

Arden Partners plc
("Arden" or the "Company")

Preliminary results for the year ended 31 October 2009

Arden Partners plc (AIM: ARDN), the institutional stockbroking company, today announces preliminary results for the year ended 31 October 2009.

Financial highlights

- Revenue £13.1 million (2008: £11.4 million)
- Underlying profit before tax* £2.2 million (2008: £2.1 million)
- Underlying basic earnings per share** 8.0p (2008: 6.1p)
- Net cash £10.5m (2008: £9.5m)

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

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

Operational highlights

- Increased client brokerages from 30 to 39
- Sixteen transactions completed during the year, comprising nine M&A, six secondary fundraisings, and one IPO
- Equities revenue increased by 31%

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

"There is no doubt that this has been a challenging year for the City, however the second half of our financial year has reflected an improvement in market conditions and the Board is satisfied with the overall results. We have a strong balance sheet and have generated cash and improved profitability. We closed the year with a cash balance of £10.5 million.

Trading since our year end has been satisfactory. While volumes in the market have been low we have seen a number of corporate transactions complete and we have a satisfactory pipeline of new business subject to market conditions."

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Jonathan Keeling - Chief Executive Officer
Trevor Norris - Finance Director

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Mark Edwards

Chairman's Statement

There is no doubt that this has been a challenging year for the City, however the second half of our financial year has reflected an improvement in market conditions and the Board is satisfied with the overall results. We have a strong balance sheet and have generated cash and improved profitability. We closed the year with a cash balance of £10.5 million.

Current market conditions represent a significant opportunity for the business to grow. We have continued to recruit high calibre staff in all areas of the business. We continue to increase market sector coverage as part of our strategy for growth. The withdrawal of a number of investment banks from the small and mid cap markets has provided opportunities for the Group to not only recruit staff but to also win corporate clients and gain market share, capitalising on these opportunities is a key aspect of our growth strategy.

Trading since our year end has been satisfactory. While volumes in the market have been low we have seen a number of corporate transactions complete and we have a satisfactory pipeline of new business subject to market conditions. For the year ended 31 October 2009 the Board has decided to invest within growth areas of the business and to take advantage of such opportunities rather than pay a final dividend. We believe this policy will be of long-term benefit to our shareholders.

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

Sir David Rowe-Ham
Chairman

Chief Executive's Statement

Introduction

I am pleased to report that the Group has had a satisfactory year in a challenging market. The profit before tax result of £1.5m should be read within the context of a first-half loss before tax of £0.3m.

Financial Review

Revenue in the year ended 31 October 2009 was up by 15% to £13.1m (2008: £11.4m). Underlying profit before tax increased by 5% to £2.2m (2008: £2.1m). Profit before tax, which is stated after charging share-based payments, is up 7% to £1.5m (2008: £1.4m). Cash generation was again strong with balances at the year end of £10.5m (2008: £9.5m) which represented some 370% of our regulatory capital requirement.

Underlying basic earnings per share (before charging share based payments) increased by 31% to 8.0p (2008: 6.1p) with underlying diluted earnings per share increasing by 36% to 7.5p (2008: 5.5p). Basic earnings per share increased by 65% to 5.1p (2008: 3.1p).

Equities Division

Our Equities Division revenue increased by 31% to £8.5m (2008: £6.5m) against an increase in the FTSE All Share index of 18% over the same period. Since the year end, commission income levels have been satisfactory.

Corporate Finance

During the year we completed sixteen corporate finance transactions (2008: twelve) including nine M&A, six secondary fundraisings and one IPO.

Outlook

The current year has started satisfactorily and Arden has to date raised some £111m for corporate clients. We have relocated our main office to 125 Old Broad Street which provides the space and infrastructure for future growth.

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

Jonathan Keeling
Chief Executive Officer

Consolidated Income Statement
For the year ended 31 October 2009

	Note	2009 £'000	2008 £'000
Revenue	2	13,059	11,431
Administrative expenses		(11,622)	(10,541)
Profit from operations		1,437	890
Finance income		86	509
Finance costs		(1)	-
Profit before taxation		1,522	1,399
Income tax expense		(276)	(652)
Profit after taxation		1,246	747
Earnings per share			
Basic	4	5.1p	3.1p
Diluted	4	4.8p	2.8p

Consolidated Balance Sheet
At 31 October 2009

	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Assets				
Non-current assets				
Property, plant and equipment		258		323
Deferred tax asset		618		88
Total non-current assets		876		411
Current assets				
Trading investments	2,660		220	
Trade and other receivables	15,660		3,146	
Cash and cash equivalents	10,523		9,481	
Total current assets		28,843		12,847
Total assets		29,719		13,258
Current liabilities				
Trade and other payables	(17,182)		(2,943)	
Corporation tax liability	(685)		(197)	
Total current liabilities		(17,867)		(3,140)
Non-current liabilities				
Deferred tax liability		(44)		-
Total non-current liabilities		(44)		-
Total liabilities		(17,911)		(3,140)
Net assets		11,808		10,118
Equity				
Called up share capital		2,494		2,470
Share premium account		2,736		2,646
Employee Benefit Trust Reserve		(648)		(200)
Available for sale reserve		-		(2)
Retained earnings		7,226		5,204
Total equity		11,808		10,118

Consolidated Cash Flow Statement
For the year ended 31 October 2009

	2009 £'000	2008 £'000
Operating activities before taxation		
Net profit before tax	1,522	1,399

Adjustments for:		
Fair value adjustments	(116)	(38)
Depreciation	256	278
Profit on disposal of available for sale investments	-	(218)
Impairment of available for sale investments	20	342
Net interest receivable	(85)	(509)
Share based payments	702	584
Operating cash flow before changes in working capital	2,299	1,838
(Increase)/decrease in trade and other receivables	(12,525)	6,564
(Increase)/decrease in financial assets	(2,313)	1,520
Increase/(decrease) in trade and other payables	14,235	(6,079)
Purchases of available for sale investments	(27)	(108)
Proceeds from disposal of available for sale investments	-	368
Cash generated from operations	1,669	4,103
Income taxes paid	(200)	(1,277)
Cash flows from operating activities	1,469	2,826
Investing activities		
Purchases of property, plant and equipment	(191)	(89)
Interest received	98	499
Net cash from investing activities	(93)	410
Financing activities		
Purchase of own shares	(448)	-
Issue of shares	114	-
Dividends paid to equity shareholders	-	(1,610)
Net cash from financing activities	(334)	(1,610)
Increase in cash and cash equivalents	1,042	1,626
Cash and cash equivalents at the beginning of the year	9,481	7,855
Cash and cash equivalents at the end of the year	10,523	9,481

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
Changes in equity for 2009:						
Increase in fair value of investments	-	-	-	2	-	2
Tax taken to equity	-	-	-	-	74	74
Net income recognised directly in equity	-	-	-	2	74	76
Profit for the year	-	-	-	-	1,246	1,246
Total recognised income and expense for the year	-	-	-	2	1,320	1,322
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

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

	Share Capital £'000	Share Premium Account £'000	Employee Benefit Trust reserve £'000	Available for sale reserve £'000	Retained earnings £'000	Total £'000
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	£'000	£'000	reserve £'000	£'000	£'000	£'000
Balance at 31 October 2007	2,470	2,646	(200)	35	5,893	10,844
Changes in equity for 2008:						
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)
Net income recognised directly in equity	-	-	-	(37)	(410)	(447)
Profit for the year	-	-	-	-	747	747
Total recognised income and expense for the year	-	-	-	(37)	337	300
Dividends	-	-	-	-	(1,610)	(1,610)
Share based payments	-	-	-	-	584	584
Balance at 31 October 2008	2,470	2,646	(200)	(2)	5,204	10,118

Notes

- 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.
- 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 2009 or the year ended 31 October 2008 under the meaning of s434 Companies Act 2006, but is derived from the 2009 annual report and accounts.

Statutory accounts for the years ended 31 October 2008 and 31 October 2009 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for year ended 31 October 2008 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 237(2) or 237(3) of the Companies Act 1985.

The Independent Auditors' Report on the Annual Report and Financial Statements for year ended 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 2008 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 October 2009 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.

	2009 £'000	2008 £'000
Equities Division	8,456	6,547
Corporate Finance Division	4,603	4,884
Total revenue	13,059	11,431

Included within revenue of the Corporate Finance Division is an amount of £155,000 (2008: £nil) relating to the fair value adjustment of derivatives held within trading investments that are fair valued through the income statement.

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:

	2009 £'000	2008 £'000
Wages and salaries	4,100	3,790
Incentive payments	944	610
Share based payments	702	584
Social security costs	582	496
Other pension costs	419	349
	6,747	5,829

The average number of employees (including Directors) of the Group during the year was 55 (2008: 51) of which 41 (2008: 40) 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 2009		Year ended 31 October 2008	
	Pence per Share	Numerator £'000	Pence per Share	Numerator £'000
Basic Earnings	5.1	1,246	3.1	747
Add: IFRS2 share-based payments	2.9	702	2.5	584
Add: Aborted bid costs	-	-	0.5	131
Underlying Basic Earnings	8.0	1,948	6.1	1,462
Diluted Earnings	4.8	1,246	2.8	747
Add: IFRS2 share-based payments	2.7	702	2.2	584
Add: Aborted bid costs	-	-	0.5	131
Underlying Diluted Earnings	7.5	1,948	5.5	1,462
			Year ended 31 October 2009	Year ended 31 October 2008
Denominator			Number	Number
Weighted average number of shares in issue for Basic Earnings calculation		24,209,343		24,032,272
Weighted average dilution for outstanding share options		1,828,105		2,340,528
Weighted average number for Diluted Earnings calculation		26,037,448		26,372,800

The shares held by the Arden Partners Employee Benefit Trust have been treated as cancelled and excluded from the denominator. The comparative has been restated to reflect this treatment.

5) Annual Report and Accounts

Copies of the 2009 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.