

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

Preliminary results for the year ended 31 October 2010

Arden Partners plc (AIM: ARDN), the institutional stockbroking company, today announces preliminary results for the year ended 31 October 2010.

Financial highlights

- Revenue £13.0 million (2009: £13.1 million)
- Underlying profit before tax* £1.3 million (2009: £2.2 million)
- Underlying basic earnings per share** 2.4p (2009: 8.0p)

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

** Basic earnings per share as adjusted for the after-tax effect of share based payments and reorganisation costs

Operational highlights

- Total funds raised for clients £183m (2009: £73m)
- Fifteen transactions during the year, comprising ten M&A, four secondary fundraisings, and one IPO
- Corporate Finance revenue increased by 57% to £6.9m (2009: £4.4m)

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

“At an operational level, the Board is overseeing changes designed to focus coverage and resource on core UK sectors and those with reach into India...the Board believes the Group is well placed to deliver profitability in the current financial year. Our closing balance sheet is strong with a healthy regulatory capital position.”

Arden Partners plc

Jonathan Keeling – Chief Executive Officer
Trevor Norris – Group Finance Director

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Chairman's Statement

The year's results are satisfactory and have been delivered against a background of challenging conditions and subdued equity markets. Despite this, I am pleased to have seen the Group deliver an underlying profit and positive operating cash flows before changes in working capital. These results should also be read in the context of the trading update which the Board released on 10 September 2010 then advising that the Group was unlikely to meet market expectations. At that stage there was no clarity that certain transactions in the pipeline would be delivered by the year end so it was deemed prudent to issue the update. Subsequently two large transactions occurred by the year end as announced on 2 November 2010.

Arden operates in a highly competitive market place and to succeed a broking business needs to have either scale or specialist products. The Board has considered potential acquisitions and merger opportunities but none were considered suitable. In the latter months of 2010 Arden has sought to reorganise and position itself to compete in what could be continued difficult markets. To this end the Group has made changes at both Board and operating levels.

On 22 December 2010 we announced a number of Board changes with the appointment of two new independent Non Executive Directors with expertise in the Group's two main revenue generating areas, Mark Ansell and Peter Moon. At the same time the Group also announced the appointment of its Chief Operating Officer, Steve Wassell, as an Executive Director. This appointment was designed to assist our Chief Executive Officer, Jonathan Keeling, to continue to focus on our growing Indian franchise.

At an operational level, the Board is overseeing changes designed to focus coverage and resource on core UK sectors and those with reach into India. Following the departure of a number of staff earlier in the year, and with tight management of fixed overhead costs, the Board believes the Group is well placed to deliver profitability in the current financial year. Our closing balance sheet is strong with a healthy regulatory capital position.

On behalf of all of Arden's stakeholders I would like to thank both Sir David Rowe-Ham and Tony Bartlett following their retirement from the Board at the end of December 2010. Sir David has been Chairman since Arden's admission to AIM in July 2006 and Tony has carried out various roles, including that of CEO, having been involved with Arden almost since its inception in 2002.

Finally, I would like to thank all staff and clients for their commitment to the business.

Lord Flight
Interim Chairman

Chief Executive's Statement

Introduction

I am pleased to report that the Group has had a satisfactory year in a challenging market. The Group made an underlying profit of £1.3m before charging £1.8m for both share-based payments (IFRS 2) and one-off reorganisation costs giving rise to a loss before taxation of £0.5m (2009: profit £1.5m). The Group also generated cash from operations, before adjustment for movements in working capital, of £0.6m (2009: £2.3m).

Total revenues at £13.0m are on a par with the previous year (£13.1m) but based on a different mix with 53% derived from corporate finance fees and retainers (2009: 34%). In the last few weeks of the financial year the Group secured two large corporate placings which raised some £98m for clients. Revenues generated by our Equities Division were down by 29% to £6.1m from £8.6m. This statistic was the result of a number of factors including reduced trading volumes in the London markets, lower returns from Institutions and increased competition from other exchange venues.

During the year the Group carried out a reorganisation which involved a number of staff leaving giving rise to costs for the Group of £0.7m. We also revisited other overheads and some of these have also been rationalised. This leaves the Group with a lower fixed overhead going forward and a refocused strategy at both Group and operating levels which is designed to deliver higher revenue per head.

Financial Review

Revenue in the year ended 31 October 2010 was £13.0m compared to £13.1m in 2009. The underlying profit before tax was £1.3m compared to £2.2m. The loss before taxation, which is stated after charging share-based payments and reorganisation costs, was £0.5m and compares to a profit before taxation in 2009 of £1.5m. Cash generation was strong with balances at the year end of £9.0m (2009: £10.5m) together with long market making positions of £3.0m (2009: £2.5m). During the year the Company migrated settlement services from Pershing to BNP Paribas Securities Services and this necessitated a deposit of £0.6m to cover base collateral requirements. Cash balances at the year end represented some 283% of our regulatory capital requirement.

The underlying earnings per share (before charging share based payments and reorganisation costs) was 2.4p compared to 8.0p in 2009. The basic loss per share was 4.2p compared to earnings per share of 5.1p in 2009.

During the period between 5 November and 9 November 2010 the Company purchased 1,933,521 ordinary shares of 10p each at a price of 49p per share. All of these shares will be held in Treasury.

Equities Division

Our Equities Division revenue decreased by 29% to £6.1m from £8.6m. Whilst underlying commission levels fell by only 4%, income from share placings and market making returns were lower than anticipated.

Corporate Finance

During the year we completed fifteen corporate finance transactions (2009: twelve) including ten M&A mandates, four secondary fundraisings and one IPO. Including retainer income, total corporate finance revenues increased by some 57% to £6.9m from £4.4m.

Outlook

The current year has started satisfactorily and Arden has completed one fundraising to date. The Equities Division continues to see pressure on margins, as in the previous year, and the corporate finance pipeline, whilst satisfactory, remains market dependent. With tight cost control and a strong balance sheet a positive result for the full year is anticipated.

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

Jonathan Keeling
Chief Executive Officer

Consolidated Statement of Comprehensive Income For the year ended 31 October 2010

	Note	2010 £'000	2009 £'000
Revenue	2	13,046	13,059
Administrative expenses		(13,622)	(11,622)
(Loss)/profit from operations		(576)	1,437
Finance income		73	86
Finance costs		(9)	(1)
(Loss)/profit before taxation		(512)	1,522
Income tax expense		(519)	(276)
(Loss)/profit after taxation		(1,031)	1,246
Other comprehensive income:			
Movement in fair value of available for sale investments		-	2
Other comprehensive income for the year		-	2
Total comprehensive (loss)/income for the year attributable to equity shareholders		(1,031)	1,248
(Loss)/earnings per share			
Basic	4	(4.2)p	5.1p
Diluted	4	(4.2)p	4.8p

Consolidated Statement of Financial Position

At 31 October 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Assets					
Non-current assets					
Property, plant and equipment			401		258
Deferred tax asset			280		618
Total non-current assets			681		876
Current assets					
Trading investments		3,207		2,660	
Trade and other receivables		6,210		15,660	
Cash and cash equivalents		9,014		10,523	
Total current assets			18,431		28,843
Total assets			19,112		29,719
Current liabilities					
Trade and other payables		(6,895)		(17,182)	
Corporation tax liability		(171)		(685)	
Total current liabilities			(7,066)		(17,867)
Non-current liabilities					
Deferred tax liability			(53)		(44)
Total non-current liabilities			(53)		(44)
Total liabilities			(7,119)		(17,911)
Net assets			11,993		11,808
Shareholders' equity					
Called up share capital			2,544		2,494
Share premium account			2,926		2,736
Employee Benefit Trust Reserve			(648)		(648)
Retained earnings			7,171		7,226
Total equity			11,993		11,808

Consolidated Statement of Cash Flows

For the year ended 31 October 2010

	2010 £'000	2009 £'000
Operating activities before taxation		
Net (loss)/profit before tax	(512)	1,522
Adjustments for:		
Fair value adjustments	(155)	(116)
Depreciation	236	256
Impairment of available for sale investments	-	20
Net interest receivable	(64)	(85)
Share based payments	1,079	702
Operating cash flow before changes in working capital	584	2,299
Decrease/(increase) in trade and other receivables	9,439	(12,525)
Increase in financial assets	(400)	(2,313)
(Decrease)/increase in trade and other payables	(10,266)	14,235
Purchases of available for sale investments	-	(27)
Cash generated from operations	(643)	1,669
Income taxes paid	(790)	(200)
Cash flows from operating activities	(1,433)	1,469
Investing activities		
Purchases of property, plant and equipment	(379)	(191)
Interest received	63	98
Net cash from investing activities	(316)	(93)
Financing activities		
Purchase of own shares	-	(448)
Issue of shares	240	114
Net cash from financing activities	240	(334)
(Decrease)/increase in cash and cash equivalents	(1,509)	1,042
Cash and cash equivalents at the beginning of the year	10,523	9,481
Cash and cash equivalents at the end of the year	9,014	10,523

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 loss 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

Consolidated Statement of Changes in Equity For the year ended 31 October 2009

	Share capital £'000	Share premium account £'000	Employee Benefit Trust reserve £'000	Available for sale reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 October 2008	2,470	2,646	(200)	(2)	5,204	10,118
Profit for year	-	-	-	-	1,246	1,246
Other comprehensive income for the year	-	-	-	2	-	2
Total comprehensive income for the year	-	-	-	2	1,246	1,248
Tax taken to equity	-	-	-	-	74	74
Share based payments	-	-	-	-	702	702
Issue of shares	24	90	-	-	-	114
Purchase of own shares	-	-	(448)	-	-	(448)
Balance at 31 October 2009	2,494	2,736	(648)	-	7,226	11,808

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. The Available for sale reserve represents unrealised gains and losses on available for sale investments, being the difference between the acquisition cost and fair value at the balance sheet date. The reserve is shown net of related deferred tax.

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 2010 or year ended 31 October 2009 under the meaning of s434 Companies Act 2006, but is derived from the 2010 annual report and accounts.

Statutory accounts for the years ended 31 October 2010 and 31 October 2009 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 2010 and 31 October 2009 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 2009 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 October 2010, 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.

	2010	2009
	£'000	£'000
Equities Division	6,113	8,613
Corporate Finance Division	6,933	4,446
Total revenue	13,046	13,059

Included within revenue of the Equities Division is an amount of £37,000 (2009: £157,000) 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 business segments and that business resources cannot be readily allocated to segments for the purposes of deriving either profit or net assets.

3) Employees

Staff costs (including Directors) of the Group consist of:

	2010	2009
	£'000	£'000
Wages and salaries	5,669	4,100
Incentive payments	365	944
Share based payments	1,079	702
Social security costs	571	582
Other pension costs	474	419
	8,158	6,747

Staff costs include an amount of £693,000 (2009: £Nil) in respect of reorganisation payments. The average number of employees (including Directors) of the Group and Company during the year was 58 (2009: 55) of which 43 (2009: 41) are front-office and the remainder are administration.

4) 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 are stated after taking into consideration the appropriate tax treatment.

	Year ended 31 October 2010		Year ended 31 October 2009	
	Pence per Share	Numerator £'000	Pence per Share	Numerator £'000
Basic (loss)/earnings per share	(4.2)	(1,031)	5.1	1,246
Add: IFRS2 share-based payments	4.4	1,079	2.9	702
Add: Reorganisation payments and aborted bid costs	2.2	532	-	-
Underlying basic earnings	2.4	580	8.0	1,948
Diluted (loss)/earnings per share *	(4.2)	(1,031)	4.8	1,246
Add: IFRS2 share-based payments	3.9	1,079	2.7	702
Add: Reorganisation payments and aborted bid costs	1.9	532	-	-
Underlying diluted earnings	1.6	580	7.5	1,948
	Year ended 31 October 2010		Year ended 31 October 2009	
Denominator	Number		Number	
Weighted average number of shares in issue for Basic Earnings calculation	24,540,847		24,209,343	
Weighted average dilution for outstanding share options	3,092,296		1,828,105	
Weighted average number for diluted earnings calculation	27,633,143		26,037,448	

Note *: 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 3,092,296 (2009: 1,828,105). The 774,994 (2009: 573,243) shares held by the Arden Partners Employee Benefit Trust have been treated as cancelled and excluded from the denominator.

5) Annual Report and Accounts

Copies of the 2010 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.