

21 December 2011

Arden Partners plc
(“Arden” or the “Company”)

Preliminary results for the year ended 31 October 2011

Arden Partners plc (AIM: ARDN), the institutional stockbroking company, today announces preliminary results for the year ended 31 October 2011.

Financial highlights

- Revenue £12.4 million (2010: £13.0 million)
- Underlying profit before tax* £1.2 million (2010: £1.3 million)
- Profit before tax £0.6m (2010: loss before tax £0.5m)
- Basic earnings per share 2.2p (2010: loss per share 4.2p)

* Profit before tax as adjusted for the effect of share based payments and reorganisation costs

Operational highlights

- Total funds raised for clients £265m (2010: £183m)
- Twelve transactions during the year, comprising seven secondary fundraisings, four M&A, and one IPO

Commenting on the results and Arden’s outlook, Lord Flight, Chairman, said:

“Given the significant business pressures I am pleased to report that Arden has remained profitable over the last financial year.....The Stockbroking sector is facing perhaps the most difficult and challenging conditions since the 1970’s, however the lower overhead base, a strong balance sheet and our Indian franchise should stand Arden in good stead for the new financial year...”

Arden Partners plc
Jonathan Keeling – Chief Executive Officer
Trevor Norris – Group Finance Director

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Chairman's Statement

The Stockbroking sector is facing perhaps the most difficult and challenging conditions since the 1970s. For Arden Partners and its broking peer group, in addition to depressed markets resulting particularly from the Eurozone crisis, the development of electronic trading platforms has also had a major impact on business volumes. Difficult market conditions have also constrained opportunities for IPO and other fee generating corporate finance activities. Consequently, both commission revenues and corporate finance income are under pressure.

Given these significant business pressures, I am pleased to report that Arden has remained profitable over the last financial year. For the year to 31st October 2011, profits before tax were £0.6m, compared to a loss before tax of £0.5m in 2010, with underlying profits of £1.2m before accounting for share based payments and reorganisation costs. While turnover was 5% down on last year, administrative expenses have been reduced by over £2m and should reduce further in the current year. This reflects the Board's decision some time ago to implement cost saving measures in response to the changing environment.

This changing environment is evidenced by the fact that most brokers, including Arden, have implemented substantial cost saving measures over the last year. Some have closed down or disposed of their UK Securities activities and some have been the subject of take-over or merger approaches. The long discussed small/mid cap broker consolidation is finally happening and is likely to continue throughout next year. The Board is monitoring these developments closely and will give consideration to any possible opportunities for Arden. The Board remains committed to maintaining a UK presence in the small/mid cap market and with the prospect of fewer competitors remaining in our space, there should be positive opportunities for Arden looking forward.

The lower overhead base, a strong balance sheet and our Indian franchise should stand Arden in good stead for the new financial year, but any further downturn in markets and market confidence may require further cost reductions.

I would like to thank all of our staff, clients and shareholders for their continuing support.

Lord Flight
Chairman

Chief Executive's Statement

I am pleased to report a profit for the year against a background of very uncertain economic and market conditions.

The second half of the year was particularly challenging with the ongoing problems in the Eurozone as cautioned in the interim statement. Commissions remain under significant pressure, share trading volumes are low and market volatility meant that both the equity and corporate departments faced a near "perfect storm". I am pleased to report that against this background our market makers did not incur any significant losses and Arden's balance sheet remains strong.

The executive team is focussed on ensuring the business runs on the lowest fixed cost base possible and will, therefore, continue to drive costs out of the business in the forthcoming period to ensure when eventually market conditions improve, that Arden is in the strongest position possible to take full advantage.

In the meantime the global outlook is very uncertain given no solution has been found to the debt and currency crisis in Europe. Severe pressure on stockbroking is likely to continue for the whole of 2012. So, despite a reasonable pipeline of business opportunities, the conversion rate will be heavily dependent on what happens externally to the markets.

Financial Review

Revenue in the year ended 31 October 2011 was £12.4m compared to £13.0m in 2010. The underlying profit before tax was £1.2m compared to £1.3m in 2010. The profit before taxation, which is stated after charging share-based payments and reorganisation costs, was £0.6m and compares to a loss before taxation in 2010 of £0.5m.

The basic earnings per share were 2.2p compared to a loss per share of 4.2p in 2010.

At the year end the Company held 2,372,768 ordinary shares of 10 pence each in Treasury. The total cost of these shares was £1.2m.

Equities Division

Our Equities Division revenue increased by 25% to £7.6m from £6.1m. Income from pure commission and agency cheques were at the same overall level as last year but this was heavily weighted to the first half.

Corporate Finance

During the year we completed 12 corporate finance transactions (2010: 15) including seven secondary fundraisings four M&A mandates, and one IPO. Including retainer income, total corporate finance revenue was some 32% down to £4.7m from £6.9m.

Statement of Cash Flows

The cash flow statement shows a reduction in cash balances over the year of £3.8m. This movement comprises mainly the increase in trading investments of £2.7m and the purchase of own shares of £1.2m so the underlying cash and liquidity position remains very strong.

Finally, I would like to take this opportunity to thank our staff for their commitment through these challenging conditions.

Jonathan Keeling
Chief Executive Officer

Consolidated Statement of Comprehensive Income
For the year ended 31 October 2011

	Note	2011 £'000	2010 £'000
Revenue	2	12,381	13,046
Administrative expenses		(11,826)	(13,622)
Profit/(loss) from operations		555	(576)
Finance income		60	73
Finance costs		(3)	(9)
Profit/(loss) before taxation		612	(512)
Income tax expense		(106)	(519)
Profit/(loss) after taxation		506	(1,031)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year attributable to equity shareholders		506	(1,031)
Earnings/(loss) per share			
Basic	3	2.2p	(4.2p)
Diluted	3	2.0p	(4.2p)

Consolidated Statement of Financial Position At 31 October 2011

	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Assets				
Non-current assets				
Property, plant and equipment		394		401
Deferred tax asset		125		280
Total non-current assets		519		681
Current assets				
Trading investments	5,920		3,207	
Trade and other receivables	23,872		6,210	
Cash and cash equivalents	5,201		9,014	
Total current assets		34,993		18,431
Total assets		35,512		19,112
Current liabilities				
Trade and other payables	(23,369)		(6,895)	
Corporation tax liability	(126)		(171)	
Total current liabilities		(23,495)		(7,066)
Non-current liabilities				
Deferred tax liability		-		(53)
Total non-current liabilities		-		(53)
Total liabilities		(23,495)		(7,119)
Net assets		12,017		11,993
Shareholders' equity				
Called up share capital		2,700		2,544
Share premium account		2,933		2,926
Employee Benefit Trust reserve		(612)		(648)
Retained earnings		8,189		7,171
Total equity before deduction of own shares		13,210		11,993
Own shares		(1,193)		-
Total equity		12,017		11,993

Consolidated Statement of Cash Flows
For the year ended 31 October 2011

	2011 £'000	2010 £'000
Operating activities before taxation		
Net profit/(loss) before tax	612	(512)
Adjustments for:		
Fair value adjustments	(34)	(155)
Depreciation	214	236
Net interest receivable	(57)	(64)
Share based payments	512	1,079
Operating cash flow before changes in working capital	1,247	584
Increase in trading investments	(2,679)	(400)
(Increase)/decrease in trade and other receivables	(17,629)	9,439
Increase/(decrease) in trade and other payables	16,477	(10,266)
Cash generated from operations	(2,584)	(643)
Income taxes paid	(49)	(790)
Cash flows from operating activities	(2,633)	(1,433)
Investing activities		
Purchases of property, plant and equipment	(207)	(379)
Net interest received	57	63
Net cash from investing activities	(150)	(316)
Financing activities		
Purchase of own shares	(1,193)	-
Issue of shares	163	240
Net cash from financing activities	(1,030)	240
Decrease in cash and cash equivalents	(3,813)	(1,509)
Cash and cash equivalents at the beginning of the year	9,014	10,523
Cash and cash equivalents at the end of the year	5,201	9,014

Consolidated Statement of Changes in Equity For the year ended 31 October 2011

	Share capital £'000	Share Premium account £'000	Own shares £'000	Employee Benefit Trust reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 October 2010	2,544	2,926	-	(648)	7,171	11,993
Profit for year	-	-	-	-	506	506
Total comprehensive income for the year	-	-	-	-	506	506
Share based payments	-	-	-	-	512	512
Issue of shares	156	7	-	-	-	163
Purchase of own shares	-	-	(1,193)	-	-	(1,193)
Sale of shares held by Employee Benefit Trust	-	-	-	36	-	36
Balance at 31 October 2011	2,700	2,933	(1,193)	(612)	8,189	12,017

Consolidated Statement of Changes in Equity For the year ended 31 October 2010

	Share capital £'000	Share premium account £'000	Employee Benefit Trust reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 October 2009	2,494	2,736	(648)	7,226	11,808
Loss for year	-	-	-	(1,031)	(1,031)
Total comprehensive income for the year	-	-	-	(1,031)	(1,031)
Tax taken to equity	-	-	-	(103)	(103)
Share based payments	-	-	-	1,079	1,079
Issue of shares	50	190	-	-	240
Balance at 31 October 2010	2,544	2,926	(648)	7,171	11,993

Notes:

1. The Employee Benefit Trust reserve represents shares held in the parent company by the Arden Partners Employee Benefit Trust which is consolidated in these financial statements.
2. Own Shares represents shares purchased to be held as treasury shares at historical cost.

NOTES

1) Basis of preparation

The financial information set out in this announcement has been prepared in accordance with the recognition and measurement principles of IFRS as endorsed for use in the European Union.

The financial information set out in this announcement does not constitute the group's statutory accounts for the year ended 31 October 2011 or year ended 31 October 2010 under the meaning of s434 Companies Act 2006, but is derived from those accounts.

Statutory accounts for the years ended 31 October 2011 and 31 October 2010 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for the years ended 31 October 2011 and 31 October 2010 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 October 2010 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 October 2011, prepared under IFRS, will be delivered to the Registrar in due course.

2) Revenue

Revenue is wholly attributable to the principal activity of the Group and arises solely within the United Kingdom.

	2011	2010
	£'000	£'000
Equities Division	7,638	6,113
Corporate Finance Division	4,743	6,933
Total revenue	12,381	13,046

Included within revenue of the Equities Division is an amount of £304,000 (2010: £37,000) relating to the fair value adjustment of derivatives held within trading investments that are fair valued through profit or loss.

The Directors are of the opinion that there are only two operating segments and while segment revenues are reviewed internally business resources are not allocated to segments for the purposes of deriving either profit or assets. In 2011 two of the Group's customers each contributed more than 10% of the Group's revenue. The amounts were £1,572,000 and £1,425,000 and are reflected in the above segment revenues. In 2010 two of the Group's customers contributed more than 10% of the Group's revenue. The amounts were £2,395,000 and £1,400,000 and are again reflected in the above segment revenues.

3) Earnings per Share

In addition to the basic earnings per share, underlying earnings per share has been shown because the Directors consider that this gives a more meaningful indication of the underlying performance of the Group. Where applicable, all adjustments to basic and diluted earnings are stated after taking into consideration the current tax treatment, ignoring deferred tax.

	Year ended 31 October 2011		Year ended 31 October 2010	
	Pence per Share	Numerator £'000	Pence per Share	Numerator £'000
Basic earnings/(loss) per share	2.2	506	(4.2)	(1,031)
Add: IFRS2 share-based payments	2.2	512	4.4	1,079
Add: Reorganisation payments and aborted bid costs	0.3	90	2.2	532
Underlying basic earnings	4.7	1,108	2.4	580
Diluted earnings/(loss) per share ¹	2.0	506	(4.2)	(1,031)
Add: IFRS2 share-based payments	2.0	512	3.9	1,079
Add: Reorganisation payments and aborted bid costs	0.3	90	1.9	532
Underlying diluted earnings	4.3	1,108	1.6	580

	Year ended 31 October 2011 Number	Year ended 31 October 2010 Number
Denominator		
Weighted average number of shares in issue for Basic Earnings calculation	23,354,081	24,540,847
Weighted average dilution for outstanding share options	1,821,144	3,092,296
Weighted average number for diluted earnings calculation	25,175,225	27,633,143

Note ¹: As the Group made a loss for the year ended 31 October 2010, in accordance with IAS 33 no adjustment is made to the basic loss per share in deriving the diluted loss/earnings per share.

The weighted average dilution for outstanding share options was 1,821,144 (2010: 3,092,296). The 997,576 (2010: 774,994) shares held by the Arden Partners Employee Benefit Trust and the 2,372,768 (2010: Nil) shares held in Treasury have been treated as cancelled and excluded from the denominator.

4) Annual Report and Accounts

Copies of the 2011 Report and Accounts will be posted to shareholders in due course. Copies will also be available from the Company's registered office and from the Company's website.