

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

**Preliminary results for the year ended 31 October 2008**

Arden Partners plc (AIM: ARDN), the institutional stockbroking company, today announces preliminary results for the year ended 31 October 2008.

Financial highlights

- Revenue £11.4 million (2007: £16.8 million)
- Underlying profit before tax\* £2.1 million (2007: £5.5 million)
- Underlying basic earnings per share\*\* 5.9p (2007: 15.5p)
- Net cash £9.5m (2007: £7.9m)

\* Profit before tax as adjusted for the effect of share based payments and aborted bid costs

\*\* Basic earnings per share, as adjusted for the after-tax effect of share based payments and aborted bid costs

Operational highlights

- £75 million raised for clients in 2008 (2007: £205 million)
- 12 transactions completed during the year, comprising eight M&A and pre-IPO based transactions, two IPOs and two secondary fundraisings

Commenting on the results and Arden’s outlook, Sir David Rowe-Ham, Chairman, said:

“Arden has performed satisfactorily despite poor markets. We continue to capitalise on and expand our relationship broking model, aiming to grow further from our already strong base. We have generated cash as well as making a profit such that our cash at the year end was £9.5m, putting Arden in a strong position to grow our franchise at an opportunistic time.

Earnings for the year to October 2008 are, as with other UK brokers, below earnings in 2007. Current conditions do however present opportunities for our business to grow its franchise. The withdrawal of many investment banks from the small and mid cap markets is no doubt an opportunity for Arden, which has both the people and the capacity to reap benefits from the downturn.”

**Arden Partners plc**

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Jonathan Keeling – Chief Executive Officer

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## **Chairman’s Statement**

Arden has performed satisfactorily despite poor markets. We continue to capitalise on and expand our relationship broking model, aiming to grow further from our already strong base. We have generated cash as well as making a profit such that our cash at the year end was £9.5m, putting Arden in a strong position to grow our franchise at an opportunistic time.

Earnings for the year to October 2008 are, as with other UK brokers, below earnings in 2007. Current

conditions do however present opportunities for our business to grow its franchise. The withdrawal of many investment banks from the small and mid cap markets is no doubt an opportunity for Arden, which has both the people and the capacity to reap benefits from the downturn.

We are now able to hire high-calibre staff at considerably lower cost than was the case 12 months ago. To this end we have during the course of the year hired 11 senior staff, with a further five joining in the two months since our October year end. In 2008 we also expanded our sector coverage, adding financials, electronics and electrical equipment, and healthcare.

It is the Board's view that the current markets must represent an opportunity rather than a threat, given the strength of our balance sheet.

Trading since October has remained difficult but we are on a sound footing with a strong balance sheet and a pipeline of new business that is creditable given difficult markets. The Board has decided to retain cash for building the platform, and has therefore not declared a final dividend.

Finally, I would like to thank all concerned for their contribution in these very challenging times.

**Sir David Rowe-Ham**  
Chairman

## **Chief Executive's Statement**

### **Introduction**

Arden's performance in the year to October 31 has been satisfactory, given weak markets. The FTSE All Share index was down 37% over the year while revenue in our equities division was down 12%. Arden completed 12 corporate finance transactions, despite the scarcity of finance available for deals.

### **Financial Review**

Revenue in the year ended 31 October 2008 was down by 32% to £11.4m (2007: £16.8m). Underlying profit before tax declined by 62% to £2.1m (2007: £5.5m). Profit before tax – after share-based payments and one-off costs from adviser fees related to aborted bid talks – was down by 73% to £1.4m (2007: £5.2m). Cash generation was strong with balances up 20% to £9.5m (2007: £7.9m). Net cash is some 430% of our £2.2m regulatory capital requirements.

Underlying basic earnings per share (before aborted bid costs and share-based payments) fell to 5.9p from 15.5p with underlying diluted earnings per share down to 5.4p from 14.4p. Basic earnings per share fell to 3.0p from 14.1p while diluted earnings per share declined to 2.7p from 13.1p.

### **Equities Division**

Our equities business is proving to be very defensive with revenue down 12% to £6.5m (2007: £7.4m) against a decline of 37% in the FTSE All Share index over the same period. Since the year end, commission revenue has continued to be challenging, as negative sentiment magnified the usual seasonal decline in volumes.

### **Corporate Finance**

During the year we completed 12 corporate finance transactions including eight M&A and pre-IPO deals, two IPOs and two secondary fundraisings, raising £75m for our clients, compared with £205m in 2007. Corporate Finance activity is weak compared with recent years. I believe, though, that corporate finance will drive any sustained recovery in the wider market and our strong team will seize the opportunities.

### **Dividend**

The Board is not proposing a final dividend for the year ended 31 October 2008 (2007: 4.5p). Arden paid an interim dividend of 2.2p (2007: 2.2p) per ordinary share on 3 October 2008.

### **Outlook**

We remain focussed on growing our business by taking advantage of opportunities arising from the market downturn. Equities revenue remains challenging since the year end. The corporate finance pipeline is creditable, although as ever the timing of deals is uncertain.

The number of high-quality staff available to recruit continues to rise, and it is our intention to take full advantage of all opportunities arising from the market conditions.

**Jonathan Keeling**  
Chief Executive Officer

## Consolidated Income Statement For the year ended 31 October 2008

	Note	2008 £'000	2007 £'000
<b>Revenue</b>	2	<b>11,431</b>	16,819
Administrative expenses		<b>10,541</b>	12,071
<b>Profit from operations</b>		<b>890</b>	4,748
Finance income		<b>509</b>	461
Finance costs		<b>-</b>	3
<b>Profit before taxation</b>		<b>1,399</b>	5,206
Income tax expense		<b>652</b>	1,717
<b>Profit on ordinary activities after taxation</b>		<b>747</b>	3,489
<b>Earnings per share</b>			
Basic	4	<b>3.0p</b>	14.1p
Diluted	4	<b>2.7p</b>	13.1p

## Consolidated Balance Sheet At 31 October 2008

	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		<b>323</b>		512
Deferred tax		<b>88</b>		507
<b>Total non-current assets</b>		<b>411</b>		1,019
<b>Current assets</b>				
Financial assets - held for trading	<b>215</b>		1,652	
Financial assets - available for sale	<b>5</b>		443	
Trade and other receivables	<b>3,146</b>		9,701	
Cash and cash equivalents	<b>9,481</b>		7,855	
<b>Total current assets</b>		<b>12,847</b>		19,651
<b>Total assets</b>		<b>13,258</b>		20,670
<b>Current liabilities</b>				
Trade and other payables	<b>2,943</b>		8,992	
Corporation tax liability	<b>197</b>		806	
<b>Total current liabilities</b>		<b>3,140</b>		9,798
<b>Non-current liabilities</b>				
Deferred tax		<b>-</b>		28
<b>Total non-current liabilities</b>		<b>-</b>		28
<b>Total liabilities</b>		<b>3,140</b>		9,826
<b>Net assets</b>		<b>10,118</b>		10,844

<b>Equity</b>		
Called up share capital	2,470	2,470
Share premium account	2,646	2,646
Employee Benefit Trust Reserve	(200)	(200)
Available for sale reserve	(2)	35
Retained earnings	5,204	5,893
<b>Total equity</b>	<b>10,118</b>	<b>10,844</b>

## Consolidated Cash Flow Statement For the year ended 31 October 2008

	<b>2008</b>	2007
	<b>£'000</b>	£'000
<b>Operating activities before taxation</b>		
Net profit from ordinary activities before tax	1,399	5,206
Adjustments for:		
Fair value adjustments	(38)	45
Depreciation	278	236
Profit on disposal of available for sale investments	(218)	-
Impairment of available for sale investments	342	500
Net interest receivable	(509)	(458)
Share based payments	584	34
<b>Operating cash flow before changes in working capital</b>	<b>1,838</b>	5,563
Decrease/(increase) in trade and other receivables	6,564	(2,629)
Decrease/(increase) in financial assets	1,520	(444)
Decrease in trade and other payables	(6,079)	(159)
Purchases of available for sale investments	(108)	(310)
Proceeds from disposal of available for sale investments	368	-
<b>Cash generated from operations</b>	<b>4,103</b>	2,021
Income taxes paid	(1,277)	(1,575)
<b>Cash flows from operating activities</b>	<b>2,826</b>	446
<b>Investing activities</b>		
Purchases of property, plant and equipment	(89)	(360)
Interest received	499	458
<b>Net cash from investing activities</b>	<b>410</b>	98
<b>Financing activities</b>		
Dividends paid to equity shareholders	(1,610)	(949)
Increase/(decrease) in cash and cash equivalents	1,626	(405)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,855</b>	8,260
<b>Cash and cash equivalents at the end of the year</b>	<b>9,481</b>	7,855

## Consolidated Statement of changes in equity For the year ended 31 October 2008

	Share Capital	Share Premium Account	Employee Benefit Trust reserve	Available for sale reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 October 2007	2,470	2,646	(200)	35	5,893	10,844
<b>Changes in equity for 2008:</b>						
Available for sale investments:						

- Increase in fair value of investments	-	-	-	156	-	156
- Gain transferred to the income statement on disposal of investments	-	-	-	(218)	-	(218)
- Tax taken to equity	-	-	-	25	(410)	(385)
<b>Net income recognised directly in equity</b>	-	-	-	(37)	(410)	(447)
Profit for the year	-	-	-	-	747	747
<b>Total recognised income and expense for the year</b>	-	-	-	(37)	337	300
Dividends	-	-	-	-	(1,610)	(1,610)
Share based payments	-	-	-	-	584	584
<b>Balance at 31 October 2008</b>	<b>2,470</b>	<b>2,646</b>	<b>(200)</b>	<b>(2)</b>	<b>5,204</b>	<b>10,118</b>

## Consolidated Statement of changes in equity For the year ended 31 October 2007

	Share Capital	Share Premium Account	Employee Benefit Trust reserve	Available for sale reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 October 2006	2,470	2,646	(200)	(105)	3,022	7,833
<b>Changes in equity for 2007:</b>						
Available for sale investments:						
- Increase in fair value of investments	-	-	-	200	-	200
- Tax taken to equity	-	-	-	(60)	297	237
<b>Net income recognised directly in equity</b>	-	-	-	140	297	437
Profit for the year	-	-	-	-	3,489	3,489
<b>Total recognised income and expense for the year</b>				140	3,786	3,926
Dividends	-	-	-	-	(949)	(949)
Share based payments	-	-	-	-	34	34
<b>Balance at 31 October 2007</b>	<b>2,470</b>	<b>2,646</b>	<b>(200)</b>	<b>35</b>	<b>5,893</b>	<b>10,844</b>

### Notes

1. The Employee Benefit Trust reserve represents shares held in the parent company by Arden Partners EBT Limited, a corporate trustee company which is consolidated in the group 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 2008 or the year ended 31 October 2007 under the meaning of s240 Companies Act 1985, but is derived from the 2008 annual report and accounts.

Statutory accounts for 2007 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 October 2008 will be delivered to the Registrar of Companies following the company's annual general meeting.

The auditors have reported on the accounts for the years ended 31 October 2007 and 31 October 2008. Their reports were unqualified, and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and the reports did not contain statements under section 237(2) or (3) of the Companies Act 1985.

## 2) Revenue

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

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Equities Division	<b>6,547</b>	7,444
Corporate Finance Division	<b>4,884</b>	9,375
<b>Total revenue</b>	<b>11,431</b>	16,819

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:

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Wages and salaries	<b>3,790</b>	3,568
Incentive payments	<b>610</b>	2,150
Share based payments	<b>584</b>	34
Social security costs	<b>496</b>	737
Other pension costs	<b>349</b>	631
	<b>5,829</b>	7,120

The average number of employees (including Directors) during the year in the Group was 51 (2007: 50) of which 40 (2007: 43) 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.

	<b>Year ended</b>		Year ended	
	<b>31 October 2008</b>		31 October 2007	
	<b>Pence per</b>	<b>Numerator</b>	Pence per	Numerator
	<b>Share</b>	<b>£'000</b>	Share	£'000
<b>Basic Earnings</b>	<b>3.0</b>	<b>747</b>	14.1	3,489
Add: IFRS2 share-based payments	<b>2.4</b>	<b>584</b>	0.1	34
Add: Aborted bid costs	<b>0.5</b>	<b>131</b>	1.3	318
<b>Underlying Basic Earnings</b>	<b>5.9</b>	<b>1,462</b>	15.5	3,841

<b>Diluted Earnings</b>	<b>2.7</b>	<b>747</b>	13.1	3,489
Add: IFRS2 share-based payments	<b>2.2</b>	<b>584</b>	0.1	34
Add: Aborted bid costs	<b>0.5</b>	<b>131</b>	1.2	318
<b>Underlying Diluted Earnings</b>	<b>5.4</b>	<b>1,462</b>	14.4	3,841
	<b>Year ended</b>		Year ended	
	<b>31 October</b>		31 October	
	<b>2008</b>		2007	
	<b>Number</b>		Number	
<b>Denominator</b>				
Weighted average number of shares in issue for <b>Basic</b> Earnings calculation	<b>24,701,872</b>		24,701,872	
Weighted average dilution for outstanding share options	<b>2,340,528</b>		1,941,819	
Weighted average number for <b>Diluted</b> Earnings calculation	<b>27,042,400</b>		26,643,691	

5) **Annual Report and Accounts**

Copies of the 2008 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.