

ROYCE FOCUS TRUST INC
Form N-CSR
March 05, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
— Washington, D.C. 20549
FORM N-CSR

CERTIFIED SHAREHOLDER REPORT
OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-05379

Name of Registrant: Royce Focus Trust, Inc.

Address of Registrant: 1414 Avenue of the Americas
New York, NY 10019

Name and address of agent for service:

John E. Denneen, Esquire
1414 Avenue of the Americas
New York, NY 10019

Registrant's telephone number, including area code: (212) 486-1445

Date of fiscal year end: December 31

Date of reporting period: January 1, 2007 □ December 31, 2007

Item 1: Reports to Shareholders

Royce Value Trust

Royce Micro-Cap Trust

Royce Focus Trust

**ANNUAL
REVIEW AND
REPORT
TO STOCKHOLDERS**

www.roycefunds.com

A Few Words on Closed-End Funds

Royce & Associates, LLC manages three closed-end funds: Royce Value Trust, the first small-cap value closed-end fund offering; Royce Micro-Cap Trust, the only micro-cap closed-end fund; and Royce Focus Trust, a closed-end fund that invests in a limited number of primarily small-cap companies.

A closed-end fund is an investment company whose shares are listed and traded on a stock exchange. Like all investment companies, including open-end mutual funds, the assets of a closed-end fund are professionally managed in accordance with the investment objectives and policies approved by the fund's Board of Directors. A closed-end fund raises cash for investment by issuing a fixed number of shares through initial and other public offerings that may include shelf offerings and periodic rights offerings. Proceeds from the offerings are invested in an actively managed portfolio of securities. Investors wanting to buy or sell shares of a publicly traded closed-end fund after the offerings must do so on a stock exchange, as with any publicly traded stock. This is in contrast to open-end mutual funds, in which the fund sells and redeems its shares on a continuous basis.

A Closed-End Fund Offers Several Distinct Advantages Not Available From An Open-End Fund Structure

- Since a closed-end fund does not issue redeemable securities or offer its securities on a continuous basis, it does not need to liquidate securities or hold uninvested assets to meet investor demands for cash redemptions, as an open-end fund must.
- In a closed-end fund, not having to meet investor redemption requests or invest at inopportune times is ideal for value managers who attempt to buy stocks when prices are depressed and sell securities when prices are high.
- A closed-end fund may invest more freely in less liquid portfolio securities because it is not subject to potential stockholder redemption demands. This is particularly beneficial for Royce-managed closed-end funds, which invest in small- and micro-cap securities.
- The fixed capital structure allows permanent leverage to be employed as a means to enhance capital appreciation potential.
- Unlike Royce's open-end funds, our closed-end funds are able to distribute capital gains on a quarterly basis. Each of the Funds has adopted a quarterly distribution policy for its common stock.

We believe that the closed-end fund structure is very suitable for the long-term investor who understands the benefits of a stable pool of capital.

Why Dividend Reinvestment Is Important

A very important component of an investor's total return comes from the reinvestment of distributions. By reinvesting distributions, our investors can maintain an undiluted investment in a Fund. To get a fair idea of the impact of reinvested distributions, please see the charts on pages 13, 15 and 17. For additional information on the Funds' Distribution Reinvestment and Cash Purchase Options and the benefits for stockholders, please see page 19 or visit our website at www.roycefunds.com.

This page is not part of the 2007 Annual Report to Stockholders

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For more than 30 years, we have used a value approach to invest in smaller-cap securities. We focus primarily on the quality of a company's balance sheet, its ability to generate free cash flow and other measures of profitability or sound financial condition. At times, we may also look at other factors, such as a company's unrecognized asset values, its future growth prospects or its turnaround potential following an earnings disappointment or other business difficulties. We then use these factors to assess the company's current worth, basing the assessment on either what we believe a knowledgeable buyer might pay to acquire the entire company, or what we think the value of the company should be in the stock market.

Performance Table

Average Annual NAV Total Returns Through December 31,
2007

	Royce Value Trust	Royce Micro-Cap Trust	Royce Focus Trust	Russell 2000
Fourth Quarter 2007*	-2.62%	-4.47%	-3.64%	-4.58%
July–December 2007*	-4.36	-7.86	-3.21	-7.53
One-Year	5.04	0.64	12.22	-1.57
Three-Year	10.81	9.58	13.90	6.80
Five-Year	18.40	19.42	24.15	16.25
10-Year	11.77	11.97	13.28	7.08
15-Year	13.17	n/a	n/a	10.10
20-Year	13.78	n/a	n/a	11.34
Since Inception	12.60	13.53	14.15	□
Inception Date	11/26/86	12/14/93	11/1/96**	□

Important Performance and Risk Information

All performance information in this *Review and Report* reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when sold. Current performance may be higher or lower than performance quoted. Current month-end performance may be obtained at www.roycefunds.com. The Royce Funds invest primarily in securities of small-cap and/or micro-cap companies, which may involve considerably more risk than investments in securities of larger-cap companies.

The thoughts expressed in this *Review and Report to Stockholders* concerning recent market movements and future prospects for small-company stocks are solely the opinion of Royce at December 31, 2007, and, of course, historical market trends are not necessarily indicative of future market movements. Statements regarding the future prospects for particular securities held in the Funds' portfolios and Royce's investment intentions with respect to those securities reflect Royce's opinions as of December 31, 2007 and are subject to change at any time without notice. There can be no assurance that securities mentioned in this *Review and Report to Stockholders* will be included in any Royce-managed portfolio in the future.

*Not annualized.

**Date Royce & Associates, LLC assumed investment management responsibility for the Fund.

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Letter to Our Stockholders

Are We Bear Yet?

When the subprime mortgage implosion first became headline news in July 2007, the event was treated in some quarters as the locomotive leading a potentially long train of financial calamities. Seemingly overnight, a rash of stories broke about imminent recession, possible inflation, recurrent stagflation, contracting credit, devalued currency and declining equities. We were somewhat nonplussed by the high anxiety, not out of any sense that the subprime mess was not serious, but more because our experience in the asset management business has seen us through a variety of markets (and economies) that tested our patience, commitment and discipline. It seemed clear that the subprime crisis was all too real even before the share prices of many financial companies began to tumble in the spring and summer months. However, the market as a whole did not follow suit in earnest until November, and the substantial small-cap market correction – that is, a fall-off for the Russell 2000 of 15% or more from previous market high – had to wait until January 4, 2008 to become a reality. What we did see in the second half of 2007 was considerable volatility. During the third quarter, the Russell 2000 saw 24 out of 63 trading days in which it moved 2.0% or more intra-day, that is, 38% of the time; in the fourth quarter there were 28 out of 64 such trading days, or 44% of the time. **Even as all signs pointed toward an end to the small-cap rally that began in October 2002, the second half of 2007 was more of a wildly volatile period, not a seriously bearish one.**

Still, the idea that stocks were headed for a bear market was remarkably persistent in the second half of 2007. And although equity returns through the end of December remained well shy of the bear necessity – a decline of 20% or more from the market's previous peak

Long ago we accepted that we are powerless over when or if a bear market comes. We can only resolve to maintain our discipline and keep scouring the small-cap market for potential opportunity... We have always believed that uncovering opportunity in poor market conditions is one of the most effective ways to build strong absolute long-term performance.

Letter to Our Stockholders

For most of our portfolio managers, the security selection process begins with an examination of a company's balance sheet. As our analysis proceeds, other important measures quickly follow, such as a company's earnings history (particularly if the firm is not posting positive earnings at the time of our review) and its ability to generate free cash flow. Additional factors come into play as well, with each of our portfolio managers and analysts emphasizing different metrics as they evaluate businesses. Of course, regardless of where the emphasis on particular metrics falls, our managers are looking for indicators of strong absolute value. One company's financial profile may look terrific relative to its industry peers or to other companies in the stock market, but that does not necessarily make it a compelling value. Similarly, its stock price may be attractively low when compared to others in the same or a similar

the fatalism was more than understandable. As the market crept toward the end of the year, it seemed to be just a matter of time before reality caught up with the bearish perceptions. **We were not surprised, therefore, by the 15% correction from the small-cap peak on 7/13/07 that occurred on January 4th and were not too panicked by the official arrival of the small-cap bear on January 17th.** In fact, few of the concerns about the market or the economy look groundless to us, even if our collective stoicism leads us to exchange worry for more work on finding attractively valued smaller companies. Long ago we accepted that we are powerless over when or if a bear market comes. We can only resolve to maintain our discipline and keep scouring the small-cap market for potential opportunity.

In this context of pessimism, then, we find ourselves in the contrarian position of feeling fairly sanguine about the state of equities, particularly over the long term, and also confident – however guardedly – about the next three to five years. In that spirit, we would like to advance the idea that the worst of the market's decline is behind us as of this writing. Our optimism about the next few years is based in part on the speed with which information moves. Because bad news travels so quickly, the effects hit stocks hard and fast. We believe that the market has thus worked through the bulk of the distress caused by subprime woes, the credit crunch and the prospect of recession. While we are always focused on downside risk, we are just as excited about promising long-term opportunities that we see in certain smaller stocks in the current market. We understand that no investor enjoys these periods in which so many companies seem to be struggling and returns are falling further into negative territory. At the same time, declines, corrections and even the occasional bear market are part of the price of doing business in the stock market, especially if one is in it for the long haul, as we are. And it is precisely at such risky moments that we seek opportunity as so many others are avoiding it. As the saying goes, Pain is inevitable, but misery is optional. We have always believed that uncovering opportunity in poor market conditions is one of the most effective ways to build strong absolute long-term performance.

Does Papa Bear Look Small?

The market leadership issue needs no reality check, being clear to all who take time to look. Large-cap stocks, as measured by the S&P 500, outperformed their small-cap counterparts, as measured by the Russell 2000, for the calendar year. The large-cap index posted a gain of 5.5% versus a loss of 1.6% for the small-cap index in 2007. The S&P 500 built its lead with three consecutive quarters of relatively higher returns between the end of March and the end of December, including the difficult second half of 2007, during which the S&P 500 fell only 1.4% while the Russell 2000 lost 7.5%. Meanwhile, the Nasdaq Composite fared best of all three indices for the calendar year, gaining 9.9%, a noteworthy absolute and relative showing. However, the Nasdaq Composite also remained 47.5% shy of its March 2000 high as of 12/31/07, while the Russell 2000 and S&P 500 both finished 2007 ahead of their respective March 2000 highs. **The Russell 2000 also held an edge over the S&P 500 for**

***business or to other
stocks in the
market as a whole, but
that alone
will not make the stock a
potential
purchase candidate. In
our security
analysis process, a
company must
stand or fall on its own
merits.***

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the five- and 10-year periods ended 12/31/07, while the large-cap index outperformed for the corresponding one- and three-year periods.

That the U.S. economy is struggling, regardless of whether one uses the r-word to describe the struggle, helps to explain the recent relative strength of larger and more growth-oriented companies in the stock market. As volatility and economic uncertainty became more and more familiar features of the financial landscape, investors began to favor some combination of size, stability and the potential to grow quickly. In the beginning of 2006, before the current difficulties of the domestic economy, we called for a stint of large-cap leadership. At that time, our conviction was based on the less dramatic factors of cyclical and reversion to the mean. It simply seemed to us that the small-cap rally would soon run its course and that large-cap would regain a market leadership role in an overall low-return environment for equities. As it happens, the subprime implosion was the catalyst for the reversion.

We suspect that large-cap stocks will hang on to market leadership for a while. After a nearly five-year rally in which small-cap, especially small-cap value, dominated returns, this seems uncontroversial. However, we understand that for small-cap mutual fund investors, it may sound a bit odd for us to flatly assert that we don't see our chosen asset class in the lead any time soon as we enter 2008. Investors can take some comfort in the following: Our longer-term outlook for smaller stocks is positive; we continue to see the likelihood of frequent leadership rotation and narrow performance spreads in the intermediate term; and we believe that active small-cap management focused on quality should do fine in a market in which we expect that trait to be rewarded across capitalization ranges.

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Polar Opposites

For anyone focused on the performance of the Russell 2000 Value index in 2007, it must have felt as if it was just a matter of time before the bear emerged from hibernation and grabbed hold of the market as a whole. Small-cap growth investors, on the other hand, may have reached a different conclusion about the state of the stock market. After a long period of outperforming its small-cap growth sibling, often dramatically, the small-cap value index fell behind in 2007. It was subtle at first, with the Russell 2000 Value index narrowly underperforming the Russell 2000 Growth index in the first quarter (+1.5% versus +2.5%), before falling further behind in the second (+2.3% versus +6.7%). Things grew stranger in the third quarter, when small-cap value fell 6.3% while small-cap growth eked out a marginal gain. (Historically, the Russell 2000 Value index has outperformed in most down market periods.) Finally, during the similarly volatile fourth quarter, the Russell 2000 Value index was down 7.3% versus a loss of 2.1% for the Russell 2000 Growth index, completing its clean quarterly sweep for the calendar year, while also notching another short-term outperformance in a period of falling share prices.

We have always believed that the best way to pick stocks is to act as if we were buying a business.

Another important metric in determining a company's absolute value is capitalization rate, or cap rate. Most commonly used in real estate asset analysis, cap rate measures the ratio between the cash flow an asset yields and that asset's purchase price. Our managers calculate cap rate in a couple of different ways: One looks at a company's EBIT (earnings before interest and taxes) divided by the business's enterprise value; another uses operating income (a close cousin of EBIT) divided by the enterprise value. In both cases, enterprise value is derived by taking a company's current market value, subtracting cash and adding in debt.

Our use of operating income is based on the belief that it is the purest way of understanding normalized income. It is similar to cash flow, but also includes amortization and depreciation, which is critical

to us as long-term investors. When calculating cap rate, we have to decide how best to compute operating income. It is closely related to a firm's earnings, which helps to explain why cap rate for us is synonymous with earnings yield.

When a company is posting positive earnings or is in a traditionally cyclical business, we look back historically in an attempt to put together a pattern of normalized operating income. If a business is

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Letter to Our Stockholders

When one adjusts one's perspective to reach beyond 2007, the picture begins to make sense. Although small-cap stocks as a whole began an impressive rally following the small-cap market trough on 10/9/02, the roots of strong performance for the Russell 2000 Value index actually reach back to the Russell 2000's peak on 3/9/00. Although most equity indices large and small suffered dramatic declines from their respective March 2000 peaks through 10/9/02, the Russell 2000 Value index managed a cumulative gain of 2.0% during the same period. Once the wider small-cap rally

kicked off, the small-cap value index held its performance edge through the new small-cap high on 7/13/07 (see table).

Our belief in cyclicity and reversion to the mean permeates the way that we view all market categories, so the Russell 2000 Value index's underperformance in 2007 was hardly a shock, especially since we had seen a fair amount of promising opportunities in

INDEX PERFORMANCE IN POST-BUBBLE PERIOD		
Cumulative Total Returns During Small-Cap Decline and Subsequent Rally		
	3/9/00-10/9/02	10/9/02-7/13/07
Russell 2000	-44.1 %	177.1 %
Russell 2000	2.0	183.9

small-cap growth stocks in the years prior to 2007.

Current anxieties seem to have led as many investors into growth stocks ample liquidity and the potential for growth in a depressed economy are a seductive combination as they have into large-cap stocks. However, the Russell 2000 Value index held on to its long-term advantage, beating the Russell 2000 Growth index for the 10-, 15-, 20- and 25-year periods ended 12/31/07.

Value

Russell 2000 Growth	-68.4	169.7
S&P 500	-42.6	117.9
Nasdaq Composite	-77.9	143.0

Bear with Us

We were very pleased that on a net asset value basis (NAV) each of our three closed end funds outperformed the Russell 2000 in 2007 (see the bar chart on page 7), and that Royce Value Trust also outpaced its other small-cap benchmark, the S&P SmallCap 600 for the same period. We were also struck by the wide disparity between the Fund's calendar-year NAV and market price performances. Only Royce Focus Trust stayed ahead of the Russell 2000 on a market price basis, while Royce Value Trust and Royce Micro-Cap Trust lost considerably more on a market price basis than did the small-cap index. This was to some degree unsurprising in that the Fund's were trading at healthy premiums at the end of 2006 that had become discounts by the end of 2007. Each portfolio's market price results for the calendar year are perhaps best seen as a major shift in sentiment against smaller company stocks. All the more reason, in our view, to see the Fund's respective NAV returns in a positive light. We were even more pleased with their longer-term performances. **Each of our closed-end Funds**

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outperformed the Russell 2000 on an NAV basis for the one-, three-, five- and 10-year periods ended 12/31/07.

Two thousand seven was a difficult year, at least in its second half. Owing to our belief that down market performance is a key indicator of a portfolio's strength, we were generally satisfied with the year's results. **Our confidence as we look forward is also high, as we are now seeing plentiful opportunities in both the domestic and international markets.** We've been involved in overseas investing to one degree or another for many years. American companies with substantial global business have also been included in several portfolios for just as long, so a more global outlook is not really new for us. The most important lesson we learned from buying non-U.S. companies over the years is that a good business looks the same in Italy or England as it does here in the States. The business models and metrics are similar, and today nearly all publicly traded companies publish their relevant information in English. As large as the domestic smaller stock market is, it is dwarfed by the size of the international small-cap marketplace. To us, this really represents the best of two worlds—a domestic universe that we still feel great about and an international arena that we think is a source of enormous potential.

Bearing Down

Having said that, we understand that the issues facing small-cap investors in the current market are difficult. Economic uncertainty is pervasive. People continue to hold their breath, nervously waiting to see if the Federal Reserve Board's moves might stave off a recession, or if a slowdown is already a forgone conclusion, as some economists are suggesting. More pertinently, many investors fear that small-caps will continue to lag if and when recession becomes a reality.

As large as the domestic smaller stock market is, it is dwarfed by the size of the international small-cap marketplace. To us, this really represents the best of two worlds—a domestic universe that we still feel great about and an international arena that we think is a source of enormous potential.

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*experiencing earnings trouble,
we
look back in an effort to project
what its normalized operating
income may be over the next
year.
The result of these efforts
allows us
to come up with a figure that
reflects a longer-term measure
than
the operating income line that
is
found on a company's income
statement. This in turn
provides us
with a cap rate estimate that's
also
in line with our long-term
investment
horizon of two to five years.*

*Generally, the higher the cap
rate,
the lower the valuation risk,
which is
why we seek cap rates
beginning in
the double digits. Conversely,
cap
rates in the mid-single digits or
lower mean that we generally
will
look elsewhere. They represent
little
more return potential than
owning
risk-free U.S. treasuries, and
we
expect more compensation for
taking
the risk of equity ownership. A
high
cap rate is ultimately important
because it offers us more
potential
upside, i.e., a more attractive*

Letter to Our Stockholders

Our view is that both the severity and span of a recession are likely to be fairly benign. **More importantly, the reasoning behind our confidence in the long-term prospects for stocks, particularly smaller companies, has to do with the extremity of the sell-off that began in 2007's second half and picked up steam in January 2008, which showed many equity investors behaving as if the recession were already well under way.** Still, with the likelihood of recession strong (regardless of how bad one thinks it may be), we thought it would be useful to look at the performance of smaller companies in recent periods of economic slowdown. Looking at the four recessions that have occurred since the Russell 2000's inception in 1979 shows two interesting trends: First, the performance records for small- and large-cap stocks are mixed, most likely because shifts in equity returns began prior to the official recognition of each recession's start. Second, the recessions have in general been short-lived (*see the table below*).

risk-reward scenario, and that is critical in our search for strong absolute value.

SMALL-CAP VERSUS LARGE-CAP PERFORMANCE DURING RECESSIONS				
Cumulative Total Returns During Small-Cap Decline and Subsequent Rally				
Recession Begin Date	Recession End Date	Length in Months	S&P 500	Russell 2000
1/31/80	7/31/80	6	9.6%	7.5%
7/31/81	11/30/82	16	14.2	14.8
7/31/90	3/31/91	8	8.0	7.7
3/31/01	11/30/01	8	-0.9	3.2

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□Exit, Pursued by a Bear□

What, then, does all of this portend for small-cap investors? Within our selection universe, it seems reasonable to expect growth to provide near-term outperformance. However, over longer-term periods, we believe that value will eventually resume its historical dominance. The Russell 2000 Value index outperformed the Russell 2000 Growth index more than 93% of the time when viewed over five-year time horizons through 12/31/07. In any case, we populate our portfolios with what we deem to be attractively priced companies drawn from the entire asset class regardless of whether they are classified as value or growth. Of greater significance to us since we do not attach value or growth labels to the stocks that we own is the idea that smaller companies retain two unique features: historical outperformance during normal- and low-return periods for equities and a more broad-based acceptance by all types of investors, something that was not the case at the beginning of this decade.

Down markets and recessions are each as inevitable as they are unpleasant. They are also finite. We think that the fourth quarter of 2007 and the events of January 2008 represented an overreaction to a slowdown in consumer spending and the economy as a whole. The market, in other words, has in many ways already responded to the recession and in our view has overestimated its severity which is why we suspect that equity returns should improve before the economy does. In the meantime, we are looking ahead and seeing opportunities that look very promising to us. Several discrete areas of our marketplace look attractively oversold in our eyes, so we are working to capture what we see as compelling values today in the hopes of a profitable long-term experience in the years to come.

Sincerely,

Charles M. Royce
President

W. Whitney George
Vice President

Jack E. Fockler, Jr.
Vice President

January 31, 2008

Of great significance to us is the idea that that smaller companies retain two unique features: historical outperformance during normal- and low-return periods for equities and a more broad-based acceptance by all types of investors, something that was not the case at the beginning of this decade.

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Directors and Officers

All Directors and Officers may be reached c/o The Royce Funds, 1414 Avenue of the Americas, New York, NY 10019

Charles M. Royce, Director*, President

Age: 68 | Number of Funds Overseen: 27 | Tenure:
Since 1986

Non-Royce Directorships: Director of Technology
Investment Capital Corp.

Principal Occupation(s) During Past Five Years:
President, Chief Investment Officer and Member of Board
of Managers of Royce & Associates, LLC (‘‘Royce’’), the
Trust’s investment adviser.

Mark R. Fetting, Director*

Age: 53 | Number of Funds Overseen: 41 | Tenure:
Since 2001

Non-Royce Directorships: Director/Trustee of registered
investment companies constituting the 14 Legg Mason
Funds.

Principal Occupation(s) During Past Five Years: President
and Chief Executive Officer of Legg Mason, Inc.; Member
of Board of Managers of Royce. Mr. Fetting’s prior
business experience includes having served as Senior
Executive Vice President of Legg Mason, Inc.; Division
President and Senior Officer, Prudential Financial Group,
Inc. and related companies; Partner, Greenwich
Associates and Vice President, T. Rowe Price Group, Inc.

Donald R. Dwight, Director

Age: 76 | Number of Funds Overseen: 27 | Tenure:
Since 1998

Non-Royce Directorships: None

Principal Occupation(s) During Past Five Years: President
of Dwight Partners, Inc., corporate communications
consultant; Chairman (from 1982 to March 1998) and
Chairman Emeritus (since March 1998) of Newspapers of
New England, Inc. Mr. Dwight’s prior experience includes
having served as Lieutenant Governor of the
Commonwealth of Massachusetts, as President and
Publisher of Minneapolis Star and Tribune Company and
as a Trustee of the registered investment companies
constituting the Eaton Vance Funds.

Richard M. Galkin, Director

Age: 69 | Number of Funds Overseen: 27 | Tenure:
Since 1986

Non-Royce Directorships: None

Principal Occupation(s) During Past Five Years: Private
investor. Mr. Galkin’s prior business experience includes
having served as President of Richard M. Galkin
Associates, Inc., telecommunications consultants,
President of Manhattan Cable Television (a subsidiary of

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Time, Inc.), President of Haverhills Inc. (another Time, Inc. subsidiary), President of Rhode Island Cable Television and Senior Vice President of Satellite Television Corp. (a subsidiary of Comsat).

Stephen L. Isaacs, Director

Age: 68 | Number of Funds Overseen: 27 | Tenure: Since 1989

Non-Royce Directorships: None

Principal Occupation(s) During Past Five Years: President of The Center for Health and Social Policy (since September 1996); Attorney and President of Health Policy Associates, Inc., consultants. Mr. Isaacs's prior business experience includes having served as Director of Columbia University Development Law and Policy Program and Professor at Columbia University (until August 1996).

William L. Koke, Director

Age: 73 | Number of Funds Overseen: 27 | Tenure: Since 1996

Non-Royce Directorships: None

Principal Occupation(s) During Past Five Years: Private investor. Mr. Koke's prior business experience includes having served as President of Shoreline Financial Consultants, Director of Financial Relations of SONAT, Inc., Treasurer of Ward Foods, Inc. and President of CFC, Inc.

Arthur S. Mehlman, Director

Age: 65 | Number of Funds Overseen: 41 | Tenure: Since 2004

Non-Royce Directorships: Director/Trustee of registered investment companies constituting the 14 Legg Mason Funds and Director of Municipal Mortgage & Equity, LLC.

Principal Occupation(s) During Past Five Years: Director of The League for People with Disabilities, Inc.; Director of University of Maryland Foundation (non-profits). Formerly: Director of University of Maryland College Park Foundation (non-profit) (from 1998 to 2005); Partner, KPMG LLP (international accounting firm) (from 1972 to 2002); Director of Maryland Business Roundtable for Education (from July 1984 to June 2002).

David L. Meister, Director

Age: 68 | Number of Funds Overseen: 27 | Tenure: Since 1986

Non-Royce Directorships: None

Principal Occupation(s) During Past Five Years: Consultant. Chairman and Chief Executive Officer of The Tennis Channel (from June 2000 to March 2005). Mr. Meister's prior business experience includes having served as Chief Executive Officer of Seniorlife.com, a consultant to the communications industry, President of Financial News Network, Senior Vice President of HBO, President of Time-Life Films and Head of Broadcasting for Major League Baseball.

G. Peter O'Brien, Director

Age: 62 | Number of Funds Overseen: 41 | Tenure: Since 2001

Non-Royce Directorships: Director/Trustee of registered investment companies constituting the 14 Legg Mason Funds; Director of Technology Investment Capital Corp.

Principal Occupation(s) During Past Five Years: Trustee Emeritus of Colgate University (since 2005); Board Member of Hill House, Inc. (since 1999); Formerly: Trustee of Colgate University (from 1996 to 2005), President of Hill House, Inc. (from 2001 to 2005) and Managing Director/Equity Capital Markets Group of Merrill Lynch & Co. (from 1971 to 1999).

[John D. Diederich, Vice President and Treasurer](#)

Age: 56 | Tenure: Since 2001

Principal Occupation(s) During Past Five Years: Chief Operating Officer, Managing Director and member of the Board of Managers of Royce; Chief Financial Officer of Royce; Director of Administration of the Trust; and President of RFS, having been employed by Royce since April 1993.

[Jack E. Fockler, Jr., Vice President](#)

Age: 49 | Tenure: Since 1995

Principal Occupation(s) During Past Five Years: Managing Director and Vice President of Royce, and Vice President of RFS, having been employed by Royce since October 1989.

[W. Whitney George, Vice President](#)

Age: 49 | Tenure: Since 1995

Principal Occupation(s) During Past Five Years: Managing Director and Vice President of Royce, having been employed by Royce since October 1991.

[Daniel A. O'Byrne, Vice President and Assistant Secretary](#)

Age: 45 | Tenure: Since 1994

Principal Occupation(s) During Past Five Years: Principal and Vice President of Royce, having been employed by Royce since October 1986.

[John E. Denneen, Secretary and Chief Legal Officer](#)

Age: 40 | Tenure: 1996-2001 and Since April 2002

Principal Occupation(s) During Past Five Years: General Counsel (Deputy General Counsel prior to 2003), Principal, Chief Legal and Compliance Officer and Secretary of Royce; Secretary and Chief Legal Officer of The Royce Funds.

[Lisa Curcio, Chief Compliance Officer](#)

Age: 48 | Tenure: Since 2004

Principal Occupation(s) During Past Five Years: Chief Compliance Officer of The Royce Funds (since October 2004); Compliance Officer of Royce (since June 2004);

Vice President, The Bank of New York (from February 2001 to June 2004).

* Interested Director.

AVERAGE ANNUAL NAV TOTAL RETURNS

Through 12/31/07

Fourth Quarter 2007*	-2.62%
July-December 2007*	-4.36
One-Year	5.04
Three-Year	10.81
Five-Year	18.40
10-Year	11.77
15-Year	13.17
20-Year	13.78
Since Inception (11/26/86)	12.60

* Not annualized.

CALENDAR YEAR NAV TOTAL RETURNS

Year	RVT	Year	RVT
------	-----	------	-----

2007	5.0		
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Partial release of trust certificates, at cost, with related financial instruments sold, not yet purchased, at market value and receivable from customers

\$	1,441	\$	
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Consolidation of INTL Consilium sponsored fund

\$		\$	1,413
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See accompanying notes to condensed consolidated financial statements.

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements

June 30, 2006

(Unaudited)

(1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions and requirements of Form 10-QSB and, therefore, do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America (GAAP). In the opinion of management, such financial statements reflect all adjustments (consisting of normal recurring items) necessary for a fair statement of the results of operations, cash flows and financial position for the interim periods presented. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year. These condensed consolidated financial statements should be read in conjunction with the Company s audited consolidated financial statements for the fiscal year ended September 30, 2005, contained in the Company s Annual Report on Form 10-KSB for the fiscal year ended September 30, 2005 filed with the Securities and Exchange Commission.

Revenues Reported on Gross Basis

In accordance with the guidelines provided in Emerging Issues Task Force (EITF) Issue No. 99-19, the Company has determined that revenues of the Company s base metals trading business, which commenced in October 2005, should be reported on a gross basis, with the corresponding cost of sales shown separately. This matter is discussed further in note 17, under the sub-heading Commodities Trading .

Current Subsidiaries and Operations

As used in this Form 10-QSB, the term Company refers, unless the context requires otherwise, to International Assets Holding Corporation and its subsidiaries on a consolidated basis. The Company s subsidiaries are INTL Trading, Inc. (INTL Trading), INTL Commodities, Inc. (INTL Commodities), INTL Assets, Inc. (INTL Assets), INTL Holding (U.K.) Limited, INTL Global Currencies Limited (INTL Global Currencies) and IAHC (Bermuda) Ltd. The Company also owns a 50.1% interest in INTL Consilium, LLC (INTL Consilium), an investment advisory firm that focuses on the emerging market asset class. INTL Consilium is accounted for using the equity method of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company operates as a wholesale international financial firm in five business segments international equities market making, international debt capital markets, foreign exchange trading, commodities trading and asset management. The majority of the trading and market-making activities are undertaken as principal in order to provide our institutional customers with efficient execution and liquidity in these markets. Periodically the Company may take proprietary positions in these markets. The Company:

is a leading U.S. market-maker in select foreign securities, including unlisted American Depository Receipts (ADRs), foreign common shares and OTC domestic bulletin board stocks;

trades actively in a wide variety of international debt instruments and arranges international debt transactions;

trades select illiquid currencies of developing countries;

provides a full range of trading and hedging capabilities in select precious metals and base metals to producers, refiners, recyclers and consumers, including trading of physical metals; and

through INTL Consilium, provides investment advisory services.

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements**(2) Stock-Based Employee Compensation**

In October 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, which generally permits entities to recognize as expense over the vesting period the fair value of all stock-based awards calculated on the date of grant. Alternatively, SFAS No. 123 allows entities to continue to apply the provisions of Accounting Principles Board (APB) Opinion No. 25, which provides that compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price and if disclosure is made on a pro forma basis of the expense which would have been recognized if the fair-value-based method defined in SFAS No. 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the required pro forma disclosure provisions of SFAS No. 123.

If the Company had determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, the Company's net income and earnings per share would be as reflected in the pro-forma amounts indicated below:

For the nine months ended June 30,

(In thousands, except per share amounts)		2006	2005
Net income	As reported	\$ 5,422	\$ 1,568
Pro forma option compensation expense	Pro forma	(429)	(325)
Net income	Pro forma	\$ 4,993	\$ 1,243
Basic earnings per share	As reported	\$ 0.72	\$ 0.22
	Pro forma	\$ 0.66	\$ 0.17
Diluted earnings per share	As reported	\$ 0.66	\$ 0.20
	Pro forma	\$ 0.60	\$ 0.15

For the three months ended June 30,

(In thousands, except per share amounts)		2006	2005
Net income	As reported	\$ 3,286	\$ 576
Pro forma option compensation expense	Pro forma	(132)	(106)
Net income	Pro forma	\$ 3,154	\$ 470
Basic earnings per share	As reported	\$ 0.43	\$ 0.08
	Pro forma	\$ 0.41	\$ 0.06
Diluted earnings per share	As reported	\$ 0.39	\$ 0.07
	Pro forma	\$ 0.38	\$ 0.06

(3) Effects of Recent Accounting Pronouncements and Interpretations

There have been no accounting pronouncements or interpretations since the date of preparation of the Company's consolidated financial statements for the fiscal year ended September 30, 2005 that have had an effect on the Company.

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements**(4) Basic and Diluted Earnings per Share**

Basic earnings per share have been computed by dividing net income by the weighted average number of common shares outstanding. Options to purchase 101,250 and 53,750 shares of common stock were excluded from the calculation of diluted earnings per share for the nine months ended June 30, 2006 and 2005, respectively, because the exercise prices of these options exceeded the average market price of the common stock for the period (i.e. they were anti-dilutive). Options to purchase 68,750 shares of common stock were excluded from the calculation of diluted earnings per share for the three months ended June 30, 2005, because the exercise prices of these options exceeded the average market price of the common stock for the period (i.e. they were anti-dilutive). No options were excluded for the three months ended June 30, 2006.

	2006	2005
	(In thousands,	
	except per share amounts)	
For the nine months ended June 30,		
Diluted earnings per share		
Numerator:		
Net income	\$ 5,422	\$ 1,568
Denominator:		
Weighted average number of:		
Common shares outstanding	7,570	7,263
Dilutive potential common shares outstanding	693	765
	8,263	8,028
Diluted earnings per share	\$ 0.66	\$ 0.20
	2006	2005
	(In thousands,	
	except per share amounts)	
For the three months ended June 30,		
Diluted earnings per share		
Numerator:		
Net income	\$ 3,286	\$ 576
Denominator:		
Weighted average number of:		
Common shares outstanding	7,710	7,416
Dilutive potential common shares outstanding	688	597
	8,398	8,013
Diluted earnings per share	\$ 0.39	\$ 0.07

(5) Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentation.

(6) Investment in Asset Management Joint Venture

The Company is the owner of a 50.1% interest in INTL Consilium. The remaining 49.9% is owned by Consilium Investment Capital, Inc. (CIC). The Company is entitled to receive 50.1% of the profits and losses of INTL Consilium. The Company and CIC are each entitled to appoint two of the four directors of INTL Consilium. Two principals of CIC actively manage the business of INTL Consilium. The Company has assessed the joint venture using the consolidation criteria in FASB Interpretation (FIN) 46R and concluded that INTL Consilium is not a variable interest entity. Accordingly, the Company assessed the consolidation criteria established by EITF Issue No. 96-16 by reviewing the voting rights of each investor in INTL Consilium and, due to certain specified operating matters that require board approval, concluded that its investment in INTL Consilium should be accounted for utilizing the equity method of accounting.

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements

For the nine months ended June 30, 2006 and 2005 the Company recorded revenue of \$275,000 and \$94,000, respectively, representing the Company's equity in the net income of INTL Consilium. For the three months ended June 30, 2006 and 2005 the Company recorded revenue of \$59,000 and \$25,000, respectively, representing the Company's equity in the net income of INTL Consilium. Below are the unaudited condensed statements of operations of INTL Consilium for the nine months and quarters ended June 30, 2006 and 2005, and the condensed balance sheets at June 30, 2006 and September 30, 2005.

INTL Consilium, LLC**Condensed Statements of Operations****(In thousands)**

	2006	2005
For the nine months ended June 30,		
Total revenues	\$ 1,660	\$ 950
Expenses	1,111	758
Net income	\$ 549	\$ 192
	2006	2005
For the three months ended June 30,		
Total revenues	\$ 516	\$ 378
Expenses	398	326
Net income	\$ 118	\$ 52

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements**INTL Consilium, LLC****Condensed Balance Sheets****(In thousands)**

	June 30, 2006	September 30, 2005
<u>Assets</u>		
Cash	\$ 333	\$ 214
Management and investment advisory fees receivable	278	574
Investment in INTL Consilium managed funds	301	297
Property and equipment, net	34	27
Other assets	61	34
Total assets	\$ 1,007	\$ 1,146
<u>Liabilities and Members Equity</u>		
Liabilities:		
Accounts payable	\$ 30	\$ 35
Accrued compensation and benefits	35	158
Accrued expenses	30	
Total liabilities	95	193
Members equity	912	953
Total liabilities and members equity	\$ 1,007	\$ 1,146

(7) Investment in INTL Consilium managed funds

As of June 30, 2006, the Company has investments valued at \$2,450,000 in two hedge funds managed by INTL Consilium. The Company owns a 50.1% interest in INTL Consilium.

(8) Goodwill

The Company acquired the foreign exchange business of INTL Global Currencies in 2004. The purchase price paid by the Company for the acquisition exceeded the net asset value received by \$2,489,000. Of this amount, \$350,000 was allocated to intangible assets and the balance of \$2,138,000 was treated as goodwill. The Company has accrued additional goodwill of \$4,180,000 under the earn-out provisions of the purchase agreement. As of June 30, 2006, the Company has paid \$2,762,000 of the additional goodwill. The balance of the additional goodwill accrual of \$1,418,000 is reported as deferred acquisition consideration payable in the Company's consolidated balance sheets.

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements

The goodwill related to the INTL Global Currencies acquisition is as follows:

(Dollars in thousands, except per share amounts)

Cash premium paid to sellers	\$ 1,000
Cash paid for net assets received	3,577
Negotiation differences for fixed assets and stamp duty	(50)
Legal and accounting fees	66
Value of 150,000 common shares at \$9.81 per share	1,472
Total payments of cash and shares	6,065
Less: Fair value of net assets received	3,577
Less: Intangible assets identified by independent valuation	350
Initial goodwill	2,138
Additional goodwill under earnout	4,180
Total goodwill	\$ 6,318

The additional goodwill is calculated for each period as each earn-out payment is earned and an adjustment is recorded to goodwill. The first four earn-out installments totaling \$2,762,000 have been paid. The fifth earn-out installment of \$400,000 is due on or by August 29, 2006. Two additional minimum payments of \$391,000 each are due on or by November 29, 2006 and March 1, 2007. These quarterly payments have a maximum ceiling of \$400,000. Furthermore, the Company is required to pay \$236,000 on or by August 29, 2006, being 10% of revenues exceeding \$10,000,000 for the twelve month period ended June 30, 2006. The Company will be required to make an additional payment equal to 10% of any revenues exceeding \$5,000,000 for the six month period ending December 31, 2006.

(9) Related Party Transactions

One of the Company's principal shareholders has made an investment, valued at approximately \$99,000,000 as of June 30, 2006, in a hedge fund managed by INTL Consilium. An executive of this shareholder is a director of the Company.

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements**(10) Financial Instruments Owned and Financial Instruments Sold, Not Yet Purchased, at Market Value**

Financial instruments owned and financial instruments sold, not yet purchased, at June 30, 2006 and September 30, 2005 consisted of trading and investment financial instruments at market values as follows:

	Owned	Sold, not yet purchased
	(In thousands)	
June 30, 2006:		
Common stock and American Depository Receipts	\$ 4,004	\$ 2,183
Exchangeable foreign ordinary equities and American Depository Receipts	23,084	23,188
Corporate and municipal bonds	4,549	642
Foreign government obligations	1,570	210
Negotiable instruments (promissory notes)	9,848	
U.S. Treasury Bonds under total return swap transactions		23,463
Options and futures	26,064	16,370
Commodities	22	20,905
Other investments	32	
	\$ 69,173	\$ 86,961

	Owned	Sold, not yet purchased
	(In thousands)	
September 30, 2005:		
Common stock and American Depository Receipts	\$ 2,638	\$ 4,155
Exchangeable foreign ordinary equities and American Depository Receipts	28,707	28,919
Corporate and municipal bonds	3,873	255
Foreign government obligations	1,183	2,479
Negotiable instruments (promissory notes)	7,777	
U.S. Treasury Bonds under total return swap transactions		24,558
Options and futures	3,338	3,182
Commodities	23,823	28,451
U.S. Government obligations		17
Other investments	37	
	\$ 71,376	\$ 92,016

(11) Physical Commodities Inventory

The Company commenced base metals trading activities during the quarter ended December 31, 2005. The Company owned base metals inventory, valued at cost, of \$9,594,000 as of June 30, 2006. Base metals inventory is valued at the lower of cost or market value, determined using the specific identification weighted average price method.

(12) Trust Certificates and Total Return Swap

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During the quarter ended December 31, 2004, the Company entered into a series of financial transactions (the Transactions) with an unaffiliated financial institution in Latin America for a transaction fee. These Transactions involved three distinct and simultaneous steps:

- a) the acquisition by the Company of beneficial interests (Trust Interests) in certain trusts (the Trusts) in exchange for the assumption of a liability to deliver securities, at a transaction value of \$29,740,000. This step did not require any prior purchase or delivery of securities by the Company. The Trusts were previously established by the financial institution to hold a variety of real estate assets;

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements

- b) the entry into a repurchase agreement under the terms of which the Company notionally repurchased these undelivered securities for cash, at a price of \$29,740,000;

- c) the entry into a total return swap (TRS) agreement.
 - i) Under the TRS agreement the Company received, on a notional basis, the cash amount of \$29,740,000 as collateral for the potential liability of the financial institution to the Company.

 - ii) Receivables or payables arising from the TRS should leave the Company unaffected by any changes in the values of the Trust Interests or securities deliverable.

 - iii) When the Transactions terminate in November 2007 the Company intends to sell the Trust Interests at their then prevailing market values. As part of the Transactions, the gain or loss arising from the change in market value of the Trust Interests will be passed to the financial institution.

 - iv) The Company has obtained legal advice on the Transactions and believes that the TRS agreement has been structured in such a way as to fully offset any changes in the value of the Trust Interests against its liability to deliver certain securities to the financial institution.

The initial transaction value was \$29,740,000. The Company has since sold Trust Interests for \$6,642,000, the price at which they were acquired, and released a proportionate share of the securities referred to in b) above from the repurchase arrangement.

Under FIN 39 the nominal payment and receipt of an equal amount of cash as described in b) and c) i) above have a net effect of zero on the Company's cash position, represent transactions with a single counterparty and may therefore be offset. Under FIN 39 the asset of securities receivable under the repurchase agreement in b) may be offset against the collateral liability of the Company in c) ii), since they involve an asset and liability position with a single counterparty.

The net result is that the Company reports the effects of a) above as an increase in assets of \$23,098,000 (represented by the Trust Interests), and the assumption of a liability to deliver securities. Over time, as the values of the Trust Interests and securities deliverable may change, the Company will experience equal and offsetting changes in the values of the TRS receivables or payables. Although the Transactions will temporarily increase the Company's assets and liabilities until termination, the Company expects that the only impact of the transactions on the Company's net cash flow will be the Company's receipt of fee revenue.

The total fees received and to be received on the Transactions, as well as the associated variable compensation payable, are spread on a straight-line basis over the terms of the Transactions. Non-refundable fees received but not yet recognized as revenue, amounting to \$102,000, appear as a liability on the Condensed Consolidated Balance Sheets as at June 30, 2006 under Other liabilities. Non-recoverable costs incurred in connection with the Transactions but not yet recognized as expenses, amounting to \$31,000, appear as an asset under Other assets at the same date.

(13) Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk

The Company is party to certain financial instruments with off-balance sheet risk in the normal course of business as a broker-dealer and trader in securities, foreign exchange and commodities. The Company has sold financial instruments that it does not currently own and will therefore

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be obligated to purchase such financial instruments at a future date. The Company has recorded these obligations in its condensed consolidated financial statements at June 30, 2006 at market values of the related financial instruments (totaling \$86,961,000). The Company will incur losses if the market value of the financial instruments increases after June 30, 2006. The total of \$86,961,000 includes \$16,370,000 for options and futures contracts, which represent a liability of the Company based on their market values as of June 30, 2006.

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements

Listed below is the fair value of trading-related derivatives as of June 30, 2006 and September 30, 2005. Assets represent net unrealized gains and liabilities represent net unrealized losses.

(In thousands)	June 30, 2006		September 30, 2005	
	Assets	Liabilities	Assets	Liabilities
	Interest Rate Derivatives	\$ 12	\$	\$ 29
Foreign Exchange Derivatives	15		17	
Commodity Price Derivatives	26,037	16,370	3,292	3,182
Total	\$ 26,064	\$ 16,370	\$ 3,338	\$ 3,182

Options and futures contracts held by the Company result from its customers' market-making and proprietary trading activities in the commodities trading and foreign exchange business segments. The Company assists its commodities customers in protecting the value of their future production (precious or base metals) by selling them put options on an OTC basis. The Company also provides its commodities customers with sophisticated option products, including combinations of buying and selling puts and calls. The Company mitigates its risk by effecting offsetting OTC options with market counterparties or through the purchase or sale of commodities futures traded through the COMEX division of the New York Mercantile Exchange. The risk mitigation of offsetting options is not within the documented hedging designation requirements of SFAS No. 133.

These derivative contracts are traded along with cash transactions because of the integrated nature of the markets for such products. The Company manages the risks associated with derivatives on an aggregate basis along with the risks associated with its proprietary trading and market-making activities in cash instruments as part of its firm-wide risk management policies.

In the normal course of business, the Company purchases and sells financial instruments and foreign currency as either principal or agent on behalf of its customers. If either the customer or counterparty fails to perform, the Company may be required to discharge the obligations of the nonperforming party. In such circumstances, the Company may sustain a loss if the market value of the financial instrument or foreign currency is different from the contract value of the transaction.

The majority of the Company's transactions and, consequently, the concentration of its credit exposure is with customers, broker-dealers and other financial institutions. These activities primarily involve collateralized and uncollateralized arrangements and may result in credit exposure in the event that the counterparty fails to meet its contractual obligations. The Company's exposure to credit risk can be directly impacted by volatile financial markets, which may impair the ability of counterparties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limits based upon a review of the counterparties' financial condition and credit ratings. The Company monitors collateral levels on a daily basis for compliance with regulatory and internal guidelines and requests changes in collateral levels as appropriate.

(14) Payable to Lenders Under Loans and Overdrafts

At June 30, 2006, the Company had five lines of credit with four commercial banks totaling \$60,000,000. Four of the credit facilities are secured by certain assets. Total interest expense related to the Company's credit facilities was approximately \$449,000 and \$1,042,000 for the three months and nine months ended June 30, 2006, respectively. The interest rate terms for the facilities range from 2.25% to 2.75% over the London Interbank Offered Rates (LIBOR) (approximately 5.3% at June 30, 2006).

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INTERNATIONAL ASSETS HOLDING CORPORATION

Notes to Condensed Consolidated Financial Statements

At June 30, 2006 the Company had the following credit facilities:

Maximum Amount	Borrowing at June 30, 2006	Security	Maturity
(In thousands)			
\$ 10,000	\$ 2,996	Certain foreign exchange assets	March 31, 2007
12,000	0	Unsecured	March 31, 2008
10,000	1,065	Certain commodities assets	On demand
18,000	8,450	Certain commodities assets	On demand
10,000	4,000	Certain trade finance assets	On demand