INTEGRATED ASSET MANAGEMENT PLC

COMPANY REGISTRATION NUMBER 03359615

Annual Report

Year ended 31st December 2016

CONTENTS

Chairman's Statement 2016

I am pleased to report that in 2016 the Company made substantial progress in implementing its plan to build a core investment portfolio. We accomplished this primarily through the successful consolidation of our controlling interest in Integrated Energy Holdings SA, a Luxembourg entity that owns the Italian photovoltaic assets we purchased during the second quarter of 2016. The acquisition adds critical mass to the Company in a promising market sector. In addition, the consolidation provides us with various financial benefits.

Our investment in JRJ Ventures continued to perform well during 2016. Factors affecting performance include higher volatility and lower costs, mainly driven by the depreciation of sterling. As a result, the Company has modestly increased its carrying value of the investment.

The Company has continued to keep expenses under tight control while remaining vigilant for opportunities in its areas of strength.

On behalf of our shareholders, I would like to thank our management team and staff for their energy and commitment during the year.

J D S Booth
Chairman
18th August, 2017

Chief Executive Officer's Review

Overview of 2016

2016 was the year that we added a new business venture to the Group's activities, namely that of green energy which together with the traditional fund management and consultancy businesses now forms the core enterprises of the Group.

Corporate Transactions

During the year, we completed the acquisition of a substantial green energy business. On 30th June 2016, the Company completed on a transaction which resulted in the control of 11 photovoltaic energy companies based in Italy. The acquired companies are active in the production of photovoltaic energy via their solar panel plants which produce power equal to 34 MW/h.

In the context of this transaction, the Group raised the funds needed for the purchase of the equity investments as well as those necessary for the repayment of existing loans in the target companies through a secured bank loan expiring in December 2030 of €103m and the issuing of a bond for a total of €12m. This approach has enabled the Group to pursue a strategy aimed firstly at the rationalisation of sources and funding costs and secondly at achieving economies of scale and the reduction of total operating costs.

Asset Management

We are content to report that the core net asset management fees remained constant with that earned in 2015, however in the year we did not earn any performance or one off exceptional fees that made the previous year's attractive contribution. We were however able to realise certain non liquid assets at a profit. At the same time we were able to keep costs very tight.

Consulting

There was no consultancy income earned in the year. 2015 saw the end of a transition services agreement that we had previously entered into with one of the buyers of our broking business. Our efforts in 2016 were directed towards establishing the green energy business and to seek new investors into our three existing Luxembourg funds.

Cost structure and Balance Sheet

We continued to pare central costs where possible. Our comparable operating costs from continuing operations in 2016 were £994,000 as opposed to £1,036,000 in 2015.

Despite asset realisations and positive cash flow from operations, our overall cash position declined from £2,360,000 to £1,444,000, which is explained by our investment in the year into our new subsidiary Integrated Energy Holdings Limited.

Results Summary

Continuing operations only

	Green Energy £ 000	Fund Management £ 000	Consultancy £ 000	Central Operating Costs £ 000	2016 Total £ 000	2015 Total £ 000
Turnover	6,766	498	-	-	**7,264**	1,976
Cost of sales	(1,379)	(163)	-	-	**(1,542)**	(737)
Net Revenue	5,387	335	-	-	**5,722**	1,239
Depreciation and amortisation	(1,863)	-	-	(14)	**(1,877)**	(16)
Operating costs	(549)	(248)	-	(746)	**(1,543)**	(1,036)
Operating profit/(loss) before currency exchange differences	2,975	87	-	(760)	**2,302**	187
Currency exchange differences	(10)	21	-	264	**275**	28
Acquisition transaction costs expense	(1,663)	-	-	-	**(1,663)**	-
Net profit on financial assets	-	-	-	316	**316**	(1)
Share of loss of associate	-	-	-	(19)	**(19)**	-
Operating profit/(loss)	1,302	108	-	(199)	**1,211**	214
Net finance and other income	(2,232)	1	-	1	**(2,230)**	6
(Loss)/profit before tax	(930)	109	-	(198)	**(1,019)**	220

Operating Margins

Operating margins were positive in 2016. There was a net foreign currency exchange gain of £274,000 compared with £28,000 in 2015.

Chief Executive Officer's Review

Capital and Cash Flow

	2016	2015
	£ 000	£ 000
Net assets	**7,747**	5,969
Net current (liabilities)/assets	**(2,600)**	2,569
Cash at bank	**1,444**	2,360

Dividends

The Company does not recommend the payment of a dividend (2015: £nil).

I would like to thank all our staff for their continuing support and commitment.

E M Arbib
Chief Executive Officer
18th August, 2017

Strategic Report

The Directors present the Strategic Report, Directors' Report and the audited financial statements of Integrated Asset Management Plc ("IAM") for the year ended 31st December, 2016

Overview

Integrated Asset Management Plc is the parent company of an asset management, green energy and consultancy group. The principal activities of the group are fund management, green energy and consultancy services. A review of IAM’s business activities during 2016 along with future developments and risk management is given in the Chairman’s Statement and the Chief Executive's Review on pages 1 to 3.

Business review

Key performance indicators

In 2016 we continued to operate our continuing traditional businesses with overall turnover lower, but with profit contribution up on 2015. As was highlighted in the previous year, revenue for consulting was down, as available resources were concentrated in the direction of enhancing the fund management operations side of the business. At the same time, central overheads were reduced year on year. No comparison is available for our newly acquired green energy business.

The following table summarises the key performance indicators used by the directors to assess the performance of the Group as of the dates and years indicated.

	2016 Total £000s	2016 Acquired business £000s	2016 Existing business £000s	2015 Total £000s	Change Continuing
Turnover	7,264	6,766	498	1,976	-75%
Operating costs	1,543	549	994	1,024	3%
Operating result	1,211	1,302	(91)	214	-143%
Net assets	7,747	963	6,784	5,969	14%

Principal risk and uncertainties

Operating in the financial services industry, Integrated faces a number of risks which are inherent to its activities and require active management. The principal risks for the Group have been identified as operational risk and financial risks and in relation to our fund management business and the investment assets held by the Group, investment risk.

Operational Risk

Operational risk is the risk that the Group suffers a loss, either directly or indirectly, from inadequate or failed internal processes and systems or from external events. This risk manifests itself in slightly different ways across our two businesses, fund management and consultancy, but in summary would include:

- Administrative error in the settlement of a deal or in the instruction of a trade on behalf of a fund.
- Loss of key investment professionals.
- Introduction of new products and related issues in the legal, fiscal, regulatory and accounting domains.

Given the nature of such risks, it is Group policy to review continually the controls in place to manage them, to ensure that such controls are appropriate and adequate for the risks involved and that the controls have evolved and developed to reflect the changes in our underlying businesses and how it is carried out.

Financial Risk

The Group operates in a number of different countries and is exposed to a number of financial risks and particularly currency risk. Through its newly acquired green energy business the Group is also subject to interest rate risk due to the substantial loans taken out at the time of acquisition. Details of these and the measures undertaken by the Group to manage them are given in note 23 of the financial statements.

Investment Risk

Poor investment performance in our underlying funds, either absolute or relative to the particular fund’s peer group, may result in a decrease in management and performance fees as well as redemptions from the funds by investors with similar effect. Poor investment performance in the investment type assets we hold in our balance sheet, will result in losses for shareholders.

Regulatory Environment

The group's principal operating subsidiary is subject to regulation. In the United Kingdom, Integrated Alternative Investments Limited ("IAI") is regulated and authorised by the Financial Conduct Authority.

The Group seeks to ensure that it maintains full compliance with its regulatory obligations and, with regard to it's regulatory capital to maintain a surplus over and above that required at both an operating company level and at a consolidated group level.

Acquisitions, disposals and investment in subsidiaries

On 30 June 2016, the Company made a 53.7% investment in its subsidiary Integrated Energy Holdings Ltd which was incorporated on the 10 May 2016. There were no other changes in the equity interests in the Group's subsidiaries

Strategic Report

Share Capital

There were no changes to the Company's issued share capital during the year. The Company had 19,969,215 shares in issue throughout the year.

During the year, the trustees of the Integrated Asset Management Employee Share Ownership Trust ("ESOT") did not subscribe for any ordinary shares in the Company (2015: nil). The ESOT's share holding in the Company's ordinary share capital is 1,800,000 shares (2015: 1,800,000).

Creditor Payment Policy

The Group does not follow any code or standard on payment practice, but adopts the following policy regarding the payment of its suppliers:

a To agree payment terms with suppliers in accordance with contractual or other legal obligations;

b To ensure that suppliers are aware of the terms of payment; and

c To make payment in accordance with the payment terms.

Average trade creditor days at 31st December 2016 were 40 days for the Company (2015: 43 days).

Going Concern

The Directors are satisfied that the Company and the Group have adequate resources to continue to operate for the foreseeable future. The Directors confirm that the Company and the Group are going concerns and accordingly continue to adopt the going concern basis in preparing the financial statements.

By Order of the Board

J D S Booth
Director
18th August, 2017

Directors' Report

The Directors present their annual report together with the audited financial statements for the year ended 31st December 2016

Directors

The Directors of the Company during the year and up to the date of this report were:-

Mr E M Arbib
Mr D Bierbaum
Mr J D S Booth
Mr D Masetti
Mr S D Shane

There were no changes to the Board of Directors during the year. The following Director is due to retire by rotation at the next Annual General Meeting and, being eligible, offers himself for reappointment: Mr Stanley Shane.

Results and Dividends

The loss attributable to equity holders for the year ended 31st December 2016 was £302,000 (2015: Profit £228,000). The Directors have not proposed the payment of a dividend for the year ended 31st December 2016 (2015: £nil).

Donations

During the year the Group made charitable donations totalling £nil (2015: £150).

During the year the Group made political donations totalling £nil (2015: £2,000).

Third Party Indemnity Provision

The group has arranged qualifying third party indemnity for all of its Directors.

Subsequent Events

In May 2017, the Employee Share Ownership Trust that held 1,800,000 shares in the Company agreed to sell them in their entirety to Mr Stanley Shane who is a Director of the Company at a price of 30p per share. Following this transaction which was approved at a Board Meeting of the Company, the Trust was then able to repay £540,000 of its outstanding loan to the Company in June 2017.

Employees

The Group operates an equal opportunity policy in the recruitment, promotion and training of all its employees. The Group believes that employees play a major role in the long-term success of the business and accordingly it promotes a working environment in which employees feel valued and respected. All employees are kept updated of the Group's performance and progress on a regular basis

Annual General Meeting ("AGM")

The Company’s AGM is expected to be held in September, 2017. A notice of the AGM will be sent to shareholders in due course.

Auditor

Sopher + Co LLP have indicated their willingness to continue in office and resolutions will be proposed at the Annual General Meeting to reappoint them as Auditor of the Company.

Each person who was a Director at the date of approving this report confirms that:

a so far as each Director is aware, there is no relevant audit information of which the Company’s Auditor is unaware; and

b each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and of the Company’s Auditor for that purpose, in order to be aware of any information needed by the Company’s Auditor in connection with preparing their report and to establish that the Company’s Auditor is aware of that information.

By Order of the Board

J D S Booth
Director
18th August, 2017

Corporate Governance Report

The Board is committed to creating and implementing high corporate governance standards and practices throughout the Group. The Directors recognise the importance that corporate governance plays in the protection and maintenance of Shareholders interests and strive to implement best practice policies to achieve this.

The Board of Directors

The Group is headed by an experienced Board of Directors which consists of one Executive Director and four Non-Executive Directors.

The Board is responsible for ensuring that the Group always acts in the best interests of its Shareholders' while maintaining its ethical values and integrity. The Board monitors decisions that are made by senior management to ensure that they are made with the aim of enhancing long-term shareholder value. The Board is also responsible for ensuring that adequate levels of internal controls are maintained which assist in the efficient and effective operation of the business and to ensure compliance with applicable laws and regulations.

In particular, the Board is responsible for making Group decisions and approvals regarding the following:

- Long-term objectives and strategies.
- Major investments, acquisitions and disposals.
- Annual operating and capital expenditure budgets.
- Annual and interim dividends.
- Treasury policy.
- Risk management strategy.

The roles of the Chairman, John Booth, and Chief Executive Officer, Emanuel Arbib, are clearly divided. John Booth is primarily responsible for the leadership of the Board and for ensuring effective communication with shareholders while Emanuel Arbib is responsible for making and approving senior management decisions which affect the operating and financial performance of the business.

The Board fulfils its duties to the Group's Shareholders through Board meetings or by delegating responsibilities to Board Committees. Details of the Remuneration Committee, Audit Committee and Nomination Committee are shown below.

Appointments to the Board

Any Directors appointed by the Board are subject to re-election by the Shareholders at the Annual General Meeting following their appointment. All Directors are subject to reappointment at intervals of not more than three years. Prior to their appointment, Non-Executive Directors are subject to a review process to assess their independence and to confirm that they have no other relationships that may affect their judgement as a Director of the Group.

All new Directors are provided with appropriate training and briefings which consider their individual qualifications and experience.

Support to the Board

All Directors have access to the advice and services of the Company Secretary, Daniel Baron, who is responsible for ensuring that Board procedures and applicable rules are observed. In addition, there is also a procedure that enables any Director to obtain independent professional advice in respect of their duties at the Group's expense. The Group also maintains liability insurance for its Directors and officers, which is reviewed annually to ensure that the appropriate level of cover is held.

Board Meetings

A number of Board and Board Committee meetings were held during the year.

The Nomination Committee did not meet during the year.

Appropriate briefing papers are distributed to Directors in advance of Board meetings.

Any Director who was unable to attend a Board meeting during the year received appropriate and timely information in advance of the meeting so that their views could be taken into consideration.

Audit Committee

The Audit Committee comprises of two of the four Non-Executive Directors. The Directors who served on the Committee during the year were Detlef Bierbaum (Chairman) and John Booth. The Committee is primarily responsible for the following:

- Monitoring the integrity of the Group's financial statements and any announcements relating to the Group's financial activities.
- Reviewing the Group's internal financial controls and risk management systems.
- Making recommendations for the appointment, reappointment and removal of the external Auditors and approving their remuneration and terms of engagement.

Remuneration Committee

The Remuneration Committee comprises of two of four Non Executive Directors. The Directors who served on the Committee during the year were John Booth (Chairman) and Detlef Bierbaum. The Committee is primarily responsible for the following:

- The review and approval of the Group's remuneration strategy and policies;
- The approval of any new remuneration schemes; and
- The design and review of performance targets and conditions that are attached to performance-related remuneration schemes.

Corporate Governance Report

Nomination Committee

The Nomination Committee is responsible for identifying, assessing and nominating individuals for Board positions as and when they arise. This includes consideration of the reappointment of Non-Executive Directors at the conclusion of their specified term of office. It is also responsible for considering succession planning for both the Board and senior management positions.

The Committee comprised John Booth (Chairman) and Detlef Bierbaum, all of which are Non-Executive Directors.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and risk management. While acknowledging that no system of internal control can provide absolute assurance against material loss or misstatement, the Board believes the Group's current systems of internal control and risk management are effectively designed to manage the risks which are inherent in the Group's business.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks that are faced by the Group. The key components of these are outlined in the Risk Management section of the CEO's Review.

Investor Relations

The Group updates its Investors Relations section of its website (www.integratedam.com) to provide investors with important information regarding the Company's activities. This includes information such as annual financial statements as well as press releases the Group issues on important events in its development.

Going Forward

The Board believes that good corporate governance is a key contributor to the Group's long-term growth and will continue to invest time and resources to ensure the maintenance and improvement of its high standards.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors’ report, the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Integrated Asset Management plc

We have audited the financial statements of Integrated Asset Management plc (the "company") for the year ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Shareholders Equity, the Consolidated and Company Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Martyn Atkinson FCA (Senior Statutory Auditor)
for and on behalf of
Sopher + Co LLP
Chartered Accountants & Statutory Auditors
5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

21st August, 2017

Consolidated Income Statement

for the year ended 31 December 2016

	Note	Total 2016 £000s	Total 2015 £000s
Revenue		7,264	1,976
Cost of sales		(1,542)	(737)
Net revenue		5,722	1,239
Operating costs		(3,145)	(1,024)
Net profit/(loss) on financial assets	13	316	(1)
Share of loss of equity-accounted investees		(19)	-
Acquisition transaction costs expense		(1,663)	-
Operating profit		1,211	214
Finance income	5	2	6
Finance expense	5	(2,232)	-
(Loss)/profit before taxation	3	(1,019)	220
Taxation	6	(292)	8
(Loss)/profit for the year		(1,311)	228
Attributable to :			
Total			
Owners of the parent		(302)	228
Non-controlling interest		(1,009)	-
		(1,311)	228
Earnings per share	7		
Total			
Basic		-1.66p	1.25p
Diluted		-1.66p	1.25p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	Year ended 31 December 2016 £000s	Year ended 31 December 2015 £000s
(Loss)/profit for the year		(1,311)	228
Currency translation differences on overseas operations		159	-
Net gain on available for sale financial assets	13	529	686
Net gain on interest rate swap		330	-
Total comprehensive income for the year		(293)	914
Total comprehensive income attributable to :			
Owners of the parent		403	914
Non-controlling interest		(696)	-
		(293)	914

Consolidated Statement of Financial Position

as at 31 December 2016

	Note	As at 31 December 2016 £000s	As at 31 December 2015 £000s
Assets			
Non-current assets			
Intangible assets	8	26,969	-
Tangible fixed assets	9	65,721	100
Equity-accounted investees	10	24	-
Financial assets	13	3,890	3,300
Other investments, including derivatives	14	440	-
Deferred Tax assets		1,734	-
Trade and other receivables	11	1,996	-
		100,774	3,400
Current assets			
Trade and other receivables	11	5,488	230
Cash and cash equivalents	12	1,444	2,360
Other financial assets	13	182	659
		7,114	3,249
Total assets		107,888	6,649
Liabilities			
Non-current liabilities			
Loans and borrowings	17	(90,307)	-
Deferred tax liabilities		(120)	-
		(90,427)	-
Current liabilities			
Loans and borrowings		(4,742)	-
Trade and other payables	18	(4,811)	(680)
Tax payable		(161)	-
		(9,714)	(680)
Total liabilities		(100,141)	(680)
Net assets		7,747	5,969
Capital and Reserves			
Called up share capital	19	998	998
Share Premium Account		1,029	1,029
Capital redemption reserve		672	672
Share options reserve		-	6
Exchange difference reserve		87	-
Investment in own shares		(2,519)	(2,519)
Available for sale financial assets reserve		433	(96)
Other reserves		90	-
Retained earnings		5,583	5,879
Equity attributable to equity owners of the parent		6,373	5,969
Non-controlling interests		1,374	-
Total equity		7,747	5,969

The annual financial statements were approved and authorised for issue by the Board on 18th August, 2017 and signed on their behalf by:

J D S Booth — Director

E M Arbib — Director

Company Statement of Financial Position

as at 31 December 2016

	Note	As at 31 December 2016 £000s	As at 31 December 2015 £000s
Assets			
Non-current assets			
Tangible fixed assets	9	90	100
Investment in subsidiaries	15	6,570	3,920
Investment in associate	10	24	-
Financial assets	13	3,890	3,300
Other investments, including derivatives	14	-	-
		10,574	7,320
Current assets			
Trade and other receivables	11	185	142
Cash and cash equivalents	12	79	856
Other financial assets	13	182	659
		446	1,657
Total assets		11,020	8,977
Current liabilities			
Trade and other payables	18	(3,966)	(3,505)
		(3,966)	(3,505)
Net assets		7,054	5,472
Capital and Reserves			
Called up share capital	19	998	998
Share Premium Account		1,029	1,029
Capital redemption reserve		672	672
Share options reserve		-	6
Available for sale financial assets reserve		433	(96)
Retained earnings		3,922	2,863
Total equity		7,054	5,472

The annual financial statements were approved and authorised for issue by the Board on 18th August, 2017 and signed on their behalf by:

J D S Booth
Director

E M Arbib
Director

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2016

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Non-controlling interests £000s	Total £000s
Balance at 1 January 2016	998	1,029	5,879	(1,937)	-	5,969
Currency translation adjustments	-	-	-	87	72	159
Net gain on available for sale financial assets	-	-	-	529	-	529
Net gain on interest rate swap	-	-	-	89	241	330
Total other comprehensive income	-	-	-	705	313	1,018
Loss for the year	-	-	(302)	-	(1,009)	(1,311)
Total comprehensive income for the year	-	-	(302)	705	(696)	(293)
Non-controlling interest on acquisition	-	-	-	-	2,978	2,978
Dividends	-	-	-	-	(908)	(908)
Transfer of Exchange Difference Reserve	-	-	-	-	-	-
Cancelled/forfeited share options	-	-	6	(5)	-	1
Balance 31 December 2016	998	1,029	5,583	(1,237)	1,374	7,747

	Share capital £000s	Share premium £000s	Retained earnings £000s	Other reserves £000s	Non-controlling interests £000s	Total £000s
Balance at 1 January 2015	998	1,029	5,634	(2,605)	-	5,056
Currency translation adjustments	-	-	-	-	-	-
Net gain on available for sale financial assets	-	-	-	686	-	686
Net gain on interest rate swap	-	-	-	-	-	-
Total other comprehensive income	-	-	-	686	-	686
Profit for the year	-	-	228	-	-	228
Total comprehensive income for the year	-	-	228	686	-	914
Transfer of Exchange Difference Reserve	-	-	(1)	-	-	(1)
Cancelled/forfeited share options	-	-	18	(18)	-	-
Movement in non-controlling interests	-	-	-	-	-	-
Balance 31 December 2015	998	1,029	5,879	(1,937)	-	5,969

Company Statement of Changes in Shareholders' Equity

for the year ended 31 December 2016

	Share capital £000s	Share premium £000s	Retained earnings £000s	Share Options reserve £000s	Other reserves £000s	Total £000s
Balance at 1 January 2016	998	1,029	2,863	6	576	5,472
Net gain on available for sale financial assets	-	-	-	-	529	529
Total other comprehensive income	-	-	-	-	529	529
Profit for the year	-	-	1,053	-	-	1,053
Total comprehensive income for the year	-	-	1,053	-	529	1,582
Cancelled/forfeited/expired share options	-	-	6	(6)	-	-
Balance 31 December 2016	998	1,029	3,922	-	1,105	7,054

	Share capital £000s	Share premium £000s	Retained earnings £000s	Share Options reserve £000s	Other reserve £000s	Total £000s
Balance at 1 January 2015	998	1,029	2,251	24	(111)	4,191
Net gain on available for sale financial assets	-	-	-	-	686	686
Total other comprehensive income	-	-	-	-	686	686
Profit for the year	-	-	594	-	-	594
Total comprehensive income for the year	-	-	594	-	686	1,280
Cancelled/forfeited/expired share options	-	-	18	(18)	1	1
Balance 31 December 2015	998	1,029	2,863	6	576	5,472

Consolidated Cash Flow Statement

for the year ended 31 December 2016

	Year ended 31 December 2016 £000s	Year ended 31 December 2015 £000s
Cash flows from operating activities		
Cash used from operations	(3,807)	1,061
Income tax paid	(1,393)	-
Tax received	1,050	-
Interest paid	(2,083)	-
Cash flows from operating activities - total Group	(6,233)	1,061
Cash flows from investing activities		
Purchase of property, plant and equipment	(4)	(35)
Purchase of subsidiaries	6,348	-
Purchase of associate	(43)	-
Purchase of current financial assets	(76)	(124)
Sale of current financial assets	828	-
Disposal of discontinued operation, net of cash disposed	-	(34)
Interest received	2	6
Cash flows from investing activities - total Group	7,055	(187)
Cash flows from financing activities		
Payment of dividends	(908)	-
Repayment of borrowings	(830)	-
Cash flows from financing activities - total Group	(1,738)	-
Net (decrease)/increase in cash and cash equivalents	(916)	874
Cash and cash equivalents at beginning of year	2,360	1,486
Net cash and cash equivalents at end of year	1,444	2,360

Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow from Operating Activities

for the year ended 31 December 2016

	Year ended 31 December 2016 £000s	Year ended 31 December 2015 £000s
Operating profit on ordinary activities	1,211	214
Depreciation and amortisation	1,877	16
Movement in fair value on financial assets	(316)	1
Result of associated company	19	-
Additional costs/(profit) on sale of subsidiary	-	32
Other non-cash movements	(1,185)	-
Foreign currency translation	4	(14)
(Increase)/decrease in trade and other receivables	(1,593)	651
(Decrease)/increase in trade and other payables	(3,824)	161
Net cash (outflow)/inflow from operating activities	(3,807)	1,061

Company Cash Flow Statement

for the year ended 31 December 2016

	Year ended 31 December 2016 £000s	Year ended 31 December 2015 £000s
Cash flows from operating activities		
Cash used from operations	897	499
Income tax paid	-	-
Cash flows from operating activities	897	499
Cash flows from investing activities		
Purchase of property, plant and equipment	(4)	(35)
Purchase of subsidiary	(2,380)	-
Purchase of associate	(43)	-
Purchase of non-current financial assets	-	-
Sale of non-current financial assets	240	-
Purchase of current financial assets	(76)	(124)
Sale of current financial assets	588	-
Disposal of discontinued operation, net of cash disposed	-	(32)
Interest received	1	4
Cash flows from investing activities	(1,674)	(187)
Cash flows from financing activities		
Interest paid	-	-
Cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(777)	312
Cash and cash equivalents at beginning of year	856	544
Cash and cash equivalents at end of year	79	856

Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

for the year ended 31 December 2016

	Year ended 31 December 2016 £000s	Year ended 31 December 2015 £000s
Operating profit on ordinary activities	1,050	594
Depreciation	14	16
Movement in fair value on financial assets	(316)	1
Result of associated company	19	-
Write back of impairment in investments	(270)	-
Additional costs/profit on sale of subsidiary	-	32
Foreign currency translation	(20)	(14)
(Increase)/decrease in trade and other receivables	(43)	514
Increase/(decrease) in trade and other payables	463	(644)
Net cash inflow from operating activities	897	499

Notes to the Financial Statements

1 Principal accounting policies

Integrated Asset Management plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom.

The principal accounting policies applied in the presentation of these group financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of preparation

The group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU").

The group financial statements have been prepared on the going concern basis under the historical cost convention, except for the measurement of certain financial assets that are held at fair value. The directors are confident that for the foreseeable future, the Group will continue to meet its liabilities as they fall due.

The Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of the financial statements.

(b) New IFRS's and interpretations

Standards effective in 2016:

A number of new standards, amendments and interpretations are effective for the first time for 2016. The Group has adopted the amendments and revisions to standards as detailed below:

IFRS 10 - "Consolidated Financial Statements".	Amendments regarding the application of the consolidation exception.
IAS 1 - "Presentation of Financial Statements".	Disclosure initiative
IAS 27 - "Separate Financial Statements".	Separate Financial Statements (amendments).

The adoption of these new standards, amendments and interpretations has not had a material impact on the results of financial position of the Group.

Standards and interpretations which become effective in future periods:

The International Accounting Standards Board and IFRS Interpretations Committee have issued a number of new accounting standards, amendments to existing standards and interpretations with an effective date after the date of these financial statements. The Group has not decided to early adopt the following and as such the new standards are not applicable to these financials statements. Although relevant, they are not expected to have a material impact on the Group's results:

	Effective Date
IFRS 9 - "Financial Instruments: Classification and Measurement".	01 January 2018
IFRS 15 - "Revenue from Contracts with Customers".	01 January 2018
IFRS 16 - "Leases".	01 January 2019

There are a number of other standards and interpretations, and revisions to existing standards and interpretations, in issue but not in force at 31 December 2016. These are not considered likely to have a material impact on the Group's financial statements.

(c) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial statements deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas where a higher degree of judgement or complexity arise, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed below.

i) Fair value assessment of Available-for-sale financial assets

Management must make judgements concerning the fair value of its Available-for-sale financial assets. Judgements and assessments are made using standard pricing techniques and models, as well as consideration of the current economic climate when estimating the fair value of investments held where quoted prices are not available from active markets.

ii) Share-based payments

Management must make judgements concerning the probability of share options vesting when calculating the fair value of options granted. These judgements consider the historical average length of time option holders stay with the Group and the probability of option holders achieving certain performance criteria based on their performance to the statement of financial position date.

iii) Acquisition of subsidiary

Fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

Notes to the Financial Statements continued

(d) Consolidation

Subsidiaries

The Group financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has the power to govern the operating and financial policies so as to obtain benefits from their activities. The financial statements of subsidiaries are included in the Group’s financial statements from the date on which control is transferred to the Group to the date that control ceases.

i) Business combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill.

The Group's Employee Benefit Trusts are also consolidated in the Group's financial statements.

All intra-Group transactions and balances are eliminated on consolidation.

ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group’s share of its associates’ post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying value of the investment.

Gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(e) Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group’s activities are divided into two business segments, Hedge Fund Management and Consultancy Services. These reflect the Group’s internal reporting segments.

A geographical segment is engaged in providing services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. During the year the Group operated in two geographical segments (Europe and North America). No geographical segment analysis has been shown as our internal review is on the basis of business segments only.

The Group distinguishes between discontinued operations to those of a continuing nature in its segmental reporting analysis.

(f) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in pounds sterling (GBP), whilst the Group's functional currency is the Euro. The Board believes that by presenting the financial statements in GBP it provides an enhanced understanding of the underlying information to the users of the financial statements.

ii) Transactions and balances

Foreign currency transactions are translated into the relevant Group entity’s functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates for the relevant accounting periods; and
- all resulting exchange differences are included in the cumulative translation adjustment reserve within equity.

Cumulative translation differences are taken to the income statement on the disposal of a net foreign operation.

Notes to the Financial Statements continued

(g) Tangible assets

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Motor vehicles	3 - 5 years
Computer and communication equipment	3 - 5 years
Furniture, fixtures and fittings *	4 - 6 years
Leasehold improvements	5 years
Freehold land	

*For specific items of artwork, included within furniture, fixtures and fittings, whose residual value is expected to be at least equal to cost, no depreciation is provided. The cost of such artwork as at 31st December 2016 is £74,000 (2015: £74,000).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

ii) Freehold land

Freehold land is not depreciated

iii) Photovoltaic equipment

Photovoltaic equipment and plants are depreciated over a useful life of twenty years.

(h) Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the acquisition date. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii) Other Intangible assets

Amortisation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Plant and expansion costs	5 years
Concessions, licences, trademarks and similar rights	18 - 25 years
Other intangible assets	18 - 25 years

(i) Impairment of non-financial assets

Goodwill is not subject to amortisation but is instead tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever there is an indication that the carrying amount may not be recoverable.

An impairment loss is recognised in the income statement in the period that it is incurred. An impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined with reference to the higher of the asset's value in use and fair value less costs to sell. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those from its ultimate disposal, at an appropriate pre-tax discount rate. For the purposes of assessing impairment, assets are grouped into Cash-Generating Units (CGUs), which are the lowest levels for which there are separately identifiable cash flows.

(j) i) Financial assets - Non-derivative

Financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale" or "loans and receivables". Financial assets are classified into their respective category at the initial recognition date.

Financial assets at fair value through profit or loss: These financial assets are initially recognised at fair value with any subsequent changes in fair value recognised in the income statement. Assets in this category are usually held for short-term gain and are classified as current assets if they are either held for trading or expected to be realised within 12 months of the statement of financial position date.

Available-for-sale: These financial assets are initially recognised at fair value with any subsequent changes in fair value recognised directly in equity. When an asset is disposed of or impaired, any cumulative gain or loss previously recognised in equity is transferred to the income statement.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets except for those with maturities greater than 12 months after the statement of financial position date, which are included in non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial assets.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Any impairment loss is recognised in the income statement.

Forward Currency Contracts are classified as financial assets or financial liabilities through profit or loss. They are measured at fair value and gains or losses arising from changes in fair value are recognised in profit or loss.

ii) Financial assets - Derivatives
The Group's activities expose it primarily to the financial risks of changes in market prices, foreign currency exchange rates and interest rates. Derivative transactions which the Group may enter into, to economically hedge its exposure, include futures, forwards and swaps. The Group does not hold or issue derivative instruments for trading purposes.

Derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. The fair value of forward currency contracts are calculated by reference to current forward exchange rates for contracts of similar maturity dates. Changes in fair value of derivatives financial instruments are recognised in the Statement of Comprehensive Income.

(k) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for credit losses. An allowance account for credit losses is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance for credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The allowance for credit losses is recognised in the income statement.

(l) Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(m) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(n) Share-based compensation
The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the share options is recognised as an expense, with a corresponding credit recognised in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(o) Deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled based on tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(p) Revenue recognition
Revenue represents the fair value of consideration received for the provision of services and is stated net of value-added tax, rebates and after eliminating intra-group sales.

Revenue includes the following:

Management and performance fees

Management fees are calculated as a percentage of net assets under management and are recognised in the period in which the services are rendered.

Performance fees are calculated as a percentage of the net appreciation in a fund's net asset values at the end of a performance period. The length of a performance period varies between funds and usually covers periods ranging from between 3 to 12 months. Performance fees are recognised when the amount of the fee can be reliably measured, which is normally at the end of the performance period. Where a fund's performance period covers the statement of financial position date, performance fees are recognised based on reasonable estimates that consider the particular fund's performance to the statement of financial position date and whether evidence exists that suggests that the current performance will be sustainable to the end of the performance period.

Green Energy revenues
Revenue relates to the sale of electricity provided by the photovoltaic plants owned by the Group. This income includes incentive tariffs received by the Manager of the Energy Services ("Gestore dei Servizi Energetici" or "GSE") based on the energy produced by the plants according to the mechanism provided by the c.d. "Energy Account".

Consultancy Services
Consultancy Services comprises fees received for advice given, which is recognised on a time-proportion basis over the period of the service.

Finance income
Finance income comprises of interest income, which is recognised on a time-proportion basis using the effective interest method.

Notes to the Financial Statements continued

(q) Cost of sales

i) Fund Management

Cost of sales comprises of commissions and distribution fees payable to intermediaries, distributors and other third parties and are charged to the Income Statement over the period in which the service is provided.

ii) Green Energy

Cost of sales comprises of the maintenance and management of photovoltaic plants owned by the Group and the costs of technical and professional services received as well as the use of third-party assets.

(r) Employee benefits

Short-term employee benefits and company contribution to employee defined contribution plans are recognised as an expenses in the period in which they are incurred.

(s) Available for sale investments

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving the sale or loss of control of a subsidiary, all the assets and liabilities of the subsidiary are classified as held for sale when the criteria described above are met.

2 Segmental reporting

(a) Business segments

We have considered the requirements of IFRS 8 and since we only internally review our business on the basis of the hedge fund, consultancy service and the new green energy units as opposed to any geographical basis, do not see the requirement for any geographical analysis.

The Group is organised into three business segments Green Energy, Hedge Fund and Consultancy Services together with a segment for the central operating costs. The segmental results are as follows:-

Business Type **31 December 2016**	**Green Energy £000s**	**Hedge Fund £000s**	**Consultancy £000s**	**Central Operating costs £000s**	**Group £000s**
Revenue from external customers	6,766	498	-	-	7,264
Cost of sales	(1,379)	(163)	-	-	(1,542)
Net Revenue	5,387	335	-	-	5,722
Operating costs	(549)	(248)	-	(746)	(1,543)
Depreciation and amortisation	(1,863)	-	-	(14)	(1,877)
Currency exchange differences	(10)	21	-	264	275
Acquisition transaction costs expense	(1,663)	-	-	-	(1,663)
Net profit on financial assets	-	-	-	316	316
Share of loss of associate	-	-	-	(19)	(19)
Operating profit/(loss)	1,302	108	-	(199)	1,211
External interest receivable and similar income	-	1	-	1	2
External interest payable and similar expense	(2,232)	-	-	-	(2,232)
Inter-segment interest receivable	-	-	-	-	-
Inter-segment interest payable	-	-	-	-	-
(Loss)/profit before taxation	(930)	109	-	(198)	(1,019)

Included within the Revenue from external customers of £7,264,000 are amounts of £5,559,000 (within green energy) received from one customer and £nil (within hedge fund segment) and £nil (within consultancy segment), each of which generate more than 10% of the total external income.

	Green Energy £000s	Hedge Fund £000s	Consultancy £000s	Central costs £000s	Inter-segment elimination £000s	Group £000s
Segment assets	100,419	4,073	-	6,840	(3,444)	107,888
Segment liabilities	(99,456)	(163)	-	(3,966)	3,444	(100,141)
	963	3,910	-	2,874	-	7,747
Capital expenditure on segment assets	-	-	-	4	-	4

Notes to the Financial Statements continued

2 Segmental reporting (continued)

31 December 2015	Green Energy £000s	Hedge Fund £000s	Consultancy £000s	Central Operating costs £000s	Group £000s
Revenue from external customers	-	1,944	32	-	1,976
Cost of sales	-	(737)	-	-	(737)
Net Revenue	-	1,207	32	-	1,239
Operating costs	-	(210)	-	(826)	(1,036)
Depreciation and amortisation	-	-	-	(16)	(16)
Currency exchange differences	-	(27)	-	55	28
Net loss on financial assets	-	-	-	(1)	(1)
Share of loss of associate	-	-	-	-	-
Operating profit/(loss)	-	970	32	(788)	214
External interest receivable and similar income	-	3	-	3	6
Inter-segment interest receivable	-	-	-	-	-
Inter-segment interest payable	-	-	-	-	-
Profit/(loss) before taxation	-	973	32	(785)	220

Included within the Revenue from external customers of £1,976,000 are amounts of £1,944,000 (within hedge fund segment) received from two customers and £nil (within consultancy segment), each of which generate more than 10% of the total external income.

	Green Energy £000s	Hedge Fund £000s	Consultancy £000s	Central costs £000s	Inter-segment elimination £000s	Group £000s
Segment assets	-	4,661	-	5,057	(3,069)	6,649
Segment liabilities	-	(245)	-	(3,503)	3,068	(680)
	-	4,416	-	1,554	(1)	5,969
Capital expenditure on segment assets	-	-	-	35	-	35

(b) Geographical segments

The Group's operations are deemed to have been carried out in Europe and North America.

3 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2016 £000s	2015 £000s
Amortisation of intangible assets	107	-
Depreciation of property, plant and equipment	1,770	16
Exchange gain	(275)	(28)
Operating lease rentals - land and buildings	30	10
Bank interest income	(2)	(6)
Audit services		
- fees payable to the Group's auditors for the audit of its financial statements	16	13
- audit related regulatory	68	-
Tax services	5	5
Other assurance services	129	3

Notes to the Financial Statements continued

4 Staff costs and employees

Staff costs including Directors' emoluments:

	2016 £000s	2015 £000s
Wages and salaries (Including bonuses)	373	427
Social security costs	37	44
Other staff costs	42	283
Total	452	754

The average monthly number of persons employed by the Group including Executive Directors was 12 (2015: 14) and is analysed as follows:

	2016	2015
Asset Management	6	7
Administration	6	7
Total	12	14

Directors' emoluments:

	2016 £000s	2015 £000s
Group		
Directors' emoluments	142	433

The Directors are potential beneficiaries of the Employee Benefit Trust and the Employee Share Ownership Scheme. £25,000 has been contributed in respect of Directors money purchase pension schemes during the period (2015: £265,250). None of the Directors exercised share options during the period.

The highest paid Director received salary and related benefits of £100,000 (2015: £386,000), which included contributions to money purchase pension schemes.

5 Net finance costs

Group	2016 £000s	2015 £000s
Interest income on:		
Barclays deposit accounts	2	6
Finance income	2	6
Interest expenses on:		
Secured bank loans	(1,665)	-
Secured bond issue	(426)	-
Unsecured third party loan	(139)	-
Sundry loans	(2)	-
Finance costs	(2,232)	-
Net finance costs recognised in profit or loss	(2,230)	6

Notes to the Financial Statements continued

6 Taxation

(a) Analysis of tax charge for the year

	2016 £000s	2015 £000s
Current tax		
UK corporation tax on profits for the period	55	-
Adjustments in respect of prior periods	-	(8)
Foreign tax	771	-
Total current tax	826	(8)
Deferred tax	(534)	-
Effects of changes in corporation tax rates	-	-
Origination and reversal of temporary differences	-	-
Total tax charge for the year	292	(8)

(b) Factors affecting the tax charge for the year

	2016 £000s	2015 £000s
(Loss)/profit before taxation	(1,019)	220
Tax on profit at the standard UK Corporation tax rate of 20.00% (2015: 20.25%)	(204)	45
Effect of:		
Disallowable expenses and non-taxable income	6	1
Capital allowances in excess of depreciation	(1)	(8)
Short term timing differences	-	-
Tax losses utilised	-	(197)
Tax losses unutilised	-	-
Capital gains/(losses)	-	-
Foreign tax adjustments	478	-
Adjustment in respect of prior periods	-	(8)
Unrelieved tax losses and other deductions in the period	13	159
Total tax charge/(credit) for the year	292	(8)

Notes to the Financial Statements continued

7 Earnings per share

The calculation of Earnings per Share ("EPS") is based on profit that is attributable to equity owners of the parent Company only.

The weighted average number of shares includes a deduction for the shares held by the Employee Share Ownership Trust of 1,800,000 (2015 1,800,000)

Potential ordinary shares have only been included in the diluted EPS calculation where their effect has been dilutive to basic EPS.

Details of the figures used in calculating basic and diluted EPS are shown below:

	2016 £000s	2015 £000s
Total (loss)/profit from continuing operations used in calculating basic and diluted EPS	(302)	228
Total (loss)/profit used in calculating basic and diluted EPS	(302)	228

	No. '000s	No. '000s
Weighted average number of ordinary shares used in calculating basic EPS	18,169	18,169
Effect of dilutive potential ordinary shares:		
- share options	-	-
- shares to be issued	-	-
- contingently issuable shares	-	-
Weighted average number of ordinary shares used in calculating diluted EPS	18,169	18,169

Basic EPS from continuing operations has been calculated using the loss from continuing operations £302,000 (excluding non-controlling interests) divided by the weighted average number of ordinary shares 18,169,215.

Diluted EPS from continuing operations has been calculated using the loss from continuing operations £302,000 (excluding non-controlling interests) divided by the weighted average number of ordinary shares 18,169,215

Potentially dilutive instruments that have not been included in the calculation of diluted EPS, because they were antidilutive comprise share options over Nil (2015: 55,000) ordinary shares.

8 Intangible assets

Group	Goodwill £000s	Plant and expansion costs £000s	Concessions licences, trade marks & similar £000s	Other intangible assets £000s	Total £000s
Cost					
At 1st January 2016	-	-	-	-	-
Acquisitions through business combinations	21,978	230	3,891	13	26,112
Movement on exchange	811	8	144	1	964
At 31st December 2016	22,789	238	4,035	14	27,076
Amortisation					
At 1st January 2016	-	-	-	-	-
Charge in the year	-	(15)	(90)	(2)	(107)
Movement on exchange	-	-	-	-	-
At 31st December 2016	-	(15)	(90)	(2)	(107)
Net Book Value					
At 31st December 2016	22,789	223	3,945	12	26,969
Cost					
At 1st January 2015	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Movement on exchange	-	-	-	-	-
At 31st December 2015	-	-	-	-	-
Amortisation					
At 1st January 2015	-	-	-	-	-
Charge in the year	-	-	-	-	-
Movement on exchange	-	-	-	-	-
At 31st December 2015	-	-	-	-	-
Net Book Value					
At 31st December 2015	-	-	-	-	-

Notes to the Financial Statements continued

9 Tangible fixed assets

Group	Land and Buildings £000s	Plant and Equipment £000s	Vehicles & equipment £000s	Fixtures & fittings £000s	Leasehold improvements £000s	Total £000s
Cost						
At 1st January 2016	-	-	120	289	249	658
Additions	-	-	-	4	-	4
Acquisitions through business combinations	1,800	84,188	-	6	-	85,994
Movement on exchange	67	3,108	-	-	-	3,175
At 31st December 2016	1,867	87,296	120	299	249	89,831
Depreciation						
At 1st January 2016	-	(21,017)	(98)	(211)	(249)	(21,575)
Movement on exchange		(759)				(759)
Charge in the year	-	(1,754)	(11)	(5)	-	(1,770)
Movement on exchange	-	(7)	-	1	-	(6)
At 31st December 2016	-	(23,537)	(109)	(215)	(249)	(24,110)
Net Book Value						
At 31st December 2016	1,867	63,759	11	84	-	65,721
Cost						
At 1st January 2015			88	286	249	623
Additions			32	3	-	35
Acquisitions through business combinations			-	-	-	-
Movement on exchange			-	-	-	-
At 31st December 2015	-	-	120	289	249	658
Depreciation						
At 1st January 2015			(86)	(207)	(249)	(542)
Charge in the year			(12)	(4)	-	(16)
Acquisitions through business combinations			-	-	-	-
Movement on exchange			-	-	-	-
At 31st December 2015	-	-	(98)	(211)	(249)	(558)
Net Book Value						
At 31st December 2015	-	-	22	78	-	100

Company	Vehicles & equipment £000s	Fixtures & fittings £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1st January 2016	120	289	249	658
Reclassification at start of year	-	-	-	-
Additions	-	4	-	4
Disposals	-	-	-	-
At 31st December 2016	120	293	249	662
Depreciation				
At 1st January 2015	(98)	(211)	(249)	(558)
Reclassification at start of year	-	-	-	-
Charge in the year	(11)	(3)	-	(14)
Disposals	-	-	-	-
At 31st December 2016	(109)	(214)	(249)	(572)
Net Book Value				
At 31st December 2016	11	79	-	90
Cost				
At 1st January 2015	244	130	249	623
Reclassification at start of year	(156)	156	-	-
Additions	32	3	-	35
Disposals	-	-	-	-
At 31st December 2015	120	289	249	658
Depreciation				
At 1st January 2015	(169)	(124)	(249)	(542)
Reclassification at start of year	83	(83)	-	-
Charge in the year	(12)	(4)	-	(16)
Disposals	-	-	-	-
At 31st December 2015	(98)	(211)	(249)	(558)
Net Book Value				
At 31st December 2015	22	78	-	100

Notes to the Financial Statements continued

10 Equity-accounted investees

Associates

The Group's equity interest in its material associate, Integrated Capital S.R.L. is 50%.

	Group and Company	
	2016	2015
	£000s	£000s
Percentage ownership interest	50%	
Non-current assets	22	-
Current assets	27	-
Current liabilities	(1)	-
Net assets	48	-
Carrying amount of interest in associate	24	-
Revenue	-	-
Loss from continuing operations	(38)	-
Group's share of operating loss	(19)	-

11 Trade and other receivables

Amounts due after more than one year	Group		Company	
	2016	2015	2016	2015
	£000s	£000s	£000s	£000s
Guarantee deposits received	367	-	-	-
Other tax receivables	1,532			
Other receivables	97	-	-	-
Total	1,996	-	-	-

Amounts due within one year	Group		Company	
	2016	2015	2016	2015
	£000s	£000s	£000s	£000s
Trade receivables (Note 23)	4,359	97	3	23
VAT and other tax receivables	244	-	-	-
Other receivables	192	117	174	115
Prepayments	693	16	8	4
Total	5,488	230	185	142

12 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	£000s	£000s	£000s	£000s
Cash at bank and in hand	1,444	2,360	79	856
Total cash and cash equivalents	1,444	2,360	79	856

Notes to the Financial Statements continued

13 Financial assets

(a) Movement in fair value

Non-current Available-for-sale financial assets	Group 2016 £000s	Group 2015 £000s	Company 2016 £000s	Company 2015 £000s
Movement in fair value				
At 1st January	3,300	3,135	3,300	3,135
Additions	-	-	-	-
Disposals	(240)	-	(240)	-
Transfer to Current available-for-sale financial assets	-	(205)	-	(205)
Movement on exchange	-	-	-	-
Realised gain through profit and loss	-	-	-	-
Impairment through profit and loss	-	-	-	-
Net gain in movement in fair value through other comprehensive income	830	370	830	370
At 31st December	3,890	3,300	3,890	3,300

In 2010, the Company announced that it had agreed to invest up to $4 million in a JRJ Limited Partnership forming part of JRJ Ventures which had recently acquired approximately 75 per cent of Marex Group Ltd. In March 2011 Marex Group Ltd acquired Spectron Group Ltd, and as a participant in the ownership of Marex Group Ltd, the Company participated in the financing of the acquisition and invested a further £0.8m into this transaction.

Current Available-for-sale financial assets	Group 2016 £000s	Group 2015 £000s	Company 2016 £000s	Company 2015 £000s
Movement in fair value				
At 1st January	659	-	659	-
Additions	76	124	76	124
Disposals	(588)	-	(588)	-
Transfer from Non-Current available-for-sale financial assets	-	205	-	205
Movement on exchange	20	14	20	14
Realised gain through profit and loss	316	-	316	-
Impairment through profit and loss	-	-	-	-
Net gain in movement in fair value through other comprehensive income	(301)	316	(301)	316
At 31st December	182	659	182	659

The Group's current Available-for-sale financial assets includes shares in a US company listed on the OTC Bulletin Board ("OTCBB"). These shares were received as per an agreement in payment for consulting income earned in a previous year. In 2013, a further full impairment was recognised by the Board due to its view that any potential realisable value was looking increasing unlikely. No change to this stance was considered necessary in the current year.

The Group's other investments are principally in the funds it manages, which the majority were redeemed at the start of 2016. Further investment additions to these funds were made in the year totalling £76,000.

Current Fair value through profit and loss financial assets	Group 2016 £000s	Group 2015 £000s	Company 2016 £000s	Company 2015 £000s
Movement in fair value				
At 1st January	-	1	-	1
Additions		-	-	-
Disposals		-	-	-
Movement on exchange		-	-	-
Net loss in movement in fair value through profit and loss		(1)	-	(1)
At 31st December	-	-	-	-

The Group's other current financial assets represent shares held in Vanoil Energy Limited which are listed on the Canadian Stock Exchange. The shares are currently suspended and as such have been included at a zero fair value. Any gains or losses have been taken through profit or loss.

13 Financial assets (continued)

(b) Fair value hierarchy

The following table analyses "Available-for-sale" and "Fair value through profit and loss" financial assets carried at fair value. The fair value hierarchy levels have been defined as follows:

- Instruments with unadjusted quoted prices in active markets for identical assets as Level 1.
- Instruments valued using inputs other than quoted prices for the instruments, but where those inputs are observable either directly or indirectly as Level 2.
- Instruments using valuation techniques for which any significant input is not based on observable market data as Level 3

	Group		Company	
	2016	2015	2016	2015
Available-for-sale financial assets - Non-current	£000s	£000s	£000s	£000s
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	3,890	3,300	3,890	3,300
	3,890	3,300	3,890	3,300

	Group		Company	
	2016	2015	2016	2015
Available-for-sale financial assets - Current	£000s	£000s	£000s	£000s
Level 1	-	-	-	-
Level 2	182	659	182	659
Level 3	-	-	-	-
	182	659	182	659

	Group		Company	
	2016	2015	2016	2015
Fair value through profit and loss financial assets - Current	£000s	£000s	£000s	£000s
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	-	-	-	-

During the period there were no transfers between Level 1 and Level 2 valuation methods and no transfer into or out of Level 3 valuation method.

Level 1 instruments represent listed corporate bonds and listed shares, the value for which comes from quoted prices on active markets.

For valuations of the investments in funds managed by the Group which do not have redemption restrictions, the net asset value of the fund is used, which is calculated by a third party. These investments are shown as Level 2 instruments.

Level 3 instruments represent the investment in JRJ Ventures, the holding of shares listed on the OTCBB, as well as investments in funds managed by the Group, which are all considered to be more illiquid in nature due to redemption restrictions. These investments are not considered to have a quoted market price in an active market.

As the investment in JRJ Ventures is not listed on any stock exchange, a quoted price in an active market is not available. In considering the fair value to be attributed to this investment, the Board takes into account various ratios of comparable companies discounted for the minority holding and private status of the entity, as well as the reported net assets of the underlying investment and its assessment of the actual trading of Marex Spectron. This year the Board concluded that based on the underlying net assets of the investment, there warranted an uplift to the carrying value of this investment.

Notes to the Financial Statements continued

14 Other investments, including derivatives

	Group 2016 £000s	Group 2015 £000s	Company 2016 £000s	Company 2015 £000s
Non-current investments				
Interest rate swaps used for hedging	440	-	-	-
	440	-	-	-

The Group has taken out a loan with Mediocredito Italiano S.p.A for an original amount of Euro 102,500,00. The loan with a maturity date in December 2030 provides for repayment through half-yearly instalments and the application of a variable interest rate of 2.65% plus or minus the EURIBOR rate. In order to limit the risk resulting from fluctuations in interest rates, the Group subscribed, at the same time as the financing, an Interest Rate Swap contract which has as a notional value the total amount of the loan agreed and as duration the same duration of the loan.

15 Investments

Company	Subsidiaries £000s	Employee Trusts £000s	Total £000s
Cost			
At 1st January 2016	3,650	2,519	6,169
Additions	2,380	-	2,380
Disposals	-	-	-
At 31st December 2016	6,030	2,519	8,549
Impairment			
At 1st January 2016	-	(2,249)	(2,249)
Disposals	-	-	-
Charge for the year	-	270	270
At 31st December 2016	-	(1,979)	(1,979)
Net book value at 31st December 2016	6,030	540	6,570
Cost			
At 1st January 2015	3,650	2,519	6,169
Additions	-	-	-
Disposals	-	-	-
At 31st December 2015	3,650	2,519	6,169
Impairment			
At 1st January 2015	-	(2,249)	(2,249)
Disposals	-	-	-
Charge for the year	-	-	-
At 31st December 2015	-	(2,249)	(2,249)
Net book value at 31st December 2015	3,650	270	3,920

A list of the Company’s subsidiaries and details of the changes in ownership interest during the year can be found at Note 25.

16 Deferred tax

Apart from that which has already been recognised in the financial statements, the group has deferred tax assets of £1,620,000 (2015: £1,772,000) in respect of tax losses, which have not been recognised due to the lack of certainty as to the utilisation of these assets.

The Company has deferred tax assets of £1,620,000 (2015: £1,689,000) in respect of tax losses, which have not been recognised due to the lack of certainty as to the utilisation of these assets.

Notes to the Financial Statements continued

17 Loans and borrowings

Group	2016 £000s	2015 £000s
Non-current liabilities		
Secured bank loans	77,937	-
Secured bond issues	10,084	-
Unsecured third party loan	2,286	-
	90,307	-
Current liabilities		
Secured bank loans	4,742	-
Secured bond issues	-	-
Unsecured third party loan	-	-
	4,742	-

Terms and repayment schedule

	Curr	Nominal interest rate	Year of Maturity	Face Value 2016 £000s	Carrying Amount 2016 £000s	Face Value 2015 £000s	Carrying Amount 2015 £000s
Secured bank loan - Mediocredito Italiano SpA	EUR	Euribor+2.65%	2030	86,108	82,250	-	-
Secured bank loan - Cassa di Risparimio del Veneto SpA	EUR	Euribor+2.65%	2021	429	429	-	-
Secured Bond issue	EUR	Fixed 8%	2024	10,300	10,084	-	-
Unsecured third party loan	EUR	Fixed 12%	2036	2,286	2,286	-	-
				99,123	95,049	-	-

18 Trade and other payables

	Group		Company	
	2016 £000s	2015 £000s	2016 £000s	2015 £000s
Current				
Trade payables	3,867	203	10	28
Amounts owed to group undertakings	-	-	3,444	3,068
Other creditors	184	-	-	-
Other taxation and social security costs	7	9	7	9
Accruals and deferred income	753	468	505	400
Total	4,811	680	3,966	3,505

19 Share capital

	2016 £000s	2016 Number of ordinary 5p shares 000s	2015 £000s	2015 Number of ordinary 5p shares 000s
Authorised:				
At 1st January	9,425	188,504	9,425	188,504
At 31st December	9,425	188,504	9,425	188,504
Allotted and fully paid:				
At 1st January	998	19,969	998	19,969
At 31st December	998	19,969	998	19,969

There were no changes in the year to the Company's Authorised share capital or to its Allotted and fully paid share capital. The Company has 19,969,215 shares in issue.

Notes to the Financial Statements continued

20 Related parties

Group

Transactions between the Group and related parties during the year were as follows:

	Revenue		Expenses	
	2016	2015	2016	2015
	£000s	£000s	£000s	£000s
Current				
Related companies	-	135	286	239
Total	-	135	286	239

Amounts outstanding between the Group and related parties at the year end were as follows:

	Amounts owed by related parties		Amounts owed to related parties	
	2016	2015	2016	2015
	£000s	£000s	£000s	£000s
Related companies	-	-	284	132
Directors	1	18	-	-
Total	1	18	284	132

Related companies represent those companies of which certain Directors of the Company are also Directors, namely JD Farrods, where D. Masetti is a Director, for the provision of marketing services, and Arcap Partners Ltd, where E. Arbib is a Director, for the receipt of consultancy and introducer Services. Directors have loan accounts for day to day expenses and re-chargeables in the normal course of business, which are periodically cleared and repaid to the company.

Key Management Personnel

The Group considers Executive and Non-Executive Directors to be key management personnel. Remuneration paid to key management personnel during the year was as follows:

	2016	2015
	£000s	£000s
Short-term employee benefits	142	433
Share-based payments	-	-
Total	142	433

Company

Details of transactions between the Company and its subsidiaries which are related parties are as follows:

	2016	2015
	£000s	£000s
Management fees receivable from Integrated Alternative Investments Ltd	(111)	(109)
Management fees payable to Integrated Alternative Investments Ltd	-	5
Dividend receivable from Integrated Alternative Investments Ltd	(980)	(1,350)

Amounts outstanding between the Company and its subsidiaries at the year end were as follows:

	2016	2015
	£000s	£000s
Amounts due to Integrated Alternative Investments Ltd	(3,444)	(3,068)

Notes to the Financial Statements continued

21 Operating lease commitments

At 31st December the Group was committed to make the following minimum payments under non-cancellable leases of land and buildings falling due as follows:

	2016	2015
	£000s	£000s
Within one year	223	71
Between two and five years	875	-
After five years	-	-
Total	1,098	71

22 Guarantees and commitments

Below is a summary of the guarantees and commitments provided by third parties for companies belonging to the group:-

Helios 1 Srl
€ 473,363 is the amount of the guarantee given by the Vittoria Assicurazioni Institute in favour of the Revenue Agency ("Agenzia delle Entrate") following the request for VAT refund submitted by the company;

€ 40,000 refers to the guarantee issued by Cofintrade company for the environmental remediation costs to be borne by the company.

LD Vert Srl
€ 514,821 represents the amount of the guarantee issued by the Vittoria Assicurazioni Institute in favour of the Revenue Agency ("Agenzia delle Entrate"), following the request for VAT refund submitted by the company;

€ 5,400 refers to the guarantee issued by the Fidiroma Consortium in favour of Enel Distribuzione S.p.A., for the use of network connections for the plants.

Meridiana Energy Srl
€ 80,000 refers to guarantees issued by third parties for environmental remediation costs.

Nur Energie Italia Srl
€ 104,500 refers to the guarantee provided by the company Creocapital S.p.A. in favour of the company and for the benefit of the Municipality of Lecce, for the construction of the network connection for the photovoltaic system;

€ 114,000 is the amount of the guarantee issued by China Taiping Insurance for the environmental remediation costs to be borne.

PVP1 Srl
€ 25,000 refers to the guarantee issued by the Monte dei Paschi di Siena, for the environmental remediation costs to be borne by the company.

Rinnovabili Srl
€ 20,000 refers to guarantees issued by third parties for the environmental remediation costs .

San Marzano Srl
€ 20,000 is the amount of the guarantee issued by Allianz Lloyd Adriatico, in favour of the San Marzano Municipality of San Giuseppe, for sustaining environmental remediation costs incurred by the company.

Sun Plant Tree Srl
€ 19,817 refers to the amount of the guarantee provided by the Intesa San Paolo Institute in favour of the Municipality of Acquaviva delle Fonti (BA) for the execution of environmental restoration and remediation.

Notes to the Financial Statements continued

23 Financial risk management

The Group operates in different countries and is exposed to a number of financial risks and particularly currency risk.

Currency risk

The Group publishes its consolidated financial statements in Sterling, but conducts its business in a number of different currencies but principally the Euro and US Dollar. As a result the Group is exposed to foreign exchange risk due to exchange rate movements which affect the Group's transactional revenues and the translation of the earnings and net assets of its overseas operations.

The Group constantly reviews its position and where necessary will hedge a portion of the transactional exposures of its subsidiaries which have a functional currency of Sterling. This exposure review principally highlights the net management fees expected to be generated by the UK based fund management companies from existing AUM. Such exposure is principally to the Euro and US Dollar and hedging, if deemed necessary is carried out by means of forward foreign exchange contracts. No additional hedging was undertaken during 2016 due to the continuing low level of management fee income.

Hedging arrangements have not been accounted for under IAS 39 hedge accounting rules.

At 31 December 2016, the total amount of US Dollar's hedged was $Nil (2015: $Nil). The fair value of the open hedging contracts was £Nil (2015: £Nil) and this if applicable would have been included in accruals and deferred income.

Should additional exposure be generated by material changes in either Euro or US Dollar denominated AUM or by probable crystallisation of foreign currency denominated performance fees, further hedging may be taken out if the rates available at the time of such changes becoming apparent are deemed to be favourable.

Hedging of the Group's other transactional exposures, the translation of the results of our operations in Europe whose functional currency is the Euro are not hedged as such transactions create movements in the profit and loss account, which are offset by equal and opposite effect in reserve. Movements do nonetheless affect reported earnings.

The Group also has significant exposure to the Euro arising from its foreign operations at the end of the reporting period and to its US Dollar cash reserves. This is not normally hedged other than through foreign currency debt. As with the translation of its foreign operations' results, other hedging could expose the Group to significant net cash flows and profit and loss distortions, as demonstrated by the effect of holding surplus assets in the foreign operations in Sterling.

At 31 December 2016, if the Euro had strengthened/weakened by 10% against Sterling with all other variables held constant, pre-tax result would increase/(decrease) by £70,000/(£57,000) respectively [2015: £87,000/(£72,000)], principally as a result of the increase/decrease in assets and liabilities denominated in foreign currencies; other components of equity would increase/(decrease) by £332,000/(£113,000) respectfully [2015: £nil/(£nil)], principally as a result of the unhedged portion of net investment in foreign operations.

At 31 December 2016, if the US Dollar had strengthened/weakened by 10% against Sterling with all other variables held constant, pre-tax result would increase/(decrease) by £12,000/(£10,000) respectively [2015: £109,000/(£90,000)], principally as a result of the increase/decrease in assets and liabilities denominated in foreign currencies.

Interest rate risk

The Group through its investment in Green Energy has a substantial loan with Mediocredito Italiano S.p.A, standing at €100.3m as at 31 December 2016. The loan provides for repayment through half-yearly instalments and the application of a variable interest rate of 2.65% plus or minus the EURIBOR rate. To hedge its exposure to changes in the variable interest rate the Group has entered into a Interest Rate Swap contract which has a notional value of the total outstanding amount of the loan for the duration of the loan through to December 2030.

In addition to the loan with Mediocredito Italiano S.p.A. the only other loan that carries a variable interest rate is one with Istituto Cassa di Risparmio del Veneto S.p.A. for an amount of €500,000. This loan is due to be repaid in full on 31 March 2021 and is charged interest at a rate of 2.65% plus or minus EURIBOR. No derivative is currently in place to cover the interest rate exposure on this smaller loan.

Apart from the two loans within the green energy investment, the Group has limited other exposure to interest rate risk on its cash positions and borrowings. Such exposures are managed as efficiently as possible given that working capital needs to be maintained in different operating subsidiaries and inter-company exposure may be subject to regulatory limits. Cash and cash equivalents are usually invested in short term cash deposits with maturities no greater than three months. The effect of a 100 basis points increase/decrease in interest rates would not have a material impact on pre-tax profits or equity.

Liquidity risk

The Group has exposure to liquidity risk where it has insufficient financial resources that may be used to settle liabilities as they fall due. Overdraft facilities are maintained to cover any short term occurrences and the Group seeks to ensure that it maintains sufficient liquidity not only to finance its ongoing operations but, where possible, to assist in funding proposed acquisitions or unanticipated events. As noted above, cash and cash equivalents are usually on a short-term basis.

Financial liabilities consist of a bank overdraft repayable on demand - they also include the trade and other payables.

Notes to the Financial Statements continued

23 Financial risk management (continued)

Credit risk

The Group has exposure to credit risk in respect of its green energy operations, fund management business and treasury operations.

The Group's credit risk exposure in respect of its green energy operations was at the close of the financial year exclusively towards the Manager of the Energy Services ("Gestore dei Servizi Energetici" or "GSE") who pay the incentive tariffs on the energy produced by the plants owned by the Group. Due to the nature of the counterparty, no particular risk is considered in the recovery of receivables resulting from sales to GSE.

Trade receivables for fee debtors in the green energy operations are analysed below.

	2016 £000s	2015 £000s
Trade receivables - Green energy		
Receivable from GSE	3,834	-
Other related trade receivables	468	-
Carrying amount	4,302	-

Trade receivables for fee debtors in the fund management businesses are analysed below.

	2016 £000s	2015 £000s
Trade receivables - Fund management		
Neither past due nor impaired		
Low risk	57	97
Carrying amount	57	97
Past due but not impaired		
Low risk	-	-
Carrying amount	-	-
Past due but not impaired consists of:		
31 to 60 days	-	-
61 to 90 days	-	-
91 to 120 days	-	-
Over 120 days	-	-
	-	-
Total Carrying amount	57	97

Group	2016 £000s	2015 £000s
Trade receivables (note 11)		
Green energy	4,302	-
Fund management	57	97
Carrying amount	4,359	97

For treasury operations, only financial institutions of an investment grade are used.

Price Risk

The Group's holding of "Fair value through profit and loss" financial assets, which consist of listed corporate bonds and quoted shares, is sensitive to a wide range of market prices. The following table details the Group's sensitivity to a 15% (2015: 15%) movement in market prices, that would effect the value of its "Fair value through profit and loss" financial assets at the statement of financial position date.

	Group		Company	
	2016 £000s	2015 £000s	2016 £000s	2015 £000s
Current assets	-	-	-	-

Capital risk management

The Group manages its capital to ensure that all entities within the Group are able to operate as going concerns and exceed any minimum externally imposed capital requirements. The capital of the Group and Company consists of equity attributable to the equity owners of the parent company, comprising issued share capital, share premium, retained earnings and other reserves as disclosed in the Statement of Changes in Shareholders' Equity.

One operating subsidiary within the Group is subject to the requirements of their respective regulators, primarily the Financial Conduct Authority (“FCA”) in the UK. This subsidiary held surplus capital over it's respective requirements throughout the year of ownership. The Group is also subject to reporting on a consolidated basis to the FCA for which it holds surplus capital over regulatory requirements.

24 Share options

The Company operates a share option plan whereby directors, employees and consultants are granted share options for the services they provide. Share options can only be exercised once any vesting conditions attached to the options have been satisfied. Vesting conditions can include a minimum period of service or specific performance targets.

The fair value of share options granted under the Company's share options scheme is determined using an option pricing model, which takes into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the Company's share price over the life of the option and other relevant factors (e.g. projected dividend payment per share).

Options outstanding over the Company's ordinary shares were as follows:

	2016		2015	
	Number of shares under option 000s	Weighted average exercise price	Number of shares under option 000s	Weighted average exercise price
Outstanding at the beginning of the year	55	72p	130	68p
Granted during the year	-		-	
Cancelled during the year	-		-	
Forfeited during the year	-		-	
Exercised during the year	-		-	
Expired during the year	(55)	72p	(75)	65p
Outstanding at the end of the year	-		55	72p
Exercisable at the end of the year	-		55	72p

The outstanding share options had an exercise price range of 70p – 90p (2015: 70p-90p). The weighted average remaining contractual life of the share options is 0 years (2015: 0.3 years). The maximum life of the share options is ten years.

No options were granted or exercised during the year (2015: Nil).

The last time options were granted was 2012. The weighted average fair value of share options granted during 2012 was 1p. The fair value of the share options granted during 2012 was estimated using a binomial option pricing model. The following method and assumptions were used in that model; with IAM no longer being quoted, an average of three comparable listed companies volatilities were used over a 360 day period to determine volatility; estimated annualised dividend yield of 0%; risk free rate was based on the redemption yield of a 9 year gilt and an option life that is the same as the exercise life.

25 Principal subsidiary undertakings

The following information is given in respect of those subsidiary undertakings which, in the opinion of the directors, principally affect the consolidated profits or assets of the Company. They are wholly-owned subsidiary undertakings of the Company except where shown and their issued share capital consists of equity shares.

	Country of incorporation	31 December 2016 % Owned	31 December 2015 % Owned
Hedge Fund Management			
Integrated Alternative Investments Ltd	UK	100%	100%
Green Energy interests			
Integrated Energy Holdings Ltd	UK	53.7%	-
Integrated Energy Holdings SA	Luxembourg	27.0%	-
Integrated E-Energy Investments Sarl	Luxembourg	27.0%	-
Econergy Renewables 1 SpA	Italy	27.0%	-
Enersol Srl	Italy	27.0%	-
Helios 1 Srl	Italy	27.0%	-
Laem Srl	Italy	27.0%	-
LD Vert Srl	Italy	27.0%	-
Meridiana Energy Srl	Italy	27.0%	-
Nur Energie Italia Srl	Italy	27.0%	-
PVP1 Srl	Italy	27.0%	-
Rinnovabili Srl	Italy	27.0%	-
San Marzano Srl	Italy	27.0%	-
Sonnen Systeme Italia Srl	Italy	27.0%	-
Sun Plant Tree Srl	Italy	27.0%	-

Notes to the Financial Statements continued

26 Acquisition of subsidiaries

On 30 June 2016, the Group acquired a controlling stake in 11 Photovoltaic energy companies based in Italy and active in the production of photovoltaic energy, holding a total portfolio of installations providing 34 MWh of power.

In order to complete the transaction, the Group raised the funds required for the purchase of the equity investments as well as those necessary for the repayment of existing loans in the target companies through a subordinated loan granted by Group shareholders for a total amount of €18,000,000, and through a bank loan expiring in December 2030 for a total of €103,000,000.

A. Consideration transferred

	2016 £000s	2015 £000s
Cash consideration paid	25,575	-

B. Acquisition-related costs

The Group incurred acquisition-related costs of £ 1,663,000 on notary fees, legal costs and due diligence costs. These costs have been included in operating expenses during the year.

C. Identifiable assets acquired and liabilities assumed

	2016 £000s	2015 £000s
Intangible assets	4,132	-
Land, plant and equipment	64,978	-
Receivables and prepayments	6,941	-
Cash at bank	31,923	-
Loans and borrowings	(95,879)	-
Payables and accruals	(8,498)	-
Total	3,597	-

Prior to the acquisition of the Italian special purpose vehicles ("SPVs") by Econergy Renewables 1 Spa, as part of the due diligence process, work was carried out to determine the fair values of all identifiable assets and liabilities of the SPVs. Following that work and after consideration of all other information available, it was determined that the fair value of the assets and liabilities equated to the book value shown in the SPV's financial statements as at the date of acquisition.

D. Goodwill

	2016 £000s	2015 £000s
Consideration transferred	25,575	-
Fair value of Identifiable net assets	(3,597)	-
Total of Goodwill recognised	21,978	-

27 Contingent liabilities

From time to time the Group is engaged in disputes on employment and / or other related matters. Such matters are inherently subject to many uncertainties and the Group cannot predict their outcome. There are no issues which are currently expected to have a material adverse impact on the Group's results or net assets.

28 Events after the reporting date

In May 2017, the Employee Share Ownership Trust that held 1,800,000 shares in the Company agreed to sell them in their entirety to Mr Stanley Shane who is a Director of the Company at a price of 30p per share. Following this transaction which was approved at a Board Meeting of the Company, the Trust was then able to repay £540,000 of its outstanding loan to the Company in June 2017.

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