as filed by the organizer of the Company with the Delaware Secretary of State, as the same may be amended from time to time.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.

(g) "Company" shall refer to International Assets New York, LLC.

(h) "Company Products" shall have the meaning given in the Joint Venture Agreement.

(i) "Continued Products" has the meaning set forth in Section 14.2(g).

(j) "Delaware Act" shall mean the Delaware Limited Liability Company Act at Title 6 of the Delaware Code, ss 18-101 through ss 18-1109, as the same may be amended from time to time.

(k) "Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at any time during such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such Gross Asset Value as of such time as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset is zero, Depreciation shall be determined with reference to such Gross Asset Value using any reasonable method selected by the Manager.

(l) "Distributable Cash" shall mean all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (ii) all cash expenditures incurred in the normal operation of the Company's business; and (iii) such reserves as the Managers deem reasonably necessary for the proper operation of the Company's business.

(m) "Entity" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust or foreign business organization.

(n) "Fiscal Year" means the Company's fiscal year, which shall end on September 30.

(o) "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the Members hereunder.

(ii) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as of the following times:

(a) the acquisition of a Membership Interest in the Company by a new or existing Member in exchange for more than a de minimis Capital Contribution, if such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(b) the distribution by the Company to a Member of more than a de minimis amount of Company money or property as consideration for a Membership Interest in the Company, if necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g); and

(d) at such other times as necessary or advisable in order to comply with Treasury Regulation Sections 1.704-1(b) and 1.704-2.

(iii) The Gross Asset Value of any Company asset distributed to a Member shall be the gross fair market value of such asset on the date of distribution as determined by the Members.

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that the Members reasonably determine that an adjustment pursuant to subparagraph (b) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to Section 1(p)(i), Section 1(p)(ii), or Section 1(p)(iv) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Profits and Net Losses.

(p) "Joint Venture Agreement" means that certain Joint Venture Agreement dated September 30, 1998, between International Assets Holding Corp. and Lakeside Investments, LLC.

(q) "Majority Interest" shall mean the affirmative vote of Members holding more than fifty percent (50%) of the aggregate Percentage Interests in the Company.

(r) "Manager" shall mean one or more members of the Board of Managers of the Company. References to the Managers in the singular or as him, her, it, itself or other like references shall also, where the context so requires, be deemed to include the plural or the masculine or feminine reference, as the case may be.

(s) "Member" shall mean, in connection with the formation of the Company, each of the parties who executes a counterpart of this Agreement as a Member and, after the formation of the Company, each of the parties who may be admitted as a Member in accordance with Article 13 of this Agreement. References to a Member as it, itself or other like references shall also, where the context so requires, be deemed to include the masculine or feminine reference, as the case may be.

(t) "Membership Interest" shall mean a Member's entire interest in the Company, including the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision or action of or by the Members granted pursuant to this Agreement and the Delaware Act.

(u) "Net Profits" and "Net Losses" shall mean, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such fiscal year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss, and all fees and reimbursements payable to any Member shall be regarded as deductions), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profit or Net Loss pursuant to this definition of Net Profit or Net Loss shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profit or Net Loss pursuant to this definition of Net Profit or Net Loss shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii)(b) or subparagraph (ii)(c) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Profit or Net Loss;

(iv) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year, computed in accordance with Section 1(i) hereof.

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Membership Interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Profit or Net Loss; and

(vii) Notwithstanding any other provision of this definition of Net Profit or Net Loss, any items which are specially allocated pursuant to Section 11.2 hereof shall not be taken into account in computing Net Profit or Net Loss.

(v) "Nonrecourse Debt" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(3).

(w) "Nonrecourse Deductions" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a fiscal year of the Company shall be determined in accordance with the rules of Treasury Regulation Section 1.704-2(c).

(x) "Partner Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Debt, determined in accordance with Treasury Regulation Section 1.704-2(i)(3).

(y) "Partner Nonrecourse Debt" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

(z) "Partner Nonrecourse Deductions" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Company year shall be determined in accordance with the rules of Treasury Regulation Section 1.704-2(i)(2).

(aa) "Partnership Minimum Gain" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Company year shall be determined in accordance with Treasury Regulation Section 1.704-2(d).

(bb) "Percentage Interest" shall mean the proportion that a Member's Initial Capital Contribution and Additional Capital Contribution(s), if any, bears to the aggregate Initial Capital Contributions and Additional Capital Contribution(s), if any, of all Members and shall be as stated on Schedule A to this Agreement. Schedule A shall be amended from time to time upon the occurrence of an Additional Capital Contribution to reflect the aggregate Capital Contributions and Percentage Interest of each Member.

(cc) "Person" shall mean any individual or Entity, and their heirs, executors, administrators, legal representatives, successors and assigns where the context so permits.

(dd) "Regulatory Allocations" has the meaning set forth in Section 11.2(a)(viii).

(ee) "Reserves" shall mean funds set aside or amounts allocated to reserves which shall be maintained in amounts deemed sufficient by the Board of Managers for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company's business.

(ff) "Transferring Member" shall mean (i) any Member who sells, assigns, pledges, hypothecates, transfers, exchanges or otherwise transfers for consideration all or any portion of its Membership Interest or (ii) any Member who gifts, bequeaths or otherwise transfers for no consideration (by operation of law or otherwise, except with respect to bankruptcy) all or any part of its Membership Interest.

(gg) "Treasury Regulations" shall include proposed, temporary and final regulations promulgated under the Code.

(hh) "Withdrawal Event" shall mean the death, Resignation, Expulsion, bankruptcy, or dissolution of, a Member or upon the occurrence of any other event that terminates the continued membership of a Member in the Company other than by transfer of all of the Member's Membership Interest to another person.

ARTICLE 2

FORMATION OF COMPANY

2.1 Formation. The Company has been organized as a Delaware limited liability company by executing and delivering the Certificate to the Delaware Secretary of State in accordance with and pursuant to the Delaware Act.

2.2 Name. The name of the Company is International Assets New York, LLC.

2.3 Principal Place of Business. The principal place of business of the Company shall be in New York, New York. The Company may locate its places of business and registered office at any other place or places as the Board of Managers may deem advisable.

2.4 Registered Office and Registered Agent. The Company's initial registered office shall be at the office of its registered agent at 1013 Centre Street, Wilmington, Delaware, County of New Castle and the name of its initial registered agent shall be Corporation Service Company.

2.5 Term. The term of the Company shall commence on the date of the formation of the Company in accordance with and pursuant to the Delaware Act, and shall continue until December 31, 2010, unless the Company is earlier dissolved in accordance with either the provisions of this Agreement or the Delaware Act.

2.6 Certificates of Membership Interests. The Board of Managers of the Company may make such rules and regulations as they may deem appropriate concerning the

issuance and registration of Membership Interests of the Company. The Board of Managers may authorize the issuance of any Membership Interests without certificates. Such authorization shall not affect Membership Interests already represented by certificates until they are surrendered to the Company.

ARTICLE 3

BUSINESS OF COMPANY

3.1 Permitted Businesses. The business of the Company shall be to engage in the marketing and sale of certain securities related products developed by the Members and new products to be developed by the Company and to carry on any other lawful business or activity in connection with the foregoing.

ARTICLE 4

NAMES AND ADDRESSES OF MEMBERS

The names and addresses of the initial Members are as follows:

NAME	ADDRESS
International Assets Holding Corp.	250 Park Avenue South, Suite 200 Winter Park, Florida 32789 Facsimile Number: (407) 629-2470 Attention: Diego Veitia
Lakeside Investments, LLC	211 Private Way Lakewood, New Jersey 08701 Facsimile Number: (732) 364-0956 Attention: Menashe Frankel

ARTICLE 5

RIGHTS AND DUTIES OF BOARD OF MANAGERS

5.1 Management. The business and affairs of the Company shall be managed by its Board of Managers. The Board of Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business and objectives. No one Manager may take or effect any action on behalf of the Company or otherwise bind the Company in the absence of a formal delegation of authority by the Board of Managers to such Manager. Unless authorized to do so

by this Agreement or by the Board of Managers of the Company, no Member, officer, attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company.

5.2 Number, Election, Tenure and Qualifications. The number of Managers which shall constitute the first Board of Managers shall be four (4), which Board of Managers shall be established in accordance with Section 4.2 of the Joint Venture Agreement. Managers need not be Members of the Company.

5.3 Manner of Acting. The Board of Managers shall meet at least once each calendar quarter. The Board of Managers may designate any place, either within or outside the State of Delaware, as the place of meeting of the Board of Managers. If no designation is made, the place of meeting shall be the principal place of business of the Company. A majority of the Board of Managers shall constitute a quorum at meetings of the Board of Managers. If a quorum is present, the unanimous vote of those in attendance shall constitute the act of the Board of Managers, unless the vote of all Members is otherwise required by this Agreement, the Delaware Act or the Certificate. Any Manager may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting by means of such equipment shall constitute presence in person at such meeting. Action may be taken without a meeting if the action is evidenced by one or more written consents signed by each Manager.

5.4 Certain Powers of Managers. Without limiting the generality of Section 5.1, the Board of Managers shall have power and authority, after due action, on behalf of the Company:

(a) to acquire property from any Person as the Board of Managers may determine, whether or not such Person is directly or indirectly affiliated or connected with any Manager or Member;

(b) to borrow money for the Company on such terms as the Board of Managers deem appropriate, and in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Board of Managers, or to the extent permitted under the Delaware Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Board of Managers;

(c) to purchase liability and other insurance to protect the Company's property and business;

(d) to hold and own Company real and personal properties in the name of the Company;

(e) to invest Company funds;

(f) to execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; assignments, bills of sale; leases; and any other instruments or documents necessary to the business of the Company;

(g) to employ accountants, legal counsel, agents or other experts to perform services for the Company;

(h) to enter into any and all other agreements on behalf of the Company, in such forms as the Board of Managers may approve;

(i) to appoint such agents, officers and delegees as may be necessary or appropriate to the conduct of the business; and

(j) to do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

5.5 Managers Have No Exclusive Duty to Company. No Manager shall be required to manage the Company as his or her sole and exclusive function and he or she may have other business interests and engage in activities in addition to those relating to the Company. Neither the Company, the Members, nor any other Manager shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Manager or in the income or proceeds derived therefrom.

5.6 Bank Accounts. The Board of Managers may from time to time authorize the opening of bank accounts in the name and on behalf of the Company, and the Board of Managers shall determine who shall have the signatory power over such accounts.

5.7 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company and the other Managers of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later date specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.8 Removal. Removal of any Manager shall be effected in accordance with Section 4.2 of the Joint Venture Agreement.

5.9 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company shall be filled in accordance with Section 4.2 of the Joint Venture Agreement.

ARTICLE 6

OFFICERS

6.1 Officers of Company. The officers of the Company shall consist of a President, a Treasurer and a Secretary, and such Vice Presidents, Assistant Vice Presidents, Assistant Treasurers, Assistant Secretaries or other officers or agents as may be elected and appointed by the Board of Managers. Any two or more offices may be held by the same person. The officers shall act in the name of the Company and shall supervise its operation under the direction and management of the Board of Managers, as further described below.

6.2 Election and Term of Office. The officers of the Company shall be elected annually by the Board of Managers. Vacancies may be filled or new offices created and filled at any meeting of the Board of Managers. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Election or appointment of an officer or agent shall not of itself create contract rights.

6.3 Removal. Subject to the terms of the Joint Venture Agreement, any officer or agent may be removed by the Board of Managers whenever in their judgment the best interests of the Company would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

6.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Managers for the unexpired portion of the term.

6.5 President. The President of the Company shall be the chief operating officer and in general and active charge of the entire business and all the affairs of the Company and shall have the powers and perform the duties incident to that position, including the power to bind the Company in accordance with this Section 6.5. The President shall, when present, preside at all meetings of the Board of Managers. He or she shall have such other powers and perform such duties as are specified in this Agreement and as may from time to time be assigned to him or her by the Board of Managers of the Company.

The President shall have general and active management of the business of the Company and shall see that all orders and resolutions of the Board of Managers of the Company are carried into effect. The President may execute bonds, mortgages and other contracts (whenever requiring a seal, under the seal of the Company), except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Managers of the Company to some other officer or agent of the Company. The President shall have general powers of supervision and shall be the final arbiter of all differences between

officers of the Company, and such decision as to any matter affecting the Company shall be final and binding as between the officers of the Company subject only to the Board of Managers of the Company.

6.6 The Vice Presidents. In the absence of the President or in the event of his or her inability or refusal to act, a Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or the Board of Managers of the Company.

6.7 The Treasurer. The Treasurer shall be the chief financial officer of the Company. The Treasurer shall not be required to give a bond for the faithful discharge of his or her duties. He or she shall: (i) have charge and custody of and be responsible for all funds and securities of the Company; (ii) be charged with primary responsibility for dealing with national securities exchanges or other exchanges in which the Company may hold a membership or on which the Company may trade; (iii) receive and give receipts for moneys due and payable to the Company from any source whatsoever, and deposit all such moneys in the name of the Company in such banks, trust companies or other depositories as shall be selected by the Board of Managers of the Company; and (iv) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Managers of the Company.

6.8 The Secretary. The Secretary shall: (a) keep the minutes of the Board of Managers' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of this Agreement or as required by law; (c) be custodian of Company records; (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; (e) sign with the President or a Vice President (as designated by the President), any certificates for Membership Interests, the issue of which shall have been authorized by resolution of the Board of Managers; (f) certify the resolutions of the Board of Managers, and other documents to the Company as true and correct thereof; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President, a Vice President (as designated by the President) or the Board of Managers of the Company.

6.9 Assistant Treasurers and Assistant Secretaries. The Assistant Treasurers shall respectively, if required by the Board of Managers of the Company, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Managers of the Company shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary, respectively, or by the President or the Board of Managers of the Company.

6.10 Salaries. Except as otherwise provided in the Joint Venture Agreement, the salaries and other compensation of the officers and other employees of the Company shall be fixed from time to time by the Board of Managers, and no officer or employee shall be prevented from receiving such salary by reason of the fact that he or she is also a Manager or Member of the Company.

ARTICLE 7

RIGHTS AND OBLIGATIONS OF MEMBERS

7.1 Limitation of Liability. A Member shall not be personally liable to creditors of the Company for any debts, obligations, liabilities or losses of the Company, whether arising in contract, tort or otherwise, beyond such Member's Capital Contribution under Section 10.1 and any additional Capital Contributions made by such Member under Section 10.2, except as otherwise required by law.

7.2 List of Members. Upon the written request of any Member, the Board of Managers shall provide a list showing the names, addresses and Membership Interests of all Members.

7.3 Company Books. In accordance with Section 11.8 hereof, the Board of Managers shall maintain and preserve, during the term of the Company, the accounts, books and other relevant Company documents. Upon reasonable written request, each Member and its duly authorized representative shall have the right, at a time during ordinary business hours, as reasonably determined by the Board of Managers, to inspect and copy such Company documents (at the requesting Member's expense) which the Board of Managers, in its discretion, deems appropriate for any purpose reasonably related to the requesting Member's Membership Interest.

7.4 Priority and Return of Capital. Except as may be expressly provided in Article 11, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions; provided that this Section shall not apply to the repayment by the Company of loans (as distinguished from Capital Contributions) which a Member has made to the Company.

7.5 No Preemptive Rights. No Member shall have any preemptive or preferential right, including any such right with respect to (a) Additional Capital Contributions; (b) issuance or sale of Membership Interests, whether unissued or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Company convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such unissued Membership Interest; (d) issuance of any right of, subscription to or right to receive, or any warrant or option for the purchase of, any of the foregoing securities; or (e) issuance or sale of any other securities that may be issued or sold by the Company.

ARTICLE 8

MEETINGS OF MEMBERS

8.1 Meetings. Meetings of the Members, for any purpose or purposes, may be called by any Member or Members owning a Majority Interest or by any Manager.

8.2 Place of Meetings. The Members may designate any place, either within or outside the State of Delaware, as the place of meeting for any meeting of the Members. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal place of business of the Company.

8.3 Notice of Meetings. Except as provided in Section 8.4, written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than five (5) nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Board of Managers or Member or Members calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered two (2) calendar days after being deposited in the United States mail, addressed to the Member at its address as it appears in the books of the Company, with postage thereon prepaid.

8.4 Meeting of All Members. If Members owning a Majority Interest consent to the holding of a meeting at any time and place, such meeting shall be valid without call or notice, and at such meeting lawful action may be taken.

8.5 Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any distribution, or in order to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed or the date on which the resolution declaring such distribution is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

8.6 Quorum. Members owning a Majority Interest, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of the Percentage Interests so represented may adjourn the meeting from time to time for a period not to exceed sixty (60) days without further notice. However, if the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally

noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Percentage Interests whose absence would cause less than a quorum.

8.7 Manner of Acting. If a quorum is present, the affirmative vote of a majority of the Percentage Interests so represented shall be the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Delaware Act, by the Certificate or by this Agreement.

8.8 Proxies. At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Board of Managers of the Company before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

8.9 Telephone Conference. Any Member may participate in a meeting of the Members by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

8.10 Action by Members Without a Meeting. Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each Member entitled to vote and delivered to the Board of Managers of the Company for inclusion in the minutes or for filing with the Company records. Action taken under this Section is effective when all Members entitled to vote have signed the consent, unless the consent specifies a different effective date.

8.11 Waiver of Notice. When any notice is required to be given to any Member, a waiver thereof in writing signed by the person entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice.

ARTICLE 9

STANDARD OF CARE AND INDEMNIFICATION OF MANAGERS, OFFICERS AND EMPLOYEES

9.1 Standard of Care. No Manager or officer shall be liable to any Member or to the Company by reason of the actions of such person in the conduct of the business of the Company except for fraud, gross negligence or willful misconduct.

9.2 Indemnification of Managers, Officers and Employees. The Company shall, to the fullest extent to which is it empowered to do so by the Delaware Act or any other applicable law, indemnify and make advances for expenses to any person who was or is

a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Manager, officer or employee of the Company, against losses, damages, expenses (including attorneys' fees), judgments, fines and amounts reasonably incurred by him or her in connection with such action, suit or proceeding.

ARTICLE 10

CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

10.1 Initial Capital Contributions. Each Member shall contribute such amount set forth in Schedule A as its Initial Capital Contribution.

10.2 Additional Contributions. Except as provided in Section 3.2 of the Joint Venture Agreement, or as otherwise agreed by all the Members, no Member shall be required to make Additional Capital Contributions. The failure of any Member to make an Additional Capital Contribution required by Section 3.2 shall be deemed to constitute an Event of Default.

10.3 Capital Accounts. (a) There shall be established and maintained for each Member on the books of the Company a capital account (the "Capital Account") in accordance with the following provisions: A separate Capital Account will be maintained for each Member. Each Member's Capital Account will be increased by (1) the amount of money contributed by such Member to the Company; (2) the Gross Asset Value of property contributed by such Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code Section 752); (3) allocations to such Member of Net Profits; (4) items in the nature of income or gain which are specially allocated pursuant to Section 11.2 hereof; and (5) allocations to such Member of income described in Code Section 705(a)(1)(B). Each Member's Capital Account will be decreased by (1) the amount of money distributed to such Member by the Company; (2) the Gross Asset Value of property distributed to such Member by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Code Section 752); (3) allocations to such Member of Net Losses; (4) allocations to such Member of expenditures described in Code Section 705(a)(2)(B); and (5) items in the nature of expenses or losses which are specially allocated pursuant to Section 11.2 hereof.

(b) In the event of a permitted sale or exchange of a Membership Interest in the Company pursuant to Article 12 hereof, the Capital Account of the Transferring Member shall become the Capital Account of the transferee to the extent it relates to the transferred Membership Interest in accordance with Section 1.704-1(b)(2)(iv) of the Treasury Regulations.

(c) The manner in which Capital Accounts are to be maintained pursuant to this Section 10.3 is intended to comply with the requirements of Code Section 704(b) and the Treasury Regulations promulgated thereunder and the provisions herein regarding maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with such Regulations. If the Company determines that the manner in which Capital Accounts are to be maintained pursuant to the preceding provisions of this Section 10.3 should be modified in order to comply with Code Section 704(b) and the Treasury Regulations, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 10.3, the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Members as set forth in this Agreement.

ARTICLE 11

ALLOCATIONS, INCOME TAX, DISTRIBUTIONS, ELECTIONS AND REPORTS

11.1 Allocations of Net Profits and Net Losses. The Net Profits and Net Losses of the Company for each Fiscal Year shall be allocated among the Members in proportion to their respective Percentage Interests in the Company. Subject to the other provisions of this Article 11, allocations to a Member of Net Profits or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss, deduction or credit that is taken into account in computing Net Profits or Net Loss.

11.2 Additional Allocation Provisions. Notwithstanding the foregoing provisions of this Article 11:

(a) Regulatory Allocations.

(i) Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(f), notwithstanding the provisions of Section 11.1 of this Agreement, or any other provision of this Article 11, if there is a net decrease in Partnership Minimum Gain during any fiscal year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Partnership Minimum Gain, as determined under Treasury Regulation Section 1.704-2(g). The items to be allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 11.2(a)(i) is intended to qualify as a "minimum gain chargeback" within the meaning of Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Partner Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(i)(4), and notwithstanding the provisions

of Section 11.1 of this Agreement or any other provision of this Article 11 (except Section 11.2(a)(i)), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any fiscal year, each Member who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulation Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulation Section 1.704-2(i)(4). The items to be so allocated shall be determined in accordance with Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 11.2(a)(ii) is intended to qualify as a "chargeback of partner nonrecourse debt minimum gain" within the meaning of Treasury Regulation Section 1.704-2(i) and shall be interpreted consistently therewith.

(iii) Nonrecourse Deductions and Partner Nonrecourse Deductions. Any Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Members in accordance with their Percentage Interests. Any Partner Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Member(s) who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Treasury Regulation Section 1.704-2(i).

(iv) Qualified Income Offset. If any Member unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), that causes such Member to have an Adjusted Capital Account Deficit, items of Company income and gain shall be allocated, in accordance with Treasury Regulation Section 1.704-1(b)(2)(ii)(d), to the Member in an amount and manner sufficient to eliminate, to the extent required by such Treasury Regulation, the Adjusted Capital Account Deficit of the Member as quickly as possible provided that an allocation pursuant to this Section 11.2(a)(iv) shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided in this Article 11 have been tentatively made as if this Section 11.2(a)(iv) were not in the Agreement. It is intended that this Section 11.2(a)(iv) qualify and be construed as a "qualified income offset" within the meaning of Treasury Regulation 1.704-1(b)(2)(ii)(d), and shall be interpreted consistently therewith.

(v) Gross Income Allocation. In the event any Member has a deficit balance in its Capital Account at the end of any Fiscal Year which is in excess of the sum of (1) the amount (if any) such Member is obligated to restore to the Company, and (2) the amount such Member is deemed to be obligated to restore pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) or the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Membe

shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 11.2(a)(v) shall be made if and only to the extent that such Member would have a Adjusted Capital Account Deficit in excess of such sum after all other allocations provided in this Article 11 have been tentatively made as if this Section 11.2(a)(v) and Section 11.2(a)(iv) were not in this Agreement.

(vi) Limitation on Allocation of Net Losses. The allocation of Net Losses to any Member pursuant to Section 11.1 hereof shall not exceed the maximum amount of Net Loss that can be so allocated to such Member without causing such Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. To the extent an allocation of Net Loss would cause or increase an Adjusted Capital Account Deficit as to any Member, the limitation set forth in this Section 11.2(a)(vi) shall be applied on a Member by Member basis in accordance with their respective Percentage Interests so as to allocate the maximum permissible Net Loss to each Member without causing any Member to have an Adjusted Capital Account Deficit.

(vii) Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(2) or Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in liquidation of its interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their Percentage Interests in the event that Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Members to whom such distribution was made in the event that Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4) applies.

(viii) Curative Allocation. The allocations set forth in Sections 11.2(a)(i), (ii), (iii), (iv), (v), (vi), and (vii) (the "Regulatory Allocations") are intended to comply with certain regulatory requirements, including the requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Section 11.1, the Regulatory Allocations shall be taken into account if necessary in allocating other items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

11.3 Tax Allocations.

(a) In General. Except as otherwise provided in this Section 11.3, for income tax purposes each item of income, gain, loss and deduction (collectively, "Tax Items") shall be allocated among the Members in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 11.1 and 11.2.

(b) Allocations Respecting Section 704(c) Revaluations. Notwithstanding Section 11.3(a), Tax Items with respect to Company property that is contributed to the Company by a Member shall be shared among the Members for income tax purposes pursuant to Treasury Regulation promulgated under Section 704(c) of the Code, so as to take into account the variation, if any, between the basis of the property to the Company and its initial Gross Asset Value. With respect to Company property, if any, that is initially contributed to the Company upon its formation, such variation between basis and initial Gross Asset Value shall be taken into account under the "traditional method" as described in Proposed Treasury Regulation 1.704-3(b) and Treasury Regulation 1.704-1(c)(2). In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (b) of the definition of Gross Asset Value, subsequent allocations of tax items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Code Section 704(c) and the applicable Treasury Regulation under the same method.

11.4 Distributions. Interim distributions, liquidating distributions and redemption distributions shall be made as follows:

(a) Subject to Section 18-607 of the Delaware Act the Board of Managers may cause the Company to make interim distributions of Distributable Cash or other property at such time and for such amounts as determined by the Board of Managers. All interim distributions of Distributable Cash or other property shall be made in proportion to the Members' Percentage Interests.

(b) Upon liquidation of the Company, liquidating distributions shall be made in accordance with Section 14.2 below.

(c) Upon redemption of any Member's Membership Interest upon the occurrence of a Withdrawal Event, redemption distributions will be made in accordance with Section 14.1(d).

(d) The Company may offset damages for breach of this Agreement by a Member whose Membership Interest is liquidated (either upon the redemption of a Member's Membership Interest or the liquidation of the Company) against the amount otherwise distributable to such Member pursuant to this Section or Section 14.1(d).

(e) A Member has no right to demand and receive any distribution in a form other than cash.

(f) All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment, distribution or allocation to the Company or the Members may be treated as amounts distributed to the Members pursuant to this Section 11.4 for all purposes under this Agreement. The Manager is authorized to withhold from distributions, or with respect to allocations, to the Members and pay over to any federal, state, or local government any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law and may allocate such amounts to the Members with respect to which such amount was withheld.

11.5 Accounting Principles. The Company's financial statements shall be prepared and its profit and loss statement shall be determined in accordance with generally accepted accounting principles applied on a consistent basis using the accrual method of accounting.

11.6 Interest on and Return of Capital Contributions. No Member shall be entitled to interest on its Capital Contribution or to a return of its Capital Contribution.

11.7 Loans to Company. Nothing in this Agreement shall prevent any Member from making secured or unsecured loans to the Company by agreement with the Company.

11.8 Records and Report. At the expense of the Company, the Board of Managers shall maintain records and accounts of the operations and expenditures of the Company. At a minimum, the Company shall keep at its principal place of business the following records:

(a) A current list of the full name and last known business or mailing address of each Member and Manager;

(b) A copy of the Certificate and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any amendment has been executed;

(c) Copies of the Company's financial statements and federal, state and local income tax returns and reports, if any, for the three most recent years; and

(d) Copies of the Company's currently effective written Agreement, as amended.

11.9 Returns and Other Elections. The Treasurer shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns or pertinent information therefrom shall be furnished to the Members within a reasonable time after the end of the Company's Fiscal Year. All elections permitted to be made by the Company under federal or state laws shall be made by the treasurer in his or her sole discretion. In recognition of the fact that the Company expects to be treated as a partnership for U.S. federal income tax

purposes, the Members agree to treat their Membership Interest as partnership interests for U.S. federal and state income tax reporting purposes.

11.10 Tax Matters Partner. IAHC is designated the "Tax Matters Partner" (as defined in Code Section 6231), and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including, without limitation, administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. The Members agree to cooperate with each other and to do or refrain from doing any and all things reasonably required to conduct such proceedings.

ARTICLE 12

[Intentionally Omitted]

ARTICLE 13

ADDITIONAL MEMBERS

13.1 Admission of New Members. From the date of the formation of the Company, any Person or Entity acceptable to the Members by their unanimous vote thereof may become a Member in the Company by the issuance by the Company of a Membership Interest for such consideration as the Members by their unanimous votes shall determine, or by being a permitted transferee of an existing Membership Interest in accordance with Article 12, subject to the terms and conditions of this Agreement.

13.2 Allocations to New Members. No new Members shall be entitled to any retroactive allocation of any item of income, gain, loss, deduction or credit of the Company. The Board of Managers may, at its option, at the time a Member is admitted, close the Company books (as though the Company's tax year has ended) or make pro rata allocations of items of income, gain, loss, deduction or credit to a new Member for that portion of the Company's tax year in which a new Member was admitted in accordance with the provisions of Code Section 706(d) and the Treasury Regulations promulgated thereunder.

ARTICLE 14

DISSOLUTION AND TERMINATION

14.1 Dissolution.

(a) The Company shall be dissolved upon the occurrence of any of the following events:

(i) When the period fixed for the duration of the Company pursuant to Section 2.5 hereof shall expire;

(ii) by the unanimous written agreement of all Members;

(iii) upon a Withdrawal Event, unless the business of the Company is continued by the affirmative vote of all of the remaining Members within ninety (90) days following the Withdrawal Event and there is at least one Member; or

(iv) the entry of a decree of judicial dissolution under Section 18-802 of the Delaware Act.

(b) If a Member who is an individual dies or a court of competent jurisdiction adjudges him to be incompetent to manage his or her person or his or her property, the Member's executor, administrator, guardian, conservator or other legal representative may exercise all of the Member's rights for the purpose of settling his or her estate or administering his or her property.

(c) Unless the business of the Company is continued by the remaining Members in accordance with Section 14.1(a)(iii) above, dissolution of the Company shall be effective on the day on which a Withdrawal Event occurs, but the Company shall not terminate until the certificate of cancellation shall be filed with the Secretary of State of the State of Delaware and the assets of the Company are distributed as provided in Section 14.2 below. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business of the Company and the affairs of the Members shall continue to be governed by this Agreement.

(d) If there is a Withdrawal Event and all of the remaining Members consent to continue the business of the Company in accordance with Section 14.1(a)(iii), the Company shall, subject to Section 11.4(d), pay to the withdrawing Member any positive balance in the withdrawing Member's Capital Account within ninety (90) days from the date of the Withdrawal Event. The remaining Members shall have the right in their sole discretion at any time within sixty (60) days of the Withdrawal Event to determine all Net Profits and Net Losses of the Company as of the date of such determination and to make appropriate credits and debits to the Members' Capital Accounts. The Capital Account of the withdrawing Member as of the date of determination shall be conclusively deemed to be the fair value of all of its Membership Interest and the payment provided for in this Section 14.1(d) shall be the full and only consideration for the redemption of the withdrawing Member's Membership Interest.

14.2 Winding Up, Liquidation and Distribution of Assets.

(a Subject to the provisions of the Joint Venture Agreement, the Members who have not wrongfully dissolved the Company may wind up the Company's affairs, but the Court of Chancery, upon cause shown, may wind up the Company's affairs upon

application of any Member or his legal representative, and in connection therewith, may appoint a liquidating trustee.

(b Upon dissolution, an accounting shall be made of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Board of Managers shall immediately proceed to wind up the affairs of the Company.

(c If the Company is dissolved and its affairs are to be wound up, the Board of Managers shall:

(i) Except as provided in Section 14.2(g) and subparagraph (ii), sell or otherwise liquidate all of the Company's assets as promptly as practicable;

(ii) Allocate any Net Profit or Net Loss resulting from such sales to the Member's Capital Accounts in accordance with Article 11 hereof;

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors of the Company to the extent permitted by law, excluding liabilities for distributions to Members under Sections 11.4(a) and 11.4(c); and

(iv) Distribute the remaining assets to Members in accordance with the positive balance (if any) of each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs). Any such distributions to the Members in respect of their Capital Accounts shall be made within the time specified in Section 1.704-1(b)(2)(ii)(b)(2) of the Treasury Regulations.

(d Notwithstanding anything to the contrary in this Agreement, if any Member has a deficit balance in its Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the deficit balance shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(e Upon completion of the winding up, liquidation and distribution of the assets of the Company, the Company shall be deemed terminated.

(f The Board of Managers shall comply with all requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

(g) The Members hereby agree that in the event of a winding up of the Company, the Members shall agree upon which, if any, Company Products (as such term is defined in Section 7.2 of the Joint Venture Agreement) shall continue subsequent

to the Company's termination. Such Company Products so continued shall be designated the "Continued Products". The Members shall negotiate in good faith to determine the terms upon which the Continued Products will be marketed and sold subsequent to the Company's termination. In the event the Members agree to jointly market and sell the Continued Products, the Members shall divide the net earnings derived from such Continued Products equally (net of all costs incurred by each of the Members in marketing and selling such Continued Products). In the event the Members agree to individually market and sell the Continued Products, each Member shall be responsible for the costs incurred in marketing and selling such Continued Products. All Company Products which are not designated as Continued Products upon the winding up of the Company, or are thereafter discontinued upon the request of either Member, shall be terminated and distributed to the Members in accordance with this Section 14.2.

14.3 Certificate of Cancellation. When all debts, liabilities and obligations of the Company have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets of the Company have been distributed, a certificate of cancellation shall be executed by one or more authorized persons, which certificate shall set forth the information required by the Delaware Act. A certificate of cancellation shall be filed with the Delaware Secretary of State to accomplish the cancellation of the Certificate of the Company upon the dissolution and completion of the winding up of the Company.

14.4 Effect of Filing of Certificate of Cancellation. Upon the filing of the certificate of cancellation with the Delaware Secretary of State, the existence of the Company shall cease, except for the purpose of suits, other proceedings and appropriate action as provided in the Delaware Act. The Board of Managers shall have authority to distribute any Company property discovered after dissolution, convey real estate and take such other action as may be necessary on behalf of and in the name of the Company.

14.5 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of its Capital Contribution. If the property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Member or Members shall have no recourse against any other Member, except as otherwise provided by law.

ARTICLE 15

MISCELLANEOUS PROVISIONS

15.1 Notices. Any notice, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be deemed to have been given when actually received. Any such notice, demand or communication may be given by mail, express package service, telex or telefax

and shall be addressed to each Member at the addresses shown in Article 4, and/or to the Company at its principal office or to such other address as a party may from time to time designate by notice to the other parties.

15.2 Application of Delaware Law. This Agreement and its interpretation shall be subject to and is governed exclusively by its terms and by the laws of the State of Delaware, and specifically the Delaware Act and the Certificate. In the event of a direct conflict between the provisions of this Agreement and the provisions of the Delaware Act or the Certificate, such provisions of the Delaware Act or the Certificate, as the case may be, will be controlling.

15.3 Waiver of Action for Partition. Each Member irrevocably waives during the term of the Company any right that it may have to maintain any action for partition with respect to the property of the Company.

15.4 Amendments. This Agreement may be amended at any time in a writing executed by all the Members.

15.5 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

15.6 Construction. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

15.7 Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision hereof.

15.8 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.9 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedy. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

15.10 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

15.11 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

15.12 No Third Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Person other than the Members.

15.13 Conflict of Provisions. In the event of a conflict between provisions of this Agreement provisions of the Joint Venture Agreement, the Joint Venture Agreement shall prevail.

15.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

15.15 Investment Representations. The undersigned Members, if any, understand (1) that the Membership Interests issued pursuant to this Agreement have not been registered under the Securities Act of 1933 or any state securities laws (the "Securities Acts") because the Company is issuing these Membership Interests in reliance upon the exemptions from the registrations requirements of the Securities Acts providing for issuance of securities not involving a public offering, (2) that the Company has relied upon the fact that the Membership Interests are to be held by each Member for investment, and (3) that exemption from registrations under the Securities Acts would not be available if the Membership Interests were acquired by a Member with a view to distribution.

Accordingly, each Member hereby confirms to the Company that such Member is acquiring a Membership Interest for such own Member's account, for investment and not with a view to the resale or distribution thereof without complying with an exemption for registration under the Securities Acts. Each Member agrees not-to-transfer, sell or offer for sale any of portion of the Membership Interest unless there is an effective registration or other qualification relating thereto under the Securities Acts or unless the holder of the Membership Interest delivers to the Company an opinion of counsel, satisfactory to the Company, that such registration or other qualification under such Securities Acts is not required in connection with such transfer, offer or sale. Each Member understands that the Company is under no obligation to register the Membership Interests or to assist such Member in complying with any exemption from registration under the Securities Acts if such Member should at a later date wish to dispose of the Membership Interest. Furthermore, each Member realizes that the Membership Interests are unlikely to qualify for disposition under Rule 144 of the Securities and Exchange Commission unless such Member is not an "affiliate" of the Company and the Membership Interest has been beneficially owned and fully paid for by such Member for at least three years.

Prior to acquiring a Membership Interest, each Member has made an investigation of the Company and its business and the Company has made available to each such

Member all information with respect thereto which such Member needed to make an informed decision to acquire a Membership Interest. Each Member considers himself to be a person possessing experience and sophistication as an investor which are adequate for the evaluation of the merits and risks of such Member's investment in a Membership Interest.

IN WITNESS WHEREOF, the parties hereto have caused their signatures, or the signatures of their duly authorized representatives, to be set forth below on the day and year first above written.

MEMBERS:

International Assets Holding Corp.

By: /s/ Diego J. Veitia
Its: Chairman & CEO

Lakeside Investments, LLC

By: /s/ Menashe Frankel
Its: President

SCHEDULE A

Member	Amount of Initial Capital Contribution	Percentage Interest
International Assets Holding Corp.	\$100,000	50%
Lakeside Investments, LLC	\$100,000	50%

EXHIBIT 11

INTERNATIONAL ASSETS HOLDING CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE

For the Year Ended September 30, 1998 and 1997

	1998 (1)	1997
Basic Earnings (Loss) Per Share		
Numerator:		
Net income (loss)	\$ (217,338)	\$ 717,869
Denominator:		
Weighted average number of common shares outstanding	1,533,534	1,578,966
Basic earnings (loss) per share	\$ (0.14)	\$ 0.45
Diluted Earnings (Loss) Per Share		
Numerator:		
Net income (loss)	\$ (217,338)	\$ 717,869
Denominator:		
Weighted average number of common shares outstanding	1,533,534	1,578,966
Weighted average number of net common shares that would be issued upon exercise of dilutive options and warrants assuming proceeds used to repurchase shares pursuant to the treasury stock method (2)		64,035
Weighted average number of common shares and dilutive potential common shares outstanding	1,533,534	1,643,001
Diluted earnings (loss) per share	\$ (0.14)	\$ 0.44

(1) Diluted loss per share is the same as basic loss per share for 1998 because of the anti-dilutive impact of the dilutive potential common shares due to the net loss for 1998.

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

INTERNATIONAL ASSETS HOLDING CORPORATION

SUBSIDIARIES OF THE REGISTRANT

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

YEAR

	SEP-30-1998	
	OCT-01-1997	
	SEP-30-1998	
		3,038,869
		922,674
		0
		0
	2,014,734	
		350,613
	6,560,081	
		0
		716,680
		0
		0
	290,403	
		0
	0	
		0
		14,816
		5,396,334
6,560,081		
	1,791,739	
	269,855	
	7,000,069	
0		
	237,895	
	5,704	
	4,851,142	
	(297,159)	
(297,159)		
		0
		0
	(217,338)	
	(0.14)	
	(0.14)	