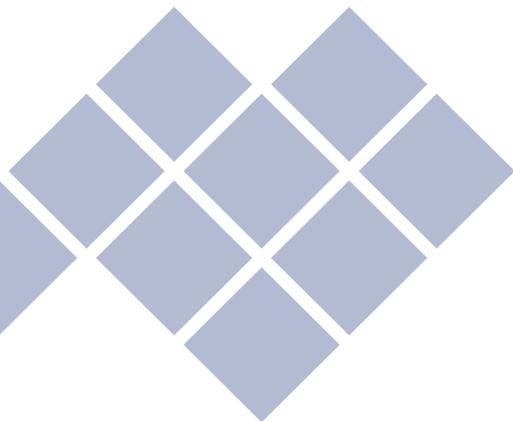




**ARDEN
PARTNERS**

**Placing and
Admission to AIM**

Nominated adviser and broker
Altium Capital Limited



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should immediately consult a person authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities.

The directors of the Company, whose names and functions are set out on page 4 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document, which is drawn up as an admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading of the entire issued and to be issued share capital of the Company on AIM. This document does not constitute an offer to the public in accordance with the provisions of section 85 of FSMA and is not a prospectus for the purposes of the Prospectus Rules. Accordingly this document has not been pre-approved by the Financial Services Authority pursuant to section 85 of FSMA.

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in shares will commence on 19 July 2006. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks involved in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the UK Listing Authority nor the London Stock Exchange have examined or approved the contents of this document.

The whole of this document should be read. Your attention is drawn to the risk factors set out in Part II of this document, which potential investors should take into account in considering whether or not to acquire Ordinary Shares.

Arden Partners plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 4427253)

Placing of 9,518,908 ordinary shares of 10 pence each at 162 pence per share

and

Admission to trading on AIM

Nominated Adviser and Broker

Altium Capital Limited

Ordinary share capital immediately following Admission

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£4,000,000.00	40,000,000	ordinary shares of 10 pence each	£2,470,187.20	24,701,872

The New Ordinary Shares issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid in respect of Ordinary Shares after Admission.

This document does not constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction in which such offer is unlawful. In particular, this document is not for distribution in or into the United States, Canada, Mexico, Australia, Japan, the Republic of South Africa or the Republic of Ireland or to any national, resident or citizen of the United States, Canada, Mexico, Australia, Japan, the Republic of South Africa or the Republic of Ireland.

The Ordinary Shares have not been and will not be registered under the securities legislation of any province or territory or state of the United States, Canada, Mexico, Australia, Japan, the Republic of South Africa or the Republic of Ireland. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in or into the United States, Canada, Mexico, Australia, Japan, the Republic of South Africa or the Republic of Ireland or to any national, citizen or resident of the United States, Canada, Mexico, Australia, Japan, the Republic of South Africa or the Republic of Ireland.

This document contains forward-looking statements, including, without limitation, statements containing the words "believes", "anticipates", "expects" and similar expressions. Such forward-looking statements involve unknown risks, uncertainties and other factors that may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to, the risk factors set out in Part II of this document. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Other than in accordance with the Company's obligations under the AIM Rules, the Company and the Directors undertake no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company, the Directors or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document.

Some of the information or other statements presented in this document regarding market growth, market size, developments of the market and other industry data pertaining to the UK institutional stockbroking market and the Company's business consists of estimates based on data and reports compiled by industry professionals or organisations and analysts and the Company's knowledge of its sales and markets. The information on the Company's website does not form part of this document.

The Directors take responsibility for compiling and extracting, but have not independently verified, market data provided by third parties or industry or general publications and take no further responsibility for such data.

In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing or in relation to the Placing Shares other than as contained in this document.

Altium has been appointed as nominated adviser and broker to the Company. In accordance with the AIM Rules, Altium has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Altium for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

Altium is authorised and regulated in the United Kingdom by the Financial Services Authority and is acting exclusively for the Company and no one else in connection with the proposed Placing and Admission. Altium will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Altium nor for providing advice in relation to the transactions and arrangements detailed in this document. Altium is not making any representation or warranty, express or implied, as to the contents of this document.

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PLACING STATISTICS

Placing Price	162 pence
Number of New Ordinary Shares being placed on behalf of the Company	1,851,852
Number of Sale Shares being placed on behalf of the Selling Shareholders	7,667,056
Number of Ordinary Shares in issue following the Placing	24,701,872
Placing Shares as a percentage of the Company's Enlarged Issued Share Capital	38.5 per cent.
Market capitalisation of the Company following the Placing at the Placing Price	£40.0 million
Estimated net proceeds of the Placing receivable by the Company ^(*)	£2.2 million

(*) The gross proceeds of the Placing receivable by the Company are approximately £3.0 million. The estimated total expenses of the Placing and other related costs payable by the Company are approximately £0.8 million (excluding VAT).

EXPECTED TIMETABLE

	<i>2006</i>
Publication of this document	13 July
Admission and commencement of dealings in the Ordinary Shares on AIM	19 July
Expected date for CREST stock accounts to be credited for Ordinary Shares in uncertificated form	19 July
Expected date of despatch of definitive share certificates for Ordinary Shares in certificated form	26 July

DIRECTORS AND ADVISERS

Directors

Sir David Kenneth Rowe-Ham	<i>Non-Executive Chairman</i>
Anthony David Bartlett	<i>Chief Executive Officer</i>
Trevor Norris	<i>Group Finance Director and Company Secretary</i>
Jonathan Blanshard Keeling	<i>Executive Director</i>
Philip John Dayer	<i>Senior Independent Non-Executive Director</i>
John Grahame Whateley	<i>Non-Executive Director</i>

all of

Head and Registered Office of the Company

Arden House
17 Highfield Road
Edgbaston
Birmingham B15 3DU

Nominated Adviser and Broker

Altium Capital Limited
30 St James's Square
London SW1Y 4AL

Solicitors to the Company

Eversheds LLP
115 Colmore Row
Birmingham B3 3AL

Travers Smith
10 Snow Hill
London EC1A 2AL

Reporting Accountant and Auditors

BDO Stoy Hayward LLP
125 Colmore Row
Birmingham B3 3SD

Solicitors to Altium

Osborne Clarke
Apex Plaza
Forbury Road
Reading RG1 1AX

Bankers to the Company

HSBC Bank plc
130 New Street
Birmingham
West Midlands B2 4JU

The Royal Bank of Scotland plc
City of London Commercial Banking Centre
7th Floor
280 Bishopsgate
London EC2M 4RB

Registrars

Capita IRG Plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

DEFINITIONS

In this document, the following words and expressions shall, except where the context otherwise requires, have the following meanings:

“Act”	the Companies Act 1985 (as amended)
“Admission”	admission of the Existing Ordinary Shares and the New Ordinary Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the rules and guidance notes contained in Parts One and Two respectively of the booklet entitled “AIM RULES FOR COMPANIES” published by the London Stock Exchange that govern the admission of securities to trading on, and the regulation of, AIM
“Altium”	Altium Capital Limited, the Company’s nominated adviser and broker
“Arden” or “the Company”	Arden Partners plc
“Articles”	the current articles of association of the Company
“Board” or “Directors”	the board of directors of the Company, whose names and functions are set out on page 4 of this document (and including a duly authorised committee of the Directors)
“City Code”	the City Code on Takeovers and Mergers
“Combined Code”	the corporate governance code issued by the Financial Reporting Council
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form and which is administered by CRESTCo
“CRESTCo”	CRESTCo Limited, a company incorporated under the laws of England and Wales
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
“EBITDA”	earnings before interest, taxation, depreciation and amortisation
“EBT”	the Arden Partners Employee Benefit Trust
“Enlarged Issued Share Capital”	together the Existing Ordinary Shares and the New Ordinary Shares
“Equity Incentive Schemes”	the equity incentive schemes summarised in paragraph 6 of Part IV of this document
“Executive Directors”	the executive directors of the Company from time to time
“Existing Ordinary Shares”	the 22,850,020 Ordinary Shares in issue as at the date of this document which, for the avoidance of doubt, includes the Sale Shares
“FSA”	the Financial Services Authority
“FSA Rules”	the FSA Handbook of Rules and Guidance and any other rules established and guidance issued by the FSA from time to time
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“FTSE”	an independent company owned by the Financial Times and the London Stock Exchange, whose business is the creation and management of indices and associated data services
“FTSE AIM All-Share”	an index comprising all companies admitted to trading on AIM that satisfy certain eligibility criteria relating to e.g. size, free float and liquidity and excluding certain traded funds

“FTSE All-Share”	an index comprising all companies admitted to trading on the Official List that satisfy certain eligibility criteria relating to e.g. size, free float and liquidity and excluding certain traded funds
“Group”	the Company and, where applicable, its subsidiaries, Arden Partners EBT Limited and Arden Partners Nominees Limited
“IPO”	initial public offering
“Langbar”	Langbar International Limited
“London Stock Exchange”	London Stock Exchange plc
“London Stock Exchange Rules”	the rules published by the London Stock Exchange
“New Ordinary Shares”	the 1,851,852 new Ordinary Shares to be issued by the Company as part of the Placing
“Non-Executive Directors”	the non-executive directors of the Company from time to time
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares” or “Shares”	ordinary shares of 10 pence each in the capital of the Company
“Placing”	the conditional placing by Altium of the New Ordinary Shares and the Sale Shares, pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 13 July 2006 between Altium, the Company, the Directors, the Selling Shareholders and the trustees of the EBT, further details of which are set out in paragraph 11 of Part IV of this document
“Placing Price”	162 pence per Placing Share
“Placing Shares”	the 9,518,908 Ordinary Shares to be subscribed for or sold pursuant to the Placing
“Prospectus Rules”	the prospectus rules published by the FSA
“RSP”	retail service provider
“Sale Shares”	the 7,667,056 Ordinary Shares to be sold by the Selling Shareholders as part of the Placing
“Selling Shareholders”	certain Shareholders who are selling Ordinary Shares as part of the Placing, as described further in paragraph 4 of Part IV of this document
“Shareholder”	a holder of Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the FSA, acting in its capacity as competent authority for the purposes of Part VI of FSMA
“VAT”	UK value added tax
“£”	UK pounds sterling
“\$”	US dollars

KEY INFORMATION

The following information is extracted from, and should be read in conjunction with, the full text of this document. Prospective investors should read the whole of this document, including the risk factors set out in Part II of this document and should not rely solely on the following summarised information.

The Arden proposition

Arden is an institutional stockbroking company which commenced trading in November 2002. Its business consists of corporate finance, equity research, equity sales and market making activities. The Company provides broking services to, and advises on, a range of corporate finance transactions for small and medium sized companies in the UK.

Since its inception, Arden has experienced a year-on-year increase in revenues across all of its business streams. The Directors believe that the Company has a strong reputation, as evidenced by a recent survey of UK small-capitalisation fund managers undertaken by the *Investors Chronicle*, where Arden was ranked eighth out of the top 30 AIM brokers.

In the year ended 31 October 2005, Arden raised £82.4 million on IPOs for its clients and £87.6 million in other fundraisings in a total of 13 transactions. In the current year, as at 30 April 2006, the Company has raised £58.6 million on IPOs and £19.0 million in other fundraisings in a total of six transactions.

Of the 33 companies to which Arden was appointed broker, nominated adviser or financial adviser as at 14 June 2006, 22 were companies trading on AIM and 11 were quoted on the Official List and their combined market capitalisation at that date was £3.7 billion. Arden had approximately 160 institutional clients as at 30 April 2006 and is developing relations with an increasing number of hedge funds.

The main body of the research and institutional sales team at Arden has been together for approximately 15 years, having first worked together at Albert E Sharp Securities in Birmingham and then at Old Mutual Securities following Old Mutual Securities' acquisition of Albert E Sharp Securities.

As at 14 June 2006, Arden employed 44 personnel, 16 of whom were located in London and 2 of whom were located in Bristol. The remaining 26 members of staff were based in the Company's Birmingham office.

Summary financial information

The summary financial information relating to Arden set out below has been extracted from, and should be read in conjunction with, the historical financial information set out in Section B of Part III of this document.

	<i>Year ended</i> <i>31 October</i> <i>2003</i> <i>£000</i>	<i>Year ended</i> <i>31 October</i> <i>2004</i> <i>£000</i>	<i>Year ended</i> <i>31 October</i> <i>2005</i> <i>£000</i>	<i>Six months ended</i> <i>30 April</i> <i>2006</i> <i>£000</i>
Turnover	2,083	3,890	10,905	7,740
Operating (loss) / profit	(211)	339	2,906	2,593
(Loss) / profit after tax	(99)	314	2,027	1,851

Current trading and prospects

Trading in the second half of the financial year has commenced favourably. The Company acted as nominated adviser and broker to silverjet plc on its recent admission to AIM and its associated fundraising which raised £27 million and which was completed in May 2006. Despite the recent volatility in global equity markets, the sales and trading operation continues to perform in line with management expectations. The pipeline of potential corporate transactions remains encouraging and the Directors are confident about the Company's prospects for the current financial year and beyond.

Reasons for Admission and use of proceeds

It is the belief of the Directors that Admission will:

- enable Arden to move from a partnership approach to a more flexible corporate structure;
- raise Arden's profile and status, enhancing the Company's ability to attract new clients;
- enhance Arden's ability to recruit new staff for growth; and
- ultimately provide Arden's current shareholders with a market for their shares.

The net proceeds of the Placing payable to the Company of approximately £2.2 million will be used to meet the costs and expenses of the proposals set out in this document and for working capital purposes.

Growth strategy

The Directors intend to continue to develop Arden's business by building upon its existing capabilities in research, sales, trading and market making, corporate finance and corporate broking, whilst keeping its focus on small and medium sized corporates. The Directors believe that Arden will continue to grow organically, both in terms of the Company's employees (which are its principal asset) and in terms of the quality and quantity of its retained clients.

PART I

INFORMATION ON THE COMPANY AND DETAILS OF THE PLACING

1. Introduction

Arden is an institutional stockbroking company which commenced trading in November 2002. Its business consists of corporate finance, equity research, equity sales and market making activities. The Company provides broking services to, and advises on, a range of corporate finance transactions for small and medium sized companies in the UK.

2. History and development of the Company

The main body of the research and institutional sales team at Arden has been together for approximately 15 years, having first worked together at Albert E Sharp Securities in Birmingham and then at Old Mutual Securities following Old Mutual Securities' acquisition of Albert E Sharp Securities.

The decision to establish Arden was driven by the desire to create a first class stockbroking business based on the fundamentals of relationship broking. The business case was predicated on delivering value from existing broking relationships whilst creating a platform for investment in corporate finance activities. The Directors believe that they have created a company with one of the lowest cost bases in the sector and a platform that is fully scaleable as revenues increase.

The Company's operations are based across three locations in the UK, namely Birmingham, London and Bristol. Arden currently has 44 employees.

Since its inception, Arden has experienced a year-on-year increase in revenues across all of its business streams. The Company has successfully diversified its revenue streams since inception. In the year ended 31 October 2002 all of the Company's revenues came from agency commissions. In the six-month period to 30 April 2006, agency commissions and principal trading accounted for 29.1 per cent. of the Company's revenue, corporate fees 49.7 per cent., market making 15.1 per cent., corporate retainers 5.1 per cent. and agency services 1.1 per cent.

The Directors believe that the Company has a strong reputation, as evidenced by a recent survey of UK small-capitalisation fund managers undertaken by the *Investors Chronicle*, where Arden was ranked eighth out of the top 30 AIM brokers.

3. The market

Whilst stock market conditions will clearly have a bearing on the future performance of the Company, the founders of the Company have worked to ensure that Arden's business is structured in such a way as to ensure scaleability whilst controlling fixed overheads and business risk to deliver profitability.

Over the course of the last two years, UK equity capital markets have been buoyant with the FTSE All-Share and FTSE AIM All-Share indices increasing by 27.7 per cent. and 23.1 per cent. respectively. Over the same period, the total market capitalisation of the FTSE All-Share index has increased from £1,312.0 billion to £1,671.8 billion. In addition, over the last two years, the total market capitalisation of the FTSE AIM All-Share index has increased from £20.1 billion to £40.0 billion and the number of constituent companies has increased from 747 to 1,309 (*Source: Perfect Analysis*). Positive investor sentiment has also helped fuel an increasing number of IPOs on the Official List and on AIM.

Total turnover value in equities traded on the London Stock Exchange grew from £3,636.0 billion in 2003 to £5,200.5 billion in 2005. Of this total, turnover on AIM grew from £6.6 billion in 2003 to £42.1 billion in 2005. An aggregate of £8.9 billion was raised on AIM in 2005 and £7.3 billion has been raised in the period from 1 January 2006 to 31 May 2006. As at 31 May 2006, 183 companies, each with a market capitalisation of £100 million or more and 371 companies, each with a market capitalisation of at least £50 million were admitted to trading on AIM. (*Source: London Stock Exchange.*)

In 2005, there were 402 IPOs in the UK, an increase of approximately 41.5 per cent. when compared with the 284 IPOs in the UK in 2004. Of the total number of IPOs in 2005, a total of 335 (approximately 83.3 per cent.) were on AIM, reflecting the increasing appeal of AIM to companies wishing to undertake an IPO on a market in London. Capitalising on the increase in investor appetite for new issues, companies undertaking an IPO on a market in London have also increased the

amount of money they have raised at the time of IPO. In 2005, £11.6 billion was raised on IPOs in the UK (compared with £5.8 billion in 2004) of which £5.6 billion was raised on AIM IPOs. (*Source: London Stock Exchange.*)

This increasing IPO activity and level of funds raised has been a source of increasing commissions and fee income for UK-based institutional stockbrokers such as Arden.

4. Products and services

Arden provides a range of services encompassing: corporate finance and corporate broking, sales, trading and market making, and research.

Corporate finance and corporate broking

Arden's corporate finance and corporate broking activities are a core business area for the Company and the team specialises in advising small and medium sized companies across a broad range of industry sectors. This department, which is headed by Richard Day, has been complemented over the last two years by the hire of a number of senior executives and now numbers 13 in total.

The team advises companies on a wide variety of transactions including new issues, secondary market fundraisings, public company takeovers, mergers and acquisitions, disposals and corporate restructurings.

The Directors believe that evolving regulatory requirements mean that companies have a continuing need for advice on market regulation, compliance and corporate governance. Arden's corporate finance and corporate broking team provides this advice. The team has many years of experience in providing a market intelligence related service and a focused investor relations offering, tailored to meet the requirements of Arden's clients.

In the year ended 31 October 2005, Arden raised £82.4 million on IPOs for its clients and £87.6 million in other fundraisings in a total of 13 transactions. In the current year, as at 30 April 2006, the Company has raised £58.6 million on IPOs and £19.0 million in other fundraisings in a total of six transactions. Revenues generated by Arden's corporate finance and corporate broking activities comprise a combination of fee and commission income.

Arden is a member of the London Stock Exchange and acts as a corporate broker to companies that are either quoted on the Official List or whose shares are admitted to trading on AIM. Arden's corporate financiers and corporate brokers work closely with the research and sales departments of the Company and provide an interface between corporate clients and their investors.

Of the 33 companies to which Arden was appointed broker, nominated adviser or financial adviser as at 14 June 2006, 22 were companies trading on AIM and 11 were quoted on the Official List and their combined market capitalisation at that date was £3.7 billion. The corporate clients of the Company are set out below:

Abbey plc	International Greetings PLC
Abbot Group plc	KBC Advanced Technologies plc
Aston Villa plc	medOil plc
Bailey (CH) Plc	Metal Bulletin plc
Baltic Oil Terminals PLC	Milestone Group PLC
Black Raven Properties PLC	MTL Instruments Group plc
Castings PLC	Mucklow (A&J) Group plc
City Lofts Group PLC	Pendragon PLC
Claimar Care Group plc	Perspective Capital plc
First Property Group plc	Sanderson Group plc
FishWorks plc	silverjet plc
Great Eastern Energy Corporation Ltd.	Trifast plc
GTL Resources plc	Victoria P.L.C.
Hardy Oil & Gas plc	Voller Energy Group PLC
Hat Pin plc	Walker (Thomas) PLC
Headlam Group plc	WIN plc
Hill & Smith Holdings PLC	

Sales, trading and market making

Arden's sales trading and market making team was established in order to facilitate the Company's institutional clients' agency transactions. The Directors believe that the Company has built a solid foundation upon which to expand as it increases its profile by distributing its research more widely

and growing its number of publicly traded clients. This team, which is headed by James Reed-Daunter, consists of a total of 16 employees, many of whom have worked together for more than 10 years.

Arden had approximately 160 institutional clients as at 30 April 2006 and is developing relations with an increasing number of hedge funds.

Arden has outsourced its back office settlement function to Pershing Limited and Pershing Securities Limited, which enables the Company to provide greater transaction capacity. Further details of the agreements with Pershing Limited and Pershing Securities Limited are set out in paragraph 11 of Part IV of this document.

Research

Arden's research focus is predominantly, but not exclusively, on small and medium sized companies listed or trading on the UK equity capital markets. The research team, which is headed by David Larkam, consists of seven employees although there are plans to increase numbers in the short term. This will enable an increase in both the number of companies followed and the number of sectors covered.

Arden's research analysts currently cover approximately 120 stocks, including 28 corporate clients for whom the Company also acts as financial adviser, nominated adviser or corporate broker. Arden's sector coverage currently comprises: aerospace, building materials, construction, distributors, electronic and electricals, engineering, housebuilders, industrials, oil services, real estate, retailers, travel & leisure, software, support services and transport.

5. Competition

The Directors believe that Arden's principal competitors are those institutional stockbrokers which concentrate on the small and medium sized companies in the UK market rather than the global investment banks which tend to concentrate on larger sized companies. These competitors include Arbutnot Securities Limited, Bridgewell Securities Limited, Collins Stewart Limited, Evolution Securities Limited, Numis Securities Limited and Panmure Gordon & Co. plc.

It is the belief of the Directors that the Company will remain competitive, with its emphasis on relationship broking and its low cost base and scaleable platform. The Directors further believe that the Company will continue to be attractive to its clients and is well placed to continue to grow and to develop its business.

6. Summary financial information

The summary financial information relating to Arden set out below has been extracted from, and should be read in conjunction with, the historical financial information set out in Section B of Part III of this document.

	<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>Six months ended 30 April 2006 £000</i>
Turnover	2,083	3,890	10,905	7,740
Operating (loss) / profit	(211)	339	2,906	2,593
(Loss) / profit after tax	(99)	314	2,027	1,851

7. Current trading and prospects

Trading in the second half of the financial year has commenced favourably. The Company acted as nominated adviser and broker to silverjet plc on its recent admission to AIM and its associated fundraising which raised £27 million and which was completed in May 2006. Despite the recent volatility in global equity markets, the sales and trading operation continues to perform in line with management expectations. The pipeline of potential corporate transactions remains encouraging and the Directors are confident about the Company's prospects for the current financial year and beyond.

8. Growth strategy

The Directors intend to continue to develop Arden's business by building upon its existing capabilities in research, sales, trading and market making, corporate finance and corporate broking, whilst

keeping its focus on small and medium sized corporates. The Directors believe that Arden will continue to grow organically, both in terms of the Company's employees (which are its principal asset) and in terms of the quality and quantity of its retained clients.

Over time and utilising some of the proceeds raised in the Placing, the Company aims to recruit additional staff in key roles. In particular, the Company will look to increase its research sector coverage through the recruitment of additional analysts. The Company also intends to make new hires in corporate finance and specialist sales and trading and, dependent on market conditions, the Directors intend to increase the Company's market making activities in terms of scope, investment and manpower. The Directors believe that access to the retail investor market could also provide an additional revenue stream and to this end Arden has applied for RSP status to enable it to capture retail trade flows.

Arden has recently developed a number of overseas relationships. Arden has a formal relationship with J Giordano Securities LLC (trading as Giordano Securities Group) in the US whereby Giordano Securities Group are able to market Arden's corporate clients and research into the US. In return, Arden receives a share of any commissions generated by these activities. After completing a number of transactions for clients based in India, the Directors believe that India will also be an exciting potential source of future growth.

Whilst Arden will focus on organic growth, the capital structure that will be in place following Admission will provide the Company with the financial flexibility to pursue appropriate acquisition opportunities which may arise.

9. Directors, management and employees

Arden has an experienced management team with a track record of senior roles in investment banking businesses. The current Non-Executive Directors provide the Company with a range of sector and other business experience, both in the public and private markets. The Board comprises:

Directors

Sir David Rowe-Ham (Non-Executive Chairman) – aged 70. Sir David is currently Chairman of Olayan Europe Limited, BNP Paribas South Asia Investment Co Limited and Coral Products plc and the Senior Independent Non-Executive Director of Hikma Pharmaceuticals plc. He is a former chairman of Brewin Dolphin Holdings plc and a former president of The Crown Agents Foundation.

Sir David has served on the boards of a number of companies including Chubb plc, Williams plc and Lloyds Bank plc (London Region) and is a former Lord Mayor of London.

Anthony Bartlett (Chief Executive Officer) – aged 55. Tony was for many years a senior director of Beeson Gregory. Initially responsible as Head of Corporate Finance, he was promoted to be the Managing Director of the investment banking business. On the flotation of Beeson Gregory he became a main board director. Tony's background is one of corporate finance having been a partner at Coopers & Lybrand where he had responsibility for UK plc activities. He also represented Coopers & Lybrand as the Far East and Indian Liaison Partner and was a member of the Council of Partners. Tony joined Arden in January 2004 as Chairman of Corporate Finance and has overseen the growth achieved by that team. He was appointed Chief Executive Officer in May 2006.

Trevor Norris (Group Finance Director) – aged 46. Trevor is a chartered accountant. Having spent several years with KPMG and a brief period as a sole practitioner. Trevor joined Midlands Electricity plc in 1995 as a financial consultant establishing their embryonic energy services company, where he became Managing Director. Trevor left in 2000 to act as a consultant to a number of large public companies before becoming involved in the early stage formation of Arden. Trevor was appointed Group Finance Director in June 2002.

Jonathan Keeling (Executive Director) – aged 42. Jonathan is one of the founder members of Arden. A graduate in economics, he joined Albert E Sharp as an equity salesman in 1985, was made a director in 1989 and Head of Small Cap Sales in the early 1990s. Jonathan left Albert E Sharp in 2001, then briefly worked for Harris Allday and Old Mutual Securities before joining the team to form Arden.

Grahame Whateley (Non-Executive Director) – aged 63. Grahame Whateley formed Castlemore Securities plc 36 years ago. Its group now has net assets in excess of £250 million. In addition to his work at Castlemore, Grahame Whateley is a non-executive director of Britten Investments Limited,

Provident Securities Limited, Wellingborough Engineering Limited and Great Northern Retail Park Limited.

Philip Dayer (Senior Independent Non-Executive Director) – aged 55. On qualifying as a chartered accountant with Peat, Marwick, Mitchell & Co, Philip pursued a career in investment banking as a corporate financier specialising in advising small and mid-market UK companies. He was appointed advisory director of Barclays Merchant Bank Limited in 1983 and since then has held the position of corporate finance director with a number of banks including Greig Middleton and Hoare Govett Limited. He retired from Hoare Govett Limited in 2004. Philip is now a financial consultant to OJSC Rosneft Oil Company, the Russian state-owned oil and gas company, Non-Executive Chairman of Baltic Oil Terminals plc and a non-executive director of Dana Petroleum plc and of County Contact Centres plc.

Further details on the Directors and their interests are contained in paragraph 7 of Part IV of this document.

Senior management

Brief biographical details of the members of the senior management are set out below:

James Reed-Daunter (Head of Sales, Trading and Market Making) – aged 36. James is a Business Economics and Accountancy graduate of Southampton University. He joined Albert E Sharp in 1992 in their private client unit working on the unit trust and fund management desk. In 1995 he moved to become an equity sales director selling small-mid cap stocks to UK investing institutions. James is one of Arden’s founding partners, having joined Arden in November 2002 as Head of Sales.

Richard Day (Head of Corporate Finance and Corporate Broking) – aged 46. Richard qualified as a solicitor in 1985 and worked in various City law firms, including Simmons & Simmons and Charles Russell. In 1989, he joined Libra Bank plc, a specialist emerging market investment bank, as legal adviser. In 1990, he went to Cazenove & Co and gained over 12 years’ experience in corporate finance in a wide range of transactions. Richard joined Arden as one of its founding partners in November 2002, heading up the Corporate Finance department.

David Larkam (Head of Research) – aged 40. David is an aeronautics graduate of Imperial College, London. Having spent three years at Lynton Aviation Limited as an operations manager he went to Aston University to complete a one year MBA course. In 1992 David joined Albert E Sharp as an engineering/electricals analyst specialising in small-cap and mid-cap companies and left in November 2002 to become a founding partner of Arden. He was appointed Head of Research in 2003.

Employees

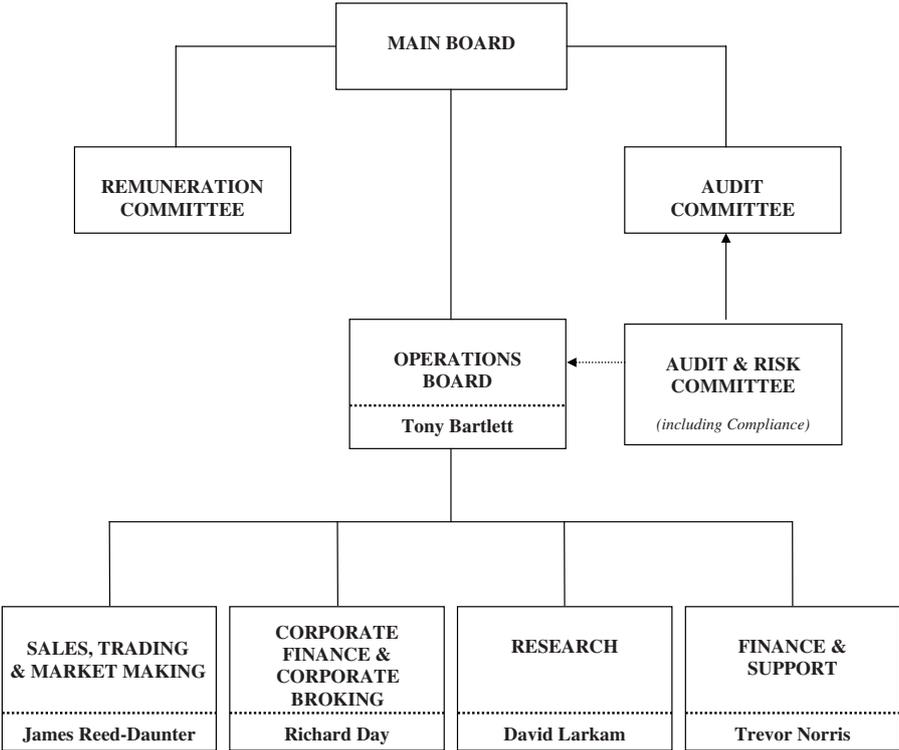
As at 14 June 2006, Arden employed 44 personnel, 16 of whom were located in London and 2 of whom were located in Bristol. The remaining 26 members of staff were based in the Company’s Birmingham office. The following table shows the split of employees by department:

Department	Number
Sales, trading and market making	16
Corporate finance and corporate broking	13
Research	7
Support	8

Employees are remunerated through salaries, discretionary performance-related bonuses and through share options. Awards under the bonus schemes and Equity Incentive Schemes are based on Arden’s results and on individual performance levels. In the year ended 31 October 2005, staff bonuses represented approximately 44 per cent. of the pre-bonus operating profits of the Company.

Arden organises various training courses for its employees, covering professional qualifications, technical knowledge, anti-money laundering and IT skills. The Company has developed an interactive compliance regime (intranet based) that covers a wide range of regulatory training requirements.

The structure of the Company is as shown below:



10. Reasons for Admission and use of proceeds

It is the belief of the Directors that Admission will:

- enable Arden to move from a partnership approach to a more flexible corporate structure;
- raise Arden’s profile and status, enhancing the Company’s ability to attract new clients;
- enhance Arden’s ability to recruit new staff for growth; and
- ultimately provide Arden’s current shareholders with a market for their shares.

The net proceeds of the Placing payable to the Company of approximately £2.2 million will be used to meet the costs and expenses of the proposals set out in this document and for working capital purposes.

11. Dividend policy

It is the intention of the Directors to maintain an appropriate level of dividend cover, whilst taking into account growth in earnings and Arden’s future expansion plans. In particular, the Directors will only seek to retain distributable profits within the Company when they expect to earn above-average returns from the deployment of the retained funds.

Following Admission, it is the Directors’ intention to pay an interim and final dividend in each financial year.

12. Corporate governance

The Directors recognise the value and importance of effective corporate governance and intend to observe the principal provisions of the Combined Code, to the extent that they consider them to be appropriate for a company of Arden’s size.

Remuneration and audit committees of the board have been created with formally delegated duties and responsibilities.

The remuneration committee will review the performance of the Executive Directors and make recommendations to the board on matters relating to the Executive Directors’ remuneration and other terms of employment. This committee will also make recommendations to the board on the granting of share options and other equity incentives and will administer the Equity Incentive Schemes. The chairman of the remuneration committee is Sir David Rowe-Ham.

The audit committee has the primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. This committee will receive and review reports from the Company's auditors and management relating to the annual and interim accounts and Arden's internal accounting and control systems. It will meet at least twice per year and will have unrestricted access to the Company's auditors. The chairman of the audit committee is Philip Dayer.

The Directors do not consider that, given the size of the Board, it is necessary at this stage to have a nominations committee, although the board will keep this under review going forward.

The Directors intend to comply with Rule 21 of the AIM Rules relating to dealings in Arden's securities by directors and persons discharging managerial responsibility and, to this end, the Company has adopted an appropriate share dealing code.

13. Equity Incentive Schemes

The Directors believe that equity incentives are, and will continue to be, an important means of attracting, retaining and motivating key employees.

The Company currently has in place a tax-favoured enterprise management incentive share option scheme pursuant to which existing employees have been granted options over, in aggregate, up to 2,958,780 Ordinary Shares. Under the terms of this scheme, Admission will not cause these options to become capable of exercise. These options will normally become exercisable from 24 April 2009.

The Directors do not currently intend to grant any additional options but do recognise the need to be able to continue to offer key employees the opportunity to participate in the future growth of Arden, and to attract new recruits, through equity incentives. To this end, the Directors adopted The Arden Partners 2006 Share Option Scheme on 12 July 2006. The nature of any future awards granted to particular key employees will be determined by the remuneration committee taking into account the specific circumstances of each employee and the incentive goals to be achieved.

Further details of the Equity Incentive Schemes are set out in paragraph 6 of Part IV of this document.

14. The Placing and Admission

The Placing, which has been fully underwritten by Altium, comprises a placing, at the Placing Price, of 7,667,056 Sale Shares on behalf of the Selling Shareholders and 1,851,852 New Ordinary Shares on behalf of Arden.

The Sale Shares to be sold pursuant to the Placing will represent approximately 31.0 per cent. of the Enlarged Issued Share Capital.

The New Ordinary Shares to be issued by Arden pursuant to the Placing will represent approximately 7.5 per cent. of the Enlarged Issued Share Capital and will raise approximately £3.0 million gross (approximately £2.2 million net of expenses) for the Company.

The New Ordinary Shares issued pursuant to the Placing will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares.

The Directors are selling, in aggregate, 1,209,250 Sale Shares pursuant to the Placing (representing approximately 4.9 per cent. of the Enlarged Issued Share Capital) and will, in aggregate, hold or be interested in 3,874,478 Ordinary Shares on Admission (representing approximately 15.7 per cent. of the Enlarged Issued Share Capital).

Altium, as agent for the Selling Shareholders and Arden, has conditionally placed the Placing Shares with institutional investors. The Placing is conditional, *inter alia*, upon Admission becoming effective by no later than 19 July 2006 (or such later date, being no later than 18 August 2006, as the Company and Altium may agree). Details of the Placing Agreement are set out in paragraph 11 of Part IV of this document.

Application has been made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 19 July 2006.

15. Lock-ins

Each of the current Executive Directors has given undertakings to Arden and to Altium that they will not (i) dispose of any Ordinary Shares that they hold on Admission (subject to certain limited

exceptions) for a period of 12 months from Admission (“the Lock-in Period”); or (ii) dispose of any Ordinary Shares that they hold on Admission other than through Altium (or through the Company’s broker if Altium is no longer the broker) for a further period of 12 months from the end of the Lock-in Period.

In addition to the current Executive Directors, other existing Shareholders (who immediately following Admission will, in aggregate, hold 12,544,204 Ordinary Shares, representing approximately 50.8 per cent. of the Enlarged Issued Share Capital) have given undertakings to Arden and to Altium that they will not (i) dispose of any Ordinary Shares that they hold on Admission (subject to certain limited exceptions) during the Lock-in Period; or (ii) dispose of any Ordinary Shares held on Admission other than through Altium (or through the Company’s broker if Altium is no longer the broker) for a further period of 12 months from the end of the Lock-in Period.

16. Langbar

On 7 June 2005, Arden was appointed nominated adviser (“NOMAD”) and nominated broker of Langbar (then known as Crown Corporation Limited), a company registered in Bermuda, whose shares had been admitted to trading on AIM in October 2003. At the time of Arden’s appointment, Langbar was believed (as disclosed in its audited accounts) to own certificates of cash deposits with Banco do Brasil with a face value of some \$659.6 million (£383.5 million).

At the time of its appointment, Arden was issued with warrants to subscribe for 3,120,000 shares in Langbar at 35 pence per share. On 21 June 2005, Arden exercised these warrants in full and sold the resulting shares in the market and to its clients in the period up to 26 July 2005.

On 18 August 2005, Arden undertook share placings with institutional clients raising £4.36 million on behalf of Langbar and £4.36 million on behalf of Lambert Financial Investment Limited, one of the initial shareholders of, and a substantial shareholder in, Langbar.

On 6 September 2005, Langbar announced that \$294 million of the cash deposits with Banco do Brasil had been successfully transferred to a Langbar international head office account with ABN Amro BV in Holland and admitted to the Euroclear and DTCL platforms.

On 12 October 2005, Langbar announced that trading in its shares was being suspended “*pending independent verification of certain of the company’s assets*”. Prior to this date Arden had traded in Langbar shares both on its own account and in its capacity as broker.

On 25 November 2005, Langbar announced that Kroll Associates UK Limited (“Kroll”) “*had reported to the board that, following its initial investigations, it appears likely that the company has been the subject of a serious fraud affecting the relevant assets. Kroll has not been able to establish the existence of, nor verify the company’s entitlement to, any of the relevant assets at any time in the company’s existence*”.

On 11 April 2006, the admission of Langbar’s shares to trading on AIM was cancelled.

A considerable number of Langbar shareholders have suffered significant losses as a result of the apparent fraud and Langbar is currently being investigated by the Serious Fraud Office and the City of London Police. On 13 March 2006, Langbar announced that proceedings had been commenced by Langbar in the English High Court against two former Langbar directors, Mr Mariusz Rybak and Mr Jean-Pierre Regli and also against Mr Abraham Arad Hochman, Lambert Financial Investments Limited and CMC Crown Management Corporation Limited, each of which were shareholders of Langbar. The claims are supported by a worldwide asset freezing injunction and have also been extended to include a claim for certain declarations against Mr Rybak’s wife, Izabela Rybak, and a company incorporated in Monaco, SCI Atol. On 14 June 2006, Jean-Pierre Regli was sentenced by the High Court to six months’ imprisonment for contempt of Court in failing to comply with the terms of the injunction. Langbar has also made a criminal complaint against certain of the individuals in Switzerland. To date, no proceedings have been commenced against Arden. Arden is not aware that proceedings have been commenced against any other of Langbar’s former professional or financial advisers. Langbar’s release of 27 April 2006 does however state that “*the company continues to actively consider further claims which may be appropriate to pursue against other individuals or entities*”.

In view of the alleged fraud and its significance for AIM, the Directors consider that the London Stock Exchange and/or the FSA will conduct their own investigations into the affair, including Arden’s conduct as NOMAD. To date, Arden has not been notified, nor is aware, that any such investigation has been commenced.

The duties of Arden as the NOMAD to Langbar, which are solely owed to the London Stock Exchange, are set out in AIM Rule 39 and include being available to advise the directors of an AIM company of their obligations under the AIM Rules and to act with due skill and care at all times. If the London Stock Exchange considers Arden was either in breach of its responsibilities under Rule 39 or that the integrity and reputation of AIM has been or may be impaired as a result of Arden's conduct or judgement, the London Stock Exchange may fine it, censure it, remove it from the register of NOMADs and/or publish the action it has taken and the reasons therefor.

As a London Stock Exchange member firm, Arden is also bound by the London Stock Exchange Rules. These rules relate, amongst other things, to its suitability, observance of rules and internal systems and controls including, for example, the obligation to have a designated compliance officer. Breach of these rules may result in a fine, censure or disqualification. The London Stock Exchange Rules overlap substantially with the FSA Rules to which Arden is subject as a firm authorised and regulated by the FSA.

The FSA may take disciplinary action against a firm for breach of its rules or one of the general principles for business as set out in the FSA Handbook. These include the requirements that Arden must conduct its business with due skill, care and diligence, it must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems and that it must observe proper standards of market conduct. Sanctions that may be imposed by the FSA include unlimited fines, public censure and withdrawal of authorisation to act as an authorised person.

In addition, certain of those involved with the Langbar affair could face criminal prosecution for insider dealing in connection with share dealings. In order to be convicted of an insider dealing offence it must be shown that a person knowingly deals or encourages others to deal in a security when in possession of price sensitive information or discloses such information to another. The punishment for insider dealing is either a prison sentence or a fine. Persons involved may also be subject to civil prosecution for market abuse, the penalty for which includes an unlimited fine. Market abuse offences include insider dealing, improper disclosure of inside information, misuse of insider information, manipulating transactions and disseminating information likely to give a false or misleading impression or misleading behaviour or market distortion.

Between 7 June 2005 and 11 October 2005, Arden conducted trades in Langbar shares both in its capacity as broker and as principal. As required by the FSA Rules, Arden operates "Chinese walls" between its relevant operations and share dealing rules apply to all its directors and employees.

The Directors have instructed a separate firm of solicitors to assist with a review of Arden's conduct and to advise on its legal and regulatory position in respect of Langbar. As part of this review, the Directors have satisfied themselves that Arden's "Chinese walls" and share dealing rules were adhered to throughout the relevant times. Taking account of the legal advice they have received, the Directors have concluded that it is extremely unlikely that Arden or any of its employees will be subject to any criminal proceedings or civil proceedings for market abuse. The Directors do, however, believe an investigation by the London Stock Exchange or the FSA into this matter is likely. The outcome of any such investigation may be determined or influenced by a number of factors, some of which may be unknown or undetermined at this time and disciplinary action against Arden or its employees cannot be ruled out. The Directors consider that in the event of disciplinary action being taken by the London Stock Exchange and/or the FSA against Arden or its employees, it would be unlikely to be of such a nature as to have a materially adverse effect on Arden and its business.

Even if Arden is not the subject of any investigation or disciplinary action, any formal investigation into Langbar or the prosecution of others involved is likely to attract public interest and coverage and comment in the media and reference to Arden's involvement may be made that could have an adverse effect on Arden's reputation.

Arden may also be the subject of claims for breach of contract and in tort from Langbar and/or shareholders who bought or held shares whilst Arden was NOMAD or traded with Arden. Arden has taken legal advice and the Directors are confident that Arden would have defences against any such actions, which would be vigorously resisted.

Prospective investors' attention is drawn to the paragraph headed "Langbar" in Part II of this document entitled "Risk Factors".

17. CREST, settlement and dealings

CREST is a paperless settlement procedure that enables securities to be evidenced other than by means of a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. CREST is a voluntary system and investors who wish to receive and retain certificates will be able to do so. The Articles permit the holding of Ordinary Shares under the CREST system. Arden will apply for the Enlarged Issued Share Capital to be admitted to CREST upon Admission. It is anticipated that Admission will become effective and dealings in the Ordinary Shares will commence on 19 July 2006. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

18. Taxation

Prospective investors' attention is drawn to paragraph 12 of Part IV of this document, which gives information regarding taxation in relation to the Placing and Admission. These details are, however, only intended as a general summary of the current UK law on taxation. Shareholders who are in any doubt as to their taxation position or who are subject to taxation in a jurisdiction other than the UK, are strongly advised to consult their own professional advisers.

19. Additional information

Prospective investors' attention is drawn to Parts II to IV of this document, which provide additional information on Arden. In particular, prospective investors are advised to consider carefully Part II of this document, entitled "Risk Factors".

PART II

RISK FACTORS

In addition to all other information in this document, potential investors should carefully consider the risks described below before making any decision to invest in Arden. The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors who are in any doubt are advised to consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The Directors consider the following risks to be the most significant for potential investors in Arden. The following potential risks do not purport to be a complete list or explanation of all of the risk factors involved in investing in Arden and are not set in any order of priority. In particular, the Company's performance may be affected by changes in economic conditions and in legal and tax requirements.

Langbar

Arden's involvement with Langbar is described in paragraph 16 of Part I of this document.

In view of the alleged fraud and its significance for AIM, the Directors consider that the London Stock Exchange and/or the FSA will conduct their own investigations into the affair, including Arden's conduct as nominated adviser of Langbar.

If the London Stock Exchange considers Arden was either in breach of its responsibilities under Rule 39 of the AIM Rules or that the integrity and reputation of AIM has been or may be impaired as a result of its conduct or judgement, London Stock Exchange may fine it, censure it, remove it from the register of NOMADs and/or publish the action it has taken and the reasons therefor.

As a London Stock Exchange member firm, Arden is also bound by the London Stock Exchange Rules. A breach of these rules may result in a fine, censure or disqualification. The London Stock Exchange Rules overlap substantially with the FSA Rules to which Arden is also subject as a firm authorised and regulated by the FSA.

The FSA may take disciplinary action against a firm for breach of one of the general principles for business as set out in the FSA Handbook. Sanctions that may be imposed by the FSA include unlimited fines and withdrawal of authorisation to act as an authorised person.

Any such investigation into the conduct of Arden and subsequent disciplinary actions against it or any of its employees could damage Arden's reputation and its business so as to have a materially adverse effect on its trading and financial performance. The outcome of any such investigation may be determined or influenced by a number of factors, some of which may be unknown or undetermined at this time. To be removed by the London Stock Exchange from the register of NOMADs or as a London Stock Exchange member firm or to cease being authorised by the FSA would severely damage Arden's reputation and ongoing and future business. A substantial fine may adversely affect Arden's cash flow and curtail plans to develop its business.

In addition, should Arden or any of its directors or employees be prosecuted, or convicted, for insider dealing or market abuse offences this could have a material adverse effect on Arden's reputation, its business and its trading and financial performance. If Arden or any of its directors or employees were so convicted this could also have an adverse impact on its continued authorisations as a NOMAD and a London Stock Exchange member firm.

Even if Arden is not the subject of any investigation or disciplinary action, any formal investigation into Langbar or the prosecution of others involved is likely to attract public interest and coverage and comment in the media and reference to Arden's involvement may be made, which could have an adverse effect on Arden's reputation.

Arden may also be the subject of claims for breach of contract and in tort from Langbar and/or shareholders who bought or held shares whilst Arden was NOMAD or traded with Arden.

Reputation

The ability of Arden to attract new business and to retain its existing clients depends upon the maintenance of its reputation in the market.

The industry in which the Company operates demands a high level of integrity. Client trust is paramount and Arden is thus susceptible to adverse market perception. Any fraud, mismanagement or failure to satisfy the Company's responsibilities to its clients, any negative publicity resulting from

such activities or the accusation of such actions associated with Arden, could have a material adverse effect on the financial condition, results or operations of the Company.

Furthermore, after recent downturns in equity markets and the resulting heightened media and consumer interest in the financial services industry, any negative publicity associated with Arden could damage the Company's reputation and could have a material adverse effect on the financial condition, results or operations of the Company.

Regulatory regime

The regulatory regime applicable to companies such as Arden is under regular review and future changes made by a regulatory body could impose a greater burden on Arden with consequential additional costs. As Arden is a regulated business, it relies on continuing to be authorised to be able to undertake certain roles and operations.

Dependence on key executives and personnel, employee retention and recruitment

The future success of Arden depends substantially on the continuing efforts of the Executive Directors and key senior employees. The Company's future success is also substantially dependent on its ability to continue to attract, retain and motivate highly skilled and qualified personnel. An inability to attract such additional personnel as Arden grows could have an adverse effect on the Company's business and trading results.

In addition, the loss of the services of the Executive Directors, members of senior management and other key employees could damage the Company's business. As described in this document, the Company has established the Equity Incentive Schemes in order to enhance its ability to retain key personnel.

Underwriting activities, credit risks and exposure to losses

Underwriting equity issues involves both regulatory and financial risks. Arden could incur losses if it is unable to resell securities it has committed to purchase or if it is forced to liquidate its commitment at less than the agreed purchase price.

The Company may also be subject to substantial liabilities for omissions or misstatements in prospectuses and other communications with respect to equity offerings and may be exposed to litigation or claims arising from such offerings, from negligent advice or from omissions in general.

Third parties that owe Arden money, securities or other assets may not perform their obligations to the Company, due to operational failure, lack of liquidity, bankruptcy or otherwise.

Arden performs regular reviews on credit exposure to specific counterparties and clients whom it believes may present credit concerns, however risk of default may arise from circumstances or events that are difficult to detect, e.g. fraud. The Company may also fail to receive full information with respect to the trading risks of a counterparty.

Employee misconduct

Arden is exposed to the risk of employee misconduct. This could include binding the Company to transactions that present unacceptable risks or that exceed authorised limits or hiding unsuccessful or unauthorised activities from the Company. Employees could misuse confidential information, resulting in regulatory sanctions that could seriously damage Arden's reputation. The measures that the Company takes to prevent and detect employee misconduct may not be effective in all cases. Arden does maintain professional indemnity insurance, but there can be no guarantee that cover thereunder would be sufficient to cover any loss suffered by the Company.

Stock market conditions

Arden's business is highly dependent on stock market conditions. Adverse market conditions may have a significant negative effect on revenues and profitability.

Third party service providers

Aspects of Arden's business rely upon certain third party service providers. A deterioration or interruption in the performance of these service providers could impair the quality and timing of the Company's services. Furthermore, if contracts with any of these service providers are terminated, Arden may not find alternative suppliers on equivalent terms or on a timely basis.

Securities traded on AIM

The Ordinary Shares will be traded on AIM rather than listed on the Official List. An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List.

The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares.

Forward-looking statements

This document contains forward-looking statements which are based on the Directors' current expectations, assumptions, estimates and projections about the Company and its industry. When used in this document, the words "may", "will", "should", "potential", "continue", "expects", "anticipates", "estimates", "intends", "plans", "believes", "could" and any similar expressions are intended to identify forward-looking statements. These forward-looking statements involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of other factors, as more fully described elsewhere in this document.

Past performance is not an indicator of future performance

This document includes information about the historical financial performance of the Company. Past performance is not, however, a guarantee as to the future financial performance of the Company, which may be materially different from its past performance and which may be adversely affected by, amongst other things, the risk factors described in this Part II.

PART III

HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

Set out below is the text of a report by reporting accountant, BDO Stoy Hayward LLP, covering the three financial years ended 31 October 2003, 2004 and 2005 and the six months to 30 April 2006.

Section A – Accountant’s Report



BDO Stoy Hayward LLP
Chartered Accountants

125 Colmore Row
Birmingham B3 3SD
Telephone: +44 (0) 121 352 6200
Faximile: +44 (0) 121 352 6222

The Directors
Arden Partners plc
Arden House
17 Highfield Road
Edgbaston
Birmingham
B15 3DU

13 July 2006

The Directors
Altium Capital Limited
30 St James’s Square
London
SW1Y 4AL

Dear Sirs

Arden Partners plc (the “Company”)

Introduction

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 13 July 2006 of Arden Partners plc (the “Admission Document”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person as a result of, arising out of, or in connection with this report or statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules consenting to its inclusion in the Admission Document.

Responsibilities

As described in Section B of Part III, the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with applicable UK accounting standards, as applicable for the relevant period.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial

information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated and of its results and cash flows for the periods then ended in accordance with the basis of preparation set out in note 1 to the financial information and has been prepared in accordance with applicable UK accounting standards as described in note 1 to the financial information.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

Section B – Historical Financial Information

Responsibility

The directors of the Company are responsible for preparing the financial information set out below on the basis of preparation set out in note 1 to the financial information and in accordance with applicable UK accounting standards.

Profit and loss accounts

		<i>Year ended</i> <i>31 October</i>	<i>Year ended</i> <i>31 October</i>	<i>Year ended</i> <i>31 October</i>	<i>6 months</i> <i>ended</i> <i>30 April</i>
	<i>Notes</i>	<i>2003</i> <i>£000</i>	<i>2004</i> <i>£000</i>	<i>2005</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Turnover	2	2,083	3,890	10,905	7,740
Administrative expenses		<u>(2,294)</u>	<u>(3,551)</u>	<u>(7,999)</u>	<u>(5,147)</u>
Operating (loss)/profit	3	(211)	339	2,906	2,593
Other interest receivable and similar income		41	48	102	95
Interest payable and similar charges	7	<u>(9)</u>	<u>(6)</u>	<u>(4)</u>	<u>(37)</u>
(Loss)/profit on ordinary activities before taxation		(179)	381	3,004	2,651
Taxation on (loss)/profit on ordinary activities	8	<u>80</u>	<u>(67)</u>	<u>(977)</u>	<u>(800)</u>
(Loss)/profit on ordinary activities after taxation		(99)	314	2,027	1,851
Finance cost of non equity shares – preference dividends	9	<u>—</u>	<u>(216)</u>	<u>(121)</u>	<u>—</u>
Retained (loss)/profit		<u>(99)</u>	<u>98</u>	<u>1,906</u>	<u>1,851</u>
(Loss)/earnings per ordinary share					
Basic and diluted	10	<u>£(0.08)</u>	<u>£0.07</u>	<u>£1.40</u>	<u>£1.36</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

Balance sheets

		<i>31 October</i>	<i>31 October</i>	<i>31 October</i>	<i>30 April</i>
		<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Fixed assets					
Tangible assets	11	133	156	218	300
Investments	12	—	—	—	—
		<u>133</u>	<u>156</u>	<u>218</u>	<u>300</u>
Current assets					
Debtors	13	629	1,463	2,614	3,281
Investments	14	—	—	—	363
Cash at bank and in hand		1,425	1,354	5,615	4,793
		<u>2,054</u>	<u>2,817</u>	<u>8,229</u>	<u>8,437</u>
Creditors: amounts falling due within one year	15	(423)	(933)	(4,567)	(4,106)
Net current assets		<u>1,631</u>	<u>1,884</u>	<u>3,662</u>	<u>4,331</u>
Total assets less current liabilities		1,764	2,040	3,880	4,631
Creditors: amounts falling due after more than one year	16	(38)	—	—	—
Net assets		<u>1,726</u>	<u>2,040</u>	<u>3,880</u>	<u>4,631</u>
Capital and reserves					
Called up share capital	17	2,265	2,265	2,265	1,365
Share premium account	18	20	20	20	20
Profit and loss account	18	(559)	(245)	1,595	2,546
Employee Benefit Trust reserve	18	—	—	—	(200)
Capital redemption reserve	18	—	—	—	900
		<u>1,726</u>	<u>2,040</u>	<u>3,880</u>	<u>4,631</u>
Equity shareholders' funds	19	<u>1,726</u>	<u>2,040</u>	<u>3,880</u>	<u>4,631</u>

Cash flow statement

		<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>6 months ended 30 April 2006 £000</i>
Net cash (outflow)/inflow from operating activities	23	(639)	36	4,399	699
Returns on investments and servicing of finance					
Interest received		41	48	102	95
Interest paid		(9)	(6)	(4)	—
Dividend paid: non equity		—	—	—	(375)
		<u>32</u>	<u>42</u>	<u>98</u>	<u>(280)</u>
Taxation		—	—	(10)	—
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(72)	(112)	(188)	(142)
		<u>(72)</u>	<u>(112)</u>	<u>(188)</u>	<u>(142)</u>
Net cash (outflow)/inflow before financing		(679)	(34)	4,299	278
Financing					
Share capital issued		310	—	—	—
Employee Benefit Trust charge		—	—	—	(200)
Capital element of finance leases repaid		(12)	(37)	(38)	—
Share capital redeemed		—	—	—	(900)
		<u>298</u>	<u>(37)</u>	<u>(38)</u>	<u>(1,100)</u>
(Decrease)/increase in cash for the period	24	<u>(381)</u>	<u>(71)</u>	<u>4,261</u>	<u>(822)</u>

Notes to the financial information

1 Principal accounting policies

The financial information has been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information.

In preparing the financial information for the six months ended 30 April 2006, the Company has adopted the following Financial Reporting Standard 25 – Financial instruments: disclosure and presentation for the first time. The Company has taken advantage of the transitional arrangements of FRS 25 and has not restated the comparative financial information. The Company is also not required to comply with the disclosure aspects of this standard. The new accounting policies for the presentation of financial instruments in terms of equity and liability and the presentation of dividends are shown below. The effect on the previous years, had the Company restated its comparatives to comply with FRS 25 is shown below, at the end of this note 1.

Turnover and revenue recognition

Turnover represents the net profit of shares traded on a principal basis, commissions and fees earned from trading shares on an agency basis, together with fees derived from corporate finance activities and broking services.

The Company recognises revenue at the point of completing an assignment to the extent that it has obtained the right to consideration through performance of its services to clients. Where the consideration includes financial instruments or other non-cash items, revenue is measured at fair value using an appropriate valuation method and taken to turnover with a corresponding asset being carried forward in the balance sheet as current asset investments.

Consolidated financial information

The Company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statements therefore present information about the Company as an individual undertaking and not about its group. Further, the subsidiary undertakings did not trade during the year and accordingly consolidated financial information has not been prepared as it would present the same information as that of the company financial information.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates, from the dates assets are brought into use:

Improvements to leasehold buildings	–	33.33% per annum
Fixtures fittings and equipment	–	33.33% per annum
Computer equipment	–	33.33% per annum

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Investments

Investments are held at cost less provision for impairment. Where investment assets are received as revenue consideration the fair value of the assets at the date of receipt is treated as cost.

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the fund are held separately from those of the Company in a separately administered fund.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as the amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of the capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present obligations under the lease.

Proprietary trading

Positions arising from proprietary trading positions are carried at fair market value and the resultant profit and losses are included in turnover. Open positions arising from proprietary trading positions are included within trade debtors. Fair value is determined by reference to third party market values.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Employee Benefit Trust

The Arden Partners Employee Benefit Trust was set up to provide a vehicle to purchase and sell shares in the Company without the need for the Company to legally repurchase its own shares.

Arden Partners EBT Limited is a wholly owned subsidiary of Arden Partners plc and its sole activity is as corporate trustee for the Arden Partners Employee Benefit Trust.

In accordance with FRS 5 and UITF 38, assets and liabilities of the EBT are recognised as assets and liabilities of the Company and an employee benefit trust reserve has been created to represent the cost of the shares acquired.

Payments and receipts by the trust on the purchase and sale of the Company's own shares are reported directly in the reconciliation of movement in shareholders' funds.

Changes to accounting policies

The Company has taken advantage of the exemption in FRS 25 from the requirement to restate comparative information and has instead restated the amounts included within the financial statements at 1 November 2005.

The impact on the Company of the adoption of FRS 25 on the profit and loss account for the six months ended 30 April 2006 is to increase interest expense by £38,010. The impact on the balance sheet as at 1 November 2005 would be to reduce share capital and reserves by £900,000, increase creditors due after more than one year by £900,000 and reduce net assets by £900,000. The effect on the profit and loss account for the year ended 31 October 2005 would have been to transfer £120,763 (2004 – £216,000; 2003 – Nil) preference share dividends to interest expense.

2 Turnover

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

3 Operating profit/loss on ordinary activities

	<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>6 months ended 30 April 2006 £000</i>
<i>These are arrived at after charging:</i>				
Depreciation of tangible fixed assets	56	89	126	60
Hire of plant and machinery – operating leases	1	1	—	—
Hire of other assets – operating leases	105	109	144	85
Auditors’ remuneration – audit services	6	6	14	15
Auditors’ remuneration – non audit services	5	23	20	14
UITF 17 charge (see note 4)	—	—	150	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4 UITF 17 Charge

The UITF 17 charge in 2005 represents the excess of market value over consideration paid for shares in the company purchased from the Arden Employee Benefit Trust. This charge is required under UITF 17 to be recognised as a charge in the profit and loss account but is credited to reserves (see note 18) and has no impact on distributable reserves.

5 Employees

Staff costs (including directors) consist of:

	<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>6 months ended 30 April 2006 £000</i>
Wages and salaries	1,246	1,671	4,387	2,845
Social security costs	137	199	548	147
Pension costs	30	134	214	145
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>1,413</u>	<u>2,004</u>	<u>5,149</u>	<u>3,137</u>

The average number of employees during the period, including executive directors, was:

	<i>Year ended 31 October 2003 Number</i>	<i>Year ended 31 October 2004 Number</i>	<i>Year ended 31 October 2005 Number</i>	<i>6 months ended 30 April 2006 Number</i>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>24</u>	<u>29</u>	<u>33</u>	<u>29</u>

6 Directors’ remuneration

	<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>6 months ended 30 April 2006 £000</i>
Directors’ emoluments	939	1,136	2,590	655
Company contributions to money purchase pension schemes	—	78	111	78
Compensation for loss of office	—	103	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>939</u>	<u>1,317</u>	<u>2,701</u>	<u>733</u>

There were no directors in the Company’s defined contribution pension scheme during the period. The Company paid contributions to personal money purchase pension schemes on behalf of 13 directors during the six months ended 30 April 2006 (2005 – 13; 2004 – 14; 2003 – Nil).

The total amount payable to the highest paid director in respect of emoluments was £51,000 for the six months ended 30 April 2006 (2005 – £186,456; 2004 – £83,441; 2003 – £69,484). Company pension

contributions of £6,000 for the six months ended 30 April 2006 (2005 – £8,400; 2004 – £4,200; 2003 – £Nil) were provided towards a money purchase pension scheme on his behalf.

7 Interest payable and similar charges

	<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>6 months ended 30 April 2006 £000</i>
Bank loans and overdrafts	—	—	2	—
Finance leases and hire purchase contracts	9	6	2	—
Preference dividends paid	—	—	—	37
	<u>9</u>	<u>6</u>	<u>4</u>	<u>37</u>

8 Taxation on (loss) / profit on ordinary activities

	<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>6 months ended 30 April 2006 £000</i>
<i>UK Corporation tax</i>				
Current tax on profits of the period	—	8	980	800
Adjustment in respect of previous periods	—	—	2	—
Total current tax	—	8	982	800
<i>Deferred tax</i>				
Origination and reversal of timing differences	(80)	59	(5)	—
	<u>(80)</u>	<u>67</u>	<u>977</u>	<u>800</u>

The tax assessed for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

	<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>6 months ended 30 April 2006 £000</i>
(Loss)/profit on ordinary activities before tax	<u>(179)</u>	<u>381</u>	<u>3,004</u>	<u>2,651</u>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 – 30%, 2004 and 2003 – 19%)	(34)	72	901	795
Effect of:				
Expenses not deductible for tax purposes	10	13	77	5
Capital allowances for period in excess of depreciation	11	—	2	—
Utilisation of tax losses	—	(85)	—	—
Adjustment to tax charge in respect of previous periods	—	—	2	—
Pension scheme charges deferred	—	8	—	—
Losses carried forward	13	—	—	—
Current tax charge for the period	<u>—</u>	<u>8</u>	<u>982</u>	<u>800</u>

9 Dividends

	<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>6 months ended 30 April 2006 £000</i>
<i>Non equity shares</i>				
Preference shares				
Accrued	—	216	121	—

10 (Loss)/earnings per share

(Loss)/earnings per ordinary share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the (loss)/earnings, being (loss)/profit after tax, are as follows:

	<i>Year ended 31 October 2003 Number</i>	<i>Year ended 31 October 2004 Number</i>	<i>Year ended 31 October 2005 Number</i>	<i>6 months ended 30 April 2006 Number</i>
Weighted average number of equity shares	1,297,096	1,365,000	1,365,000	1,365,000
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
(Loss)/profit after tax	(99)	98	1,906	1,851
(Loss)/earnings per ordinary share				
Basic and diluted	£(0.08)	£0.07	£1.40	£1.36

There is no difference between the basic and fully diluted earnings per ordinary share for the three years ended 31 October 2005 as there were no share options during that period. There is no difference between the basic and fully diluted earnings per ordinary share for the six months ended 30 April 2006 as the £8 strike price for options granted on 24 April 2006 exceeds the estimated Company equity value at 30 April 2006. This strike price is equivalent to 47.8 pence following the capital reorganisation detailed in note 26.

11 Tangible fixed assets

	<i>Improvements to leasehold buildings £000</i>	<i>Fixtures, fittings and equipment – Owned £000</i>	<i>Fixtures, fittings and equipment – Leased £000</i>	<i>Total £000</i>
Cost				
As at 1 November 2002	21	6	90	117
Additions	3	47	22	72
As at 31 October 2003	24	53	112	189
Additions	38	74	—	112
As at 31 October 2004	62	127	112	301
Additions	55	133	—	188
As at 31 October 2005	117	260	112	489
Additions	—	142	—	142
As at 30 April 2006	117	402	112	631
Depreciation				
As at 1 November 2002	—	—	—	—
Provided for the year	7	12	37	56
As at 31 October 2003	7	12	37	56
Provided for the year	18	33	38	89
As at 31 October 2004	25	45	75	145
Provided for the year	33	56	37	126
As at 31 October 2005	58	101	112	271
Provided for the period	16	44	—	60
As at 30 April 2006	74	145	112	331
Net book value				
As at 31 October 2003	17	41	75	133
As at 31 October 2004	37	82	37	156
As at 31 October 2005	59	159	—	218
As at 30 April 2006	43	257	—	300

12 Fixed asset investments

Investment in group undertakings

The Company owns the whole of the issued share capital of Arden Partners Nominees Limited, a company registered in England, acquired for £1 during the year ended 31 October 2004. This company's sole activity is the holding of investments for clients of Arden Partners plc. This company has not traded and as at 31 October 2004, 31 October 2005 and 30 April 2006 its net assets were £1.

The Company also owns the whole of the issued share capital of Arden EBT Limited, a company registered in England, acquired for £1 during the year ended 31 October 2005. This company's sole activity is as corporate trustee for the Arden Partners Employee Benefit Trust. As at 31 October 2005 and 30 April 2006 its net assets were £1.

13 Debtors

	31 October 2003 £000	31 October 2004 £000	31 October 2005 £000	30 April 2006 £000
Trade debtors	300	1,164	2,137	2,496
Other debtors	86	166	217	174
Prepayments and accrued income	163	112	234	585
Deferred taxation	80	21	26	26
	<u>629</u>	<u>1,463</u>	<u>2,614</u>	<u>3,281</u>

All amounts shown under debtors fall due for payment within one year.

	<i>Deferred taxation £000</i>
At 1 November 2002	—
Charged to profit and loss account	80
At 31 October 2003	80
Charged to profit and loss account	(59)
At 31 October 2004	21
Charged to profit and loss account	5
At 31 October 2005	26
Charged to profit and loss account	—
At 30 April 2006	<u>26</u>

Deferred taxation

	31 October 2003 £000	31 October 2004 £000	31 October 2005 £000	30 April 2006 £000
Accelerated capital allowances	—	7	3	3
Sundry timing differences	—	14	23	23
Losses	80	—	—	—
	<u>80</u>	<u>21</u>	<u>26</u>	<u>26</u>

14 Current asset investments

	31 October 2003 £000	31 October 2004 £000	31 October 2005 £000	30 April 2006 £000
Share options	—	—	—	363

15 Creditors: amounts falling due within one year

	<i>31 October 2003 £000</i>	<i>31 October 2004 £000</i>	<i>31 October 2005 £000</i>	<i>30 April 2006 £000</i>
Trade creditors	135	139	298	408
Corporation tax	—	8	980	1,780
Other tax and social security	57	97	208	297
Dividends payable	—	—	337	—
Obligations under finance leases	37	38	—	—
Other creditors	30	89	81	85
Accruals and deferred income	164	562	2,663	1,536
	<u>423</u>	<u>933</u>	<u>4,567</u>	<u>4,106</u>

16 Creditors: amounts falling due after more than one year

	<i>31 October 2003 £000</i>	<i>31 October 2004 £000</i>	<i>31 October 2005 £000</i>	<i>30 April 2006 £000</i>
Obligations under finance leases and hire purchase contracts	<u>38</u>	<u>—</u>	<u>—</u>	<u>—</u>
Maturity of debt:				
In one year or less, or on demand	<u>37</u>	<u>38</u>	<u>—</u>	<u>—</u>
In more than one year but not more than two years	<u>38</u>	<u>—</u>	<u>—</u>	<u>—</u>

Obligations under finance leases are secured on the assets to which they relate.

17 Share capital

The Company's share capital as at 31 October 2003, 31 October 2004 and 31 October 2005 is summarised below:

	<i>Authorised £000</i>	<i>Allotted, called up and fully paid £000</i>
Equity share capital		
Ordinary shares of £1 each	2,000	1,365
Non equity share capital		
24% Cumulative redeemable preference shares of £1 each	450	450
Non-cumulative redeemable preference shares of £1 each	450	450
Special shares of £1 each	<u>—</u>	<u>—</u>

The special shares consist of 1 special share and 1 special preference share, each with a nominal value of £1. The special shares carry no voting rights.

On 9 February 2006 the Company redeemed 900,000 preference shares of £1 each at par. The total amount paid for the shares amounted to £900,000. These shares were redeemed in accordance with the articles of association of the Company and accounted for 31 per cent. of the called up share capital of the Company as at 31 October 2005. The Company's share capital as at 30 April 2006 is summarised below:

	<i>Authorised £000</i>	<i>Allotted, called up and fully paid £000</i>
<i>Equity share capital</i>		
Ordinary shares of £1 each	2,000	1,365
<i>Non equity share capital</i>		
Special shares of £1 each	—	—
	<u> </u>	<u> </u>

18 Reserves

	<i>Capital redemption reserve £000</i>	<i>Employee Benefit Trust reserve £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>
At 1 November 2002	—	—	—	(460)
Loss for the year	—	—	—	(99)
Premium on shares issued during the year	—	—	20	—
At 31 October 2003	—	—	20	(559)
Profit for the year	—	—	—	98
Reversal of the cost of non equity shares	—	—	—	216
At 31 October 2004	—	—	20	(245)
Profit for the year	—	—	—	1,906
Reinstatement of preference dividends – now payable	—	—	—	(216)
Reversal of UITF 17 charge (see note 4)	—	—	—	150
At 31 October 2005	—	—	20	1,595
Profit for the period	—	—	—	1,851
Redemption of preference shares	900	—	—	(900)
Shares purchased by EBT	—	(200)	—	—
As at 30 April 2006	<u>900</u>	<u>(200)</u>	<u>20</u>	<u>2,546</u>

19 Reconciliation of movements in shareholders' funds

	<i>Year ended 31 October 2003 £000</i>	<i>Year ended 31 October 2004 £000</i>	<i>Year ended 31 October 2005 £000</i>	<i>6 months ended 30 April 2006 £000</i>
(Loss) / profit for the year	(99)	98	1,906	1,851
Issue of ordinary share capital	310	—	—	—
Reversal of UITF 17 charge	—	—	150	—
Reversal of the cost of non equity shares	—	216	—	—
Reinstatement of prior year preference dividend – now payable	—	—	(216)	—
Redemption of preference shares	—	—	—	(900)
Shares purchased by EBT	—	—	—	(200)
Net additions to shareholders' funds	<u>211</u>	<u>314</u>	<u>1,840</u>	<u>751</u>
Opening shareholders' funds	1,515	1,726	2,040	3,880
Closing shareholders' funds	<u>1,726</u>	<u>2,040</u>	<u>3,880</u>	<u>4,631</u>

20 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge for the six months ended 30 April 2006 amounted to £145,284 (in the year to 31 October 2005 – £214,366; 2004 – £133,931; 2003 – £30,156). Contributions amounting to £85,100 (in the year to 31 October 2005 – £80,913; 2004 – £71,636; 2003 – £30,156) were payable at the period end and are included in creditors.

21 Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as set out below:

	31 October 2003 £000	31 October 2004 £000	31 October 2005 £000	30 April 2006 £000
Operating leases which expire:				
Land and buildings – in two to five years	50	—	—	—
Land and buildings – after five years	—	102	102	109

22 Related party transactions

The Company paid £24,000 during the year ended 31 October 2004 (2003: £30,000) to JG Whateley in respect of guarantee fees in support of the Company's un-drawn subordinated loan facility.

23 Reconciliation of operating (loss) / profit to net cash (out flow) / inflow from operating activities

	Year ended 31 October 2003 £000	Year ended 31 October 2004 £000	Year ended 31 October 2005 £000	6 months ended 30 April 2006 £000
Operating (loss) / profit	(211)	339	2,906	2,593
Depreciation of tangible fixed assets	56	89	126	60
(Increase) in debtors	(468)	(893)	(1,147)	(1,030)
(Decrease)/increase in creditors	(16)	501	2,364	(924)
Reversal of UITF 17 charge	—	—	150	—
Net cash (out flow) / inflow from operating activities	(639)	36	4,399	699

24 Reconciliation of net cash out flow to movement in net funds

	Year ended 31 October 2003 £000	Year ended 31 October 2004 £000	Year ended 31 October 2005 £000	6 months ended 30 April 2006 £000
Increase/(decrease) in cash	(381)	(71)	4,261	(822)
Cash outflow from changes in debt	12	37	38	—
Movement in net funds in the period	(369)	(34)	4,299	(822)
Net funds at the beginning of the period	1,719	1,350	1,316	5,615
Net funds at the end of the period	1,350	1,316	5,615	4,793

25 Analysis of net funds

	<i>Cash at bank and in hand</i>	<i>Finance leases</i>	<i>Total</i>
At 1 November 2002	1,806	(87)	1,719
Cashflow	(381)	12	(369)
At 31 October 2003	1,425	(75)	1,350
Cashflow	(71)	37	(34)
At 31 October 2004	1,354	(38)	1,316
Cashflow	4,261	38	4,299
At 31 October 2005	5,615	—	5,615
Cashflow	(822)	—	(822)
At 30 April 2006	4,793	—	4,793

26 Post balance sheet events

On 31 May 2006, a dividend of £400,000 in total was paid to the ordinary shareholders, equivalent to a dividend of 29.3 pence per ordinary share.

As part of the arrangements for the Placing, on 11 July 2006, the special share of £1 and the special preference share of £1 were each redesignated as ordinary shares of £1 each. On 11 July 2006, the 2,285,002 ordinary shares of £1 each in the issued share capital of the Company (including the 920,000 ordinary shares of £1 each that were allotted on 11 July 2006 to the existing shareholders of the Company by way of a bonus issue) were sub-divided into 22,850,020 Ordinary Shares.

PART IV
ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names and functions appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of each of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and general

- (a) The Company was incorporated in England and Wales on 30 April 2002, under the name of 115CR (149) Limited, with registered number 4427253 and as a private company with limited liability under the Act. The Company changed its name to Arden Partners Limited on 19 June 2002. The Company was re-registered as a public company on 11 July 2006 under the name Arden Partners plc.
- (b) The registered office of the Company and its subsidiary undertakings referred to in paragraph 2(d) below and the principal place of business of each Director (apart from AD Bartlett), is Arden House, 17 Highfield Road, Edgbaston, Birmingham B15 3DU. The Company is domiciled in the United Kingdom. The telephone number of the registered office and principal place of business is 0121 4238900. The principal place of business of AD Bartlett is Nicholas House, 3 Laurence Pountney Hill, London, EC4R 0EU.
- (c) The principal activity of the Company is institutional stockbroking.
- (d) The Company has the following subsidiary undertakings, both of which are wholly owned and which are incorporated in England and Wales:

<i>Name</i>	<i>Principal activity</i>	<i>Issued share capital (fully paid)</i>
Arden Partners Nominees Limited	Non-trading company	£1
Arden Partners EBT Limited	Trustee for the Arden Partners Employee Benefit Trust	£1

As at the date of this document, the Company had an interest in 232,143 ordinary shares of 1 pence each in silverjet plc (representing approximately one per cent. of the issued ordinary share capital of silverjet plc). At this date the share price of silverjet plc was 125.5 pence per share, representing in total an aggregate value of £291,339.47. This investment arose out of an agreement made at the time of the IPO of silverjet plc and the Company has entered into an informal arrangement not to dispose of these shares before April 2007.

Save for its ownership of the above subsidiary undertakings and the interest in silverjet plc, the Company has no other equity investments in any other company.

3. Share capital

- (a) The following table shows the authorised and the issued and fully paid up share capital of the Company as at the date of this document:

	<i>Number of Ordinary Shares</i>	<i>Nominal value (£)</i>
Authorised share capital	40,000,000	4,000,000.00
Issued share capital	22,850,020	2,285,002.00

- (b) Following the Placing, assuming full subscription, the authorised and the issued and fully paid up share capital of the Company will be as follows:

	<i>Number of Ordinary Shares</i>	<i>Nominal value (£)</i>
Authorised share capital	40,000,000	4,000,000.00
Issued share capital	24,701,872	2,470,187.20

- (c) The authorised share capital of the Company on incorporation was £1,000 divided into 1000 ordinary shares of £1 each. Since that date, the authorised share capital of the Company has been changed as follows:

- (i) on 19 June 2002 the authorised share capital of the Company was increased from £1,000 to £2,000 by the creation of a further 1,000 ordinary shares of £1 each in the authorised share capital;
- (ii) on 21 June 2002 the authorised share capital of the Company was increased from £2,000 to £2,900,001 by the creation of a further 1,998,000 ordinary shares of £1 each, 900,000 redeemable preference shares of £1 each and 1 special share of £1 in the authorised share capital;
- (iii) on 13 October 2003 the authorised share capital of the Company was increased from £2,900,001 to £2,900,002 by the creation of 1 special preference share of £1 in the authorised share capital;
- (iv) on 11 July 2006 the authorised share capital of the Company was increased from £2,900,002 to £4,000,000 by the creation of a further 1,099,998 ordinary shares of £1 each in the authorised share capital; and
- (v) on 11 July 2006 each of the 17,149,980 ordinary shares of £1 each in the authorised but unissued share capital of the Company were sub-divided into 10 Ordinary Shares.

- (d) The issued share capital of the Company on incorporation was £2 divided into 2 ordinary shares of £1 each. Since that date, the allotted and issued share capital of the Company has been changed as follows:

- (i) on 21 June 2002, 1,998 ordinary shares of £1 each were allotted;
- (ii) on 28 October 2002, 900,000 redeemable preference shares of £1 each, 1,073,000 ordinary shares of £1 each and 1 special share of £1 were allotted, each at par value;
- (iii) on 18 November 2002, 200,000 ordinary shares of £1 were allotted at par value;
- (iv) on 26 March 2003, 50,000 ordinary shares of £1 were allotted at par value;
- (v) on 13 October 2003, 1 special preference share of £1 was allotted at par value;
- (vi) on 14 October 2003, 40,000 ordinary shares of £1 were allotted at a price of £1.50 per share (a premium of 50 pence per share);
- (vii) on 9 February 2006 each of the 900,000 redeemable preference shares of £1 each were redeemed by the Company;
- (viii) on 11 July 2006 the special share of £1 and the special preference share of £1 were each redesignated as ordinary shares of £1 each;
- (ix) on 11 July 2006, 920,000 ordinary shares of £1 each were allotted to the existing shareholders of the Company by way of a bonus issue; and
- (x) on 11 July 2006 the 2,285,002 ordinary shares of £1 each in the issued share capital of the Company were sub-divided into 22,850,020 Ordinary Shares.

- (e) As at the date of this document, options to subscribe for 2,958,780 Ordinary Shares have been granted to employees and Directors under the Old Scheme (as such term is defined in paragraph 6(a) of this Part IV) for nil consideration and remain outstanding.

Each of these options was granted on 24 April 2006 with an exercise price of 47.8 pence per Ordinary Share and is normally exercisable between 24 April 2009 and 24 April 2016. Further details of these options are set out in paragraph 6(a) of Part IV of this document.

- (f) Save as disclosed in paragraph (e) above, no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

- (g) The International Security Identification Number for the Ordinary Shares to be admitted to trading is GB00B15CTY44.
- (h) There have been no public takeover bids by third parties in respect of the Company's equity share capital during the Company's last financial year or the current financial year.
- (i) In anticipation of the Placing, the following resolutions were passed as written resolutions on 11 July 2006:
 - (i) the directors of the Company were generally and unconditionally authorised for the purposes of section 80 of the Act (in substitution for any existing authority to allot relevant securities) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80 of the Act) up to a maximum nominal amount of £2,521,308 provided that the authority is for a period expiring at the Company's next annual general meeting, save that the Company may before such expiry make an offer or agreement that would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority has expired; and
 - (ii) the directors of the Company were empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) wholly for cash pursuant to the authority conferred in 3(i)(i) above, as if section 89(1) of the Act did not apply to any such allotment, such authority to expire at the conclusion of the next annual general meeting of the Company, provided that the power shall be limited to:
 - (1) the allotment of equity securities up to an aggregate nominal amount of £266,666.60 pursuant to the Placing of the New Ordinary Shares;
 - (2) the allotment of equity securities in connection with an offer by way of rights, or other pre-emptive offer (including the bonus issue) of equity securities to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such Ordinary Shares, but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - (3) the allotment (otherwise pursuant to sub-paragraph (1) and sub-paragraph (2) above) of equity securities up to an aggregate nominal amount of £127,584.
- (j) The authorised but unissued share capital of the Company following the Placing, assuming full subscription, will be £1,529,812.80, representing approximately 38.2 per cent. of the Company's authorised share capital, which the Directors will be authorised to allot pursuant to the authorities referred to in sub-paragraphs 3(i)(i) and 3(i)(ii)(2) and (3) above.
- (k) Save for the allotments referred to in paragraph 3(d) above, since incorporation no capital of the Company has been allotted for cash or for a consideration other than cash.
- (l) The New Ordinary Shares issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- (m) The Placing Shares are in registered form and are capable of being held in uncertificated form. None of the Placing Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission other than pursuant to the Placing. The Ordinary Shares to be issued and sold pursuant to the Placing are being issued and transferred at a price of 162 pence per share, representing a premium of 152 pence over the nominal value of 10 pence each. The expected issue date is 19 July 2006.
- (n) The currency of the issue is pounds sterling.

4. Selling Shareholders

- 4.1 The names of each Selling Shareholder and the number of Sale Shares being offered by each of them is as follows:

<i>Name</i>	<i>Number of Sale Shares</i>
T Norris	209,250
JB Keeling	500,000
M Braddock	585,000
JFC Cassie	836,995
JC Reed-Daunter	500,000
RJ Day	373,990
JH Goold	673,990
RJ Griffiths	500,000
DA King	669,596
DA Larkam	673,990
TS Richmond	823,990
BL Thefaut	820,255
JG Whateley	500,000

The business address for each Selling Shareholder is c/o Arden Partners plc, Arden House, 17 Highfield Road, Edgbaston, Birmingham B15 3DU.

- 4.2 All of the Selling Shareholders have been directors of the Company at some time during the three years prior to the date of this document.

5. Memorandum and Articles of Association

The principal objects of the Company, which are set out in clause 4 of its Memorandum of Association, are to carry out all or any business of general merchants and traders, cash and credit traders, to carry on any trade or business advantageous to the Company, acquire any business, goodwill and assets of any person, form a company carrying on business which the Company is authorised to carry on and to purchase, acquire and take options over any property and any rights or privileges over or in respect of any property.

The Articles contain, *inter alia*, provisions to the following effect:

(a) Voting rights

Subject to paragraph (b) below, and to any special terms as to voting upon which any shares may for the time being be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(b) Variation of rights

If at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

(c) Alteration of capital

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

(d) Transfer of shares

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the directors of the Company and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The directors of the Company may in their absolute discretion refuse to register a transfer of any share that is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph (h) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the directors of the Company and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(e) Dividends

- (i) The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the directors of the Company. The directors of the Company may from time to time pay such interim dividends as appear to the directors to be justified.
- (ii) Subject to the rights of persons, if any, holding shares with special dividend rights and subject to paragraph (f) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.
- (iii) All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the directors of the Company so resolve be forfeited and shall revert to the Company.

(f) Suspension of rights

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 212 of the Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby required, then (if the directors of the Company so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares that are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld and such member shall not be entitled to transfer such shares otherwise than by an arms length sale.

(g) Return of capital

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their ordinary shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members *in specie* or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trust for the benefit of the members.

(h) Pre-emption rights

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights

would require the Company to offer new shares for allotment to existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(i) Borrowing powers

The directors of the Company may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital) and, subject to section 80 of the Act, to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The aggregate amount at any one time owing by the Company and all of its subsidiaries in respect of monies borrowed by them or any of them (exclusive of monies borrowed by the Company or any of its subsidiaries from such companies) shall not at any time without the previous sanction of the shareholders in general meeting exceed the higher of £30 million or a sum equivalent to three times the aggregate of the nominal capital of the Company for the time being issued and paid up and the amounts standing to the credit of the share premium account, capital redemption reserve and profit and loss account of the Company and each of its subsidiary companies.

(j) Annual General Meeting

An annual general meeting is to be held once every year at such time and place as may be determined by the directors of the Company. Annual general meetings should be held within a period of not more than 15 months after the holding of the last preceding annual general meeting. Annual general meetings are called on 21 days' notice in writing, exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote thereat agree. The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting.

(k) Extraordinary General Meetings

Extraordinary general meetings may be called whenever the directors of the Company think fit or when one has been requisitioned in accordance with the Act. An extraordinary general meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company shall be called on 21 days' notice in writing. Any other extraordinary general meeting is to be called on 14 days' notice in writing exclusive of the day on which it is served or deemed to be served and of the day on which it is to be held. An extraordinary general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the extraordinary general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

Save as provided in the Articles, a director shall not vote as a director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he has any interest that (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

A director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings or its parent company (if any) or any other subsidiary undertaking of any such parent company; or

- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- (iii) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings or its parent company (if any) or any other subsidiary undertaking of any such parent company for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate; or
- (iv) any other company in which he or any person connected with him is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings or its parent company (if any) or any other subsidiary undertaking of any such parent company) of or beneficially interested in one per cent., or more of any class of the equity share capital of such company (or of any company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this article to be a material interest in all circumstances); or
- (v) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings that does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (vi) the purchase and/or maintenance of any insurance policy for the benefit of directors of the Company or for the benefit of persons including directors.

Fees may be paid out of the funds of the Company to its directors who are not managing or executive directors at such rates as the directors of the Company may from time to time determine provided that such fees do not in the aggregate exceed the sum of £200,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any director of the Company who devotes special attention to the business of the Company or otherwise performs services that in the opinion of the directors of the Company are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the directors or any committee authorised by the directors may determine.

The directors of the Company (including alternate directors) shall be entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the directors of the Company, committee meetings or general meetings.

A director of the Company may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors of the Company may determine and no director or intending director of the Company shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other such office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any director or any person connected with him is in any way interested (whether directly or indirectly) be liable to be avoided nor shall any director of the Company who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such director holding that office or of the fiduciary relationship thereby established, but his interest shall be disclosed by him in accordance with the Act.

The remuneration and other terms and conditions of appointment of a director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the directors of the Company, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in

which the Company is interested) or other participation in any such profits or otherwise or by any or all or partly by one and partly by another or others of those modes.

Any statutory provision that, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment as a director or liable to vacate office as a director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment of any director over a specified age shall not apply to the Company.

6. The Equity Incentive Schemes

(a) *The Arden Partners Share Option Scheme (“the Old Scheme”)*

The Old Scheme was adopted by the board of directors of the Company on 21 April 2006. The Old Scheme is not designed to be capable of approval by HM Revenue & Customs (“HMRC”), but is designed to allow options granted under it to qualify as Enterprise Management Incentive (“EMI”) options, so long as the Company and employees qualify. EMI options over a total of 2,958,780 Ordinary Shares (as adjusted to take account of the re-organisation of share capital referred to in sub-paragraphs 3(c)(v) and 3(d)(x) of this Part IV of this document) were granted under the Old Scheme on 24 April 2006 at an exercise price of 47.8 pence per Ordinary Share and details of these options are set out in paragraph 3(e) of this Part IV of this document. Arden Partners EBT Limited, as trustee of the Arden Partners Employee Benefit Trust, has agreed to transfer the 669,600 Ordinary Shares that it holds to option holders on the exercise of their options under the Old Scheme. It is intended that no further options will be granted under the Old Scheme. Accordingly, this summary sets out only the main terms applying to existing options (“the Existing Options”).

The Old Scheme is administered by the remuneration committee (“the Committee”). Benefits under the Old Scheme are not pensionable.

Admission will not cause the Existing Options to become exercisable and they will continue on the same terms.

Existing Options are not transferable and may normally only be exercised between the third and tenth anniversaries of the date of grant by a person who remains a director or employee of the Group. If an option holder ceases to be employed by a member of the Group before the third anniversary of the date of grant, his Existing Option will normally lapse, subject to the discretion of the board of directors of the Company to allow exercise during a limited period on such terms and to such extent as it sees fit. If such cessation occurs after the third anniversary of the date of grant, Existing Options may be exercised for a limited period after the option holder ceases to be employed within the Group.

Exercise is also possible in the event of a sale of the Company. In such circumstances an option holder may be allowed to release his rights under his Existing Option in consideration of the grant to him of equivalent rights over shares in the acquiring company. Existing Options may also be exercised in the event of flotation of the Company after the third anniversary of the date of grant, a voluntary winding-up of the Company and in certain circumstances Existing Options may be exercised in the event of a demerger.

Existing Options will normally lapse on the expiry of any of the periods allowed for exercise.

An option holder must indemnify the Company or any member of the Group for any liability to income tax or employee’s National Insurance contributions for which the relevant company is obliged to account as a result of the exercise of his Existing Option.

Ordinary Shares allotted and issued will rank in full for all dividends or other distributions payable by reference to a record date occurring on or after the date of allotment of such shares. Ordinary Shares transferred on the exercise of an Existing Option shall be transferred without the benefit of any rights attaching to the shares by reference to a record date preceding the date of exercise. In all other respects the Ordinary Shares so issued or transferred shall be identical and rank *pari passu* with the fully paid registered Ordinary Shares in issue on the date of exercise.

In the event of any variation of or increase in the share capital of the Company, the number of shares subject to Existing Options and/or the option price may be adjusted by the board (as such shares have been adjusted to take account of the reorganisation of the share capital of the Company referred to above).

Although the board has the power to amend the provisions of the Old Scheme the rules cannot be altered so as to abrogate or alter adversely any subsisting rights under the Existing Options without

such prior consent or sanction of the holders as would be required under the Articles if the Ordinary Shares subject to the Existing Options constituted a single class of capital.

(b) *The Arden Partners 2006 Share Option Scheme ("the New Scheme")*

The New Scheme was adopted by the Board on 12 July 2006. The New Scheme is not designed to be capable of approval by HMRC, but is designed to allow options granted under it to qualify as EMI options, so long as the Company and employees qualify. It will also allow the grant of unapproved options over the HMRC £100,000 limit on the value of EMI options held by an individual. As at the date of this document, no options have yet been granted under the New Scheme.

All full or part time directors and employees of the Group who are required normally to devote a substantive proportion of their working time (at least 75% in the case of EMI options) to the business of the Group will be eligible to be nominated for participation in the New Scheme.

The New Scheme will be administered by the Committee. The Committee will have absolute discretion in selecting the persons to whom options under the New Scheme are to be granted and (subject to the limits set out below) in determining the number and terms of options to be so granted. No person is entitled as of right to be granted an option.

The holder of an option under the New Scheme will be entitled to acquire Ordinary Shares at a price to be determined by the Committee at the time when the option is granted. The option may relate to new Ordinary Shares or existing issued Ordinary Shares, including treasury shares. The option price may not be less than the greater of:

- the market value of an Ordinary Share on the day on which the option is granted; and
- in the case of an option to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

Market value will be determined using an approach agreed with HMRC. For a company whose shares are admitted to trading on AIM, it can usually be agreed that market value can be taken to be the closing mid-market price for the dealing day preceding the date of grant.

The exercise of options under the New Scheme will in normal circumstances be conditional upon the achievement of an objective performance target to be determined by the Committee when options are granted.

In any 12-month period, the value of the Ordinary Shares the subject of options granted to any individual under the New Scheme (valued as at the date or dates of grant) will not exceed that individual's annual basic salary.

Benefits under the New Scheme will not be pensionable.

Options may be granted within the period of 42 days following the announcement of the annual or half year results of the Company in any year. If the grant of any option is prevented by any statute, order, governmental directive or any code established by the Company similar in purpose and effect to the AIM Rules pertaining to relevant employees dealing in shares then an option may be granted within 42 days after the lifting of such restrictions. Options may also be granted within the period of 42 days after an eligible employee first becomes employed by any member of the Group or at any other time when in the opinion of the Committee circumstances are considered to be exceptional so as to justify the grant of an option.

No consideration is payable for the grant of an option.

No options may be granted more than 10 years after the date of adoption of the New Scheme.

Options will not be transferable and may normally only be exercised between the third and tenth anniversaries of the date of grant by a person who remains a director or employee of the Group.

Options may, however, be exercised for a limited period after the option holder ceases to be employed within the Group in certain special circumstances, including the death, retirement, redundancy, ill-health, injury or disability of the option holder or where the option holder's employing company or business is disposed of outside the Group or, at the discretion of the Committee, in any other circumstances. Exercise is also possible in the event of a reconstruction or take-over of the Company. In such circumstances an option holder may be allowed to release his rights under options in consideration of the grant to him of equivalent rights over shares in the acquiring company. Options may also be exercised in the event of a voluntary winding-up of the Company and in certain circumstances options may be exercised in the event of a demerger. Where an option holder exercises his option or releases his rights under options in the special circumstances

referred to in this paragraph, the Committee will have discretion to determine whether and if so, to what extent the performance targets imposed on the grant of options should continue to apply.

Options will normally lapse on the expiry of any of the periods allowed for exercise.

An option holder must indemnify the Company or any member of the Group for any liability to income tax or employee's National Insurance contributions for which the relevant company is obliged to account as a result of the exercise of his option. The option holder is also liable for any employer's National Insurance contribution that may arise upon the exercise of the option.

Ordinary Shares will be allotted and issued or transferred within 30 days of the exercise of an option. Ordinary Shares allotted and issued will rank in full for all dividends or other distributions payable by reference to a record date occurring on or after the date of allotment of such shares. The Company will ensure that arrangements are made for such shares to be admitted to trading on the same exchange as the then current issued share capital of the Company. Ordinary Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the shares by reference to a record date preceding the date of exercise. In all other respects the Ordinary Shares so issued or transferred shall be identical and rank *pari passu* with the fully paid registered Ordinary Shares in issue on the date of exercise. The board is authorised under the New Scheme to create an employee benefit trust for the purposes of acquiring Ordinary Shares in the market to be used to transfer to option holders on the exercise of options.

No option may be granted if immediately following the grant of such option the aggregate nominal value of Ordinary Shares issued or then capable of being issued pursuant to options granted under the New Scheme within the immediately preceding period of ten years and issued or then capable of being issued pursuant to options granted or rights obtained in such ten year period under any other share option or employee share ownership plan approved by the Company would exceed 10% of the nominal value of the ordinary share capital of the Company at that time in issue.

Options granted prior to Admission are not accounted for for the purposes of this limit. Treasury shares used to satisfy the exercise of options will be counted for the purposes of this limit.

In the event of any variation of or increase in the share capital of the Company, the number of Ordinary Shares subject to options and/or the option price may be adjusted by the board.

Although the board will have the power to amend the provisions of the New Scheme, the provisions relating to:

- the participants to whom options are granted under the New Scheme;
- the limitations on the number of Ordinary Shares over which options may be granted under the New Scheme;
- the maximum entitlement for any participant under the New Scheme; and
- the basis for determining a participant's entitlement to, and the terms of, an option and for the adjustment thereof in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital.

cannot be altered to the advantage of participants without the prior approval of Shareholders in general meeting (except for minor amendments to benefit the administration of the New Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for the Company or any other member of the Group).

7. Directors' and other interests

- (a) The names of the Directors and their respective functions are set out under "Directors and Advisers" on page 4 of this document. The interests of each Director and those of any person connected with them within the meaning of section 346 of the Act ("Connected Person"), all of which are beneficial, in the share capital of the Company that (i) have been notified to the Company pursuant to section 324 or 328 of the Act or (ii) are required to be entered into the register maintained under section 325 of the Act or (iii) are interests of a Connected Person that would, if the Connected Person were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known or could with reasonable diligence be ascertained by the Director are, and will be, as follows:

<i>Director</i>	<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Ordinary Shares</i>	<i>Percentage</i>	<i>Ordinary Shares</i>	<i>Percentage</i>
AD Bartlett	837,000	3.66	837,000	3.4
PJ Dayer	—	—	30,864	0.1
JB Keeling	1,673,990	7.33	1,173,990	4.8
T Norris	837,000	3.66	627,750	2.5
DK Rowe-Ham	—	—	30,864	0.1
JG Whateley	1,674,030*	7.33	1,174,030*	4.8

* JG Whateley is beneficially interested in 20 Ordinary Shares held by Castlemore Securities FURBS Scheme.

- (b) The Directors are also interested in unissued Ordinary Shares under share options held by them pursuant to the Arden Partners Share Option Scheme, all of which were granted for nil consideration on 24 April 2006 with an exercise price of 47.8 pence per Ordinary Share and are exercisable between 24 April 2009 and 24 April 2016, as follows:

	<i>Ordinary Shares the subject of options</i>
AD Bartlett	334,798
T Norris	167,399

- (c) Save as disclosed above, no Director has any interest in the share capital or loan capital of the Company or any of its subsidiaries nor does any Connected Person have any such interests, whether beneficial or non-beneficial.
- (d) The Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

<i>Name</i>	<i>Age</i>	<i>Current/Previous Directorships/Partnerships</i>
AD Bartlett	55	Current Arden Partners plc NBCC plc World Television Group plc Previous Beeson Gregory Group plc Beeson Gregory Index Nominees Limited Beeson Gregory Investment Management Limited Beeson Gregory Technology Investments Limited Beeson Gregory (US) Limited Evolution Securities Limited Evolution Securities Nominees Limited Evo Nominees Limited IP2IPO Limited IP2IPO Management Limited IP Group plc
PJ Dayer	55	Current Arden Partners plc Baltic Oil Terminals plc County Contact Centres plc County Contact Centres (UK) Limited Dana Petroleum plc Previous None
JB Keeling	42	Current Arden Partners plc Previous None

<i>Name</i>	<i>Age</i>	<i>Current/Previous Directorships/Partnerships</i>
T Norris	46	<p>Current</p> <p>Arden Partners EBT Limited Arden Partners Nominees Limited Arden Partners plc Blaenau Engines Limited Clever Trevor Games Limited Techspel Limited The Asset Warehouse Limited</p> <p>Previous</p> <p>Ausion Technologies Limited</p>
DK Rowe-Ham	70	<p>Current</p> <p>Arden Partners plc BNP Paribas South Asia Investment Co. Limited Coral Products plc Hikma Pharmaceuticals plc Olayan Europe Limited The Royal Shakespeare Theatre Trust</p> <p>Previous</p> <p>Aberdeen Australia Equity Fund Inc. Aberdeen Commonwealth Income Fund Inc. Brewin Dolphin Holdings plc Chubb plc The Crown Agents Foundation Roam Investments Limited St David's Investment Trust plc</p>
JG Whateley	63	<p>Current</p> <p>Arden Partners plc Britten Investments Limited Castlemore (Beckton) Limited Castlemore (Edinburgh) Limited Castlemore (Holborn) Limited Castlemore (Maidenhead) Limited Castlemore (Romford) Limited Castlemore (Slough) Limited Castlemore (Slough Two) Limited Castlemore (Stevenage) Limited Castlemore (Temple Quay) Limited Castlemore (Temple Quay 2) Limited Castlemore (Temple Quay 3) Limited Castlemore (Temple Quay 4) Limited Castlemore (Temple Quay 5) Limited Castlemore (Watton) Limited Castlemore Capital Limited Castlemore Developments Limited Castlemore Hampshire Two Limited Castlemore Holdings Limited Castlemore Ranger (1) Limited Castlemore Ranger (2) Limited Castlemore Ranger (3) Limited Castlemore Ranger (4) Limited Castlemore Securities Limited Castlemore Southall Limited Castlemore Value Management Limited Castlemore West Bar Commercial One Limited Castlemore West Bar Residential One Limited Castlepoint General Partner Limited Castlepoint Nominee Limited</p>

<i>Name</i>	<i>Age</i>	<i>Current/Previous Directorships/Partnerships</i>
		Cedar (Holborn One) Limited
		Cedar (Holborn Two) Limited
		Cedar (Intermediate One) Limited
		Cedar (Intermediate Two) Limited
		Cedar Investments (Bournemouth) Limited
		Cedar Investments (Holdings) Limited
		Cedar Investments (Portfolio) Limited
		Cedar Investments Limited
		Commatech (Hertford) Limited
		Commatech (Leicester) Limited
		Commatech Holdings Limited
		Liquidity Limited
		The Mallard Road Company Limited
		Mycas Limited
		Provident Securities Limited
		Wellingborough Engineering Limited
		Previous
		Castlemore (Huddersfield) Limited
		Castlemore (Nugent) Limited
		Castlemore Estates Limited
		Castlemore Properties Limited
		Cofton Land & Property (Taunton) Limited
		CSOLS Limited
		Great Northern Retail Park Limited
		Nettle Investments Phosphorus
		Valley Park Properties Limited

- (e) No Director:
- (i) has any unspent convictions in relation to indictable offences; or
 - (ii) has been bankrupt or the subject of an individual voluntary arrangement or has had a receiver appointed to any asset of such Director; or
 - (iii) has been a director of any company that had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or made any composition or arrangement with its creditors generally or with any class of its creditors where such Director was a director at the time of or within the 12 months preceding such events; or
 - (iv) has been a partner of any partnership that went into compulsory liquidation, administration or partnership voluntary arrangement where such Director was a partner at the time of or within the 12 months preceding such events; or
 - (v) has had his assets made the subject of any receivership or has been a partner of a partnership at the time of or within the 12 months preceding any assets thereof being made the subject of a receivership; or
 - (vi) has received any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies) save as disclosed in paragraph 16 of Part I of this document; or
 - (vii) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (f) So far as the Directors are aware, no person, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- (g) So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company.

- (h) Save as disclosed in paragraph 7(a) above, and as set out below, the Company is not aware of any person who is at the date of this document or will be immediately following Admission directly or indirectly interested in three per cent. or more of the issued share capital or voting rights of the Company:

	<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	Ordinary Shares	Percentage	Ordinary Shares	Percentage
M Braddock	1,673,990	7.33	1,088,990	4.4
JFC Cassie	1,673,990	7.33	836,995	3.4
RJ Day	1,673,990	7.33	1,300,000	5.3
JH Goold	1,673,990	7.33	1,000,000	4.0
RJ Griffiths	1,673,990	7.33	1,173,990	4.8
DA King	1,673,990	7.33	1,004,394	4.1
DA Larkam	1,673,990	7.33	1,000,000	4.0
JC Reed-Daunter	1,673,990	7.33	1,173,990	4.8
TS Richmond	1,673,990	7.33	850,000	3.4
BL Thefaut	1,673,990	7.33	853,735	3.5

- (i) None of the Company's major holders of shares listed above in paragraphs 7(a) and 7(h) has voting rights that are different from other holders of Ordinary Shares.
- (j) No Director or any member of his immediate family nor any Connected Person has a related financial product as defined in the AIM Rules referenced to Ordinary Shares.
- (k) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director or any Connected Person.
- (l) No Director is or has been interested in any transaction that is or was unusual in its nature or conditions or significant to the business of the Group and that was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or that was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.

8. Directors' service contracts

- (a) A Bartlett has entered into a service agreement with the Company dated 12 July 2006 that is terminable by either party upon 12 months' written notice. The agreement provides for a salary of £100,000 per annum, the entitlement to membership of a private medical scheme, permanent health insurance, life assurance cover to four times the basic salary and pension contributions of 12 per cent. of his salary. The agreement provides for 30 working days' holiday per annum and contains post-termination restrictive covenants by him that place limitations on the solicitation of customers and employees and from acting in competition with the business of the Group for a period of 6 months following termination of his employment. The service agreement includes provisions preventing the disclosure of confidential information in relation to the Group. Other than payment of salary and benefits, there are no provisions for compensation in the event of early termination.
- (b) T Norris has entered into a service agreement with the Company dated 12 July 2006 that is terminable by either party upon 12 months' written notice. The agreement provides for a salary of £100,000 per annum, the entitlement to membership of a private medical scheme, permanent health insurance, life assurance cover to four times the basic salary and pension contributions of 12 per cent. of his salary. The agreement provides for 30 working days' holiday per annum and contains post-termination restrictive covenants by him that place limitations on the solicitation of customers and employees and from acting in competition with the business of the Group for a period of 6 months following termination of his employment. The service agreement includes provisions preventing the disclosure of confidential information in relation to the Group. Other than payment of salary and benefits, there are no provisions for compensation in the event of early termination.
- (c) JB Keeling has entered into a service agreement with the Company dated 12 July 2006 that is terminable by either party upon 12 months' written notice. The agreement provides for a salary of £100,000 per annum, the entitlement to membership of a private medical scheme, permanent health insurance, life assurance cover to four times the basic salary and pension contributions of 12 per cent. of his salary. The agreement provides for 30 working days' holiday per annum and contains post-termination restrictive covenants by him that place limitations on the solicitation

of customers and employees and from acting in competition with the business of the Group for a period of 6 months following termination of his employment. The service agreement includes provisions preventing the disclosure of confidential information in relation to the Group. Other than payment of salary and benefits, there are no provisions for compensation in the event of early termination.

- (d) The services of Grahame Whateley as non-executive director are provided under the terms of a letter of appointment between the Company and Grahame Whateley dated 12 July 2006 under which the appointment is for an initial period of one year and thereafter is terminable by three months' written notice by either party. Grahame Whateley is to be paid a fee of £25,000 per annum (excluding VAT) for providing his services to the Company for 12 days per annum and £2,000 per day for each additional day that he provides his services to the Company. Other than payment of the fee there are no provisions for compensation in the event of early termination.
- (e) The services of Sir David Rowe-Ham as non-executive director and chairman are provided under the terms of a letter of appointment between the Company and Sir David Rowe-Ham dated 12 July 2006 under which the appointment is for an initial period of one year and thereafter is terminable by three months' written notice by either party. Sir David Rowe-Ham is to be paid a fee of £50,000 per annum (excluding VAT) for providing his services to the Company for 25 days per annum and £2,000 per day for each additional day that he provides his services to the Company as a member of the audit committee and as a member of the remuneration committee or otherwise. Other than payment of the fee there are no provisions for compensation in the event of early termination.
- (f) The services of Philip Dayer as non-executive director are provided under the terms of a letter of appointment between the Company and Philip Dayer dated 12 July 2006 under which the appointment is for an initial period of one year and thereafter is terminable by three months' written notice by either party. Philip Dayer is to be paid a fee of £30,000 per annum (excluding VAT) for providing his services to the Company for 15 days per annum and £2,000 per day for each additional day that he provides his services to the Company as a member of the audit committee and as a member of the remuneration committee or otherwise. Other than payment of the fee there are no provisions for compensation in the event of early termination.
- (g) Each Non-Executive Director is ineligible to participate in any incentive or pension arrangements.
- (h) In recognition of services provided by Grahame Whateley to the Company, and to terminate his existing contract of employment with the Company and to compromise any and all possible claims (including as to salary and/or bonus arrangements), Grahame Whateley will be paid the sum of £50,000 immediately following Admission.
- (i) In addition to the fees set out in paragraphs 8(e) and (f) above, Sir David Rowe-Ham and Philip Dayer will each be paid a one-off fee of £7,500 for services provided to the Company in relation to the Admission process.
- (j) Save as set out in this paragraph 8, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries that cannot be terminated by the employing company without payment of compensation (other than statutory compensation) within one year.

9. The Board and corporate governance

Corporate governance

The Board supports the highest standards of corporate governance and will base its arrangements on the Combined Code. The following summary shows how the Board will apply the 14 principles of good governance set out in section one of the Combined Code.

The Directors have been made aware of the Combined Code recommendation that, where they have concerns that cannot be resolved about the running of the Company or a proposed action, they should ensure that their concerns are recorded in the board minutes. The Non-Executive Directors have also been made aware of the recommendation that, on resignation, they should provide a written statement to the Chairman, for circulation to the Board, if they have any such concerns.

The Combined Code attaches importance to boards having processes for individual and collective performance evaluation. The Board has accordingly reviewed and updated existing processes for evaluating its operation and performance, including committees.

For the individual performance evaluation, Executive Directors will be assessed by the remuneration committee against annual performance targets. The Chairman will talk to each Non-Executive Director at least annually about a review of their performance and the senior independent director will lead an evaluation process of the performance of the Chairman in discussion with the other Non-Executive Directors and taking account of the views of the Executive Directors.

Where a Non-Executive Director stands for re-election, the Chairman will confirm to Shareholders whether he is satisfied from formal performance evaluation that the person's performance continues to be effective and demonstrates commitment to the role.

10. Related party transactions

Save as disclosed in note 22 to the historical financial information in Section B of Part III of this document, there have been no related party transactions of the type set out in the Standards adopted according to Regulation (EC) No. 1606/2002 that the Company has entered into since 31 October 2002.

11. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group during the two years preceding the date of this document:

(a) *The Placing Agreement*

The Placing Agreement dated 13 July 2006 between Altium (1), the Directors (2), the Selling Shareholders (3) the Company (4) and the trustees of the EBT (5), pursuant to which Altium has agreed to use its reasonable endeavours to arrange for placees to subscribe for or purchase the Placing Shares at the Placing Price or itself to subscribe for or purchase the Placing Shares at the Placing Price. The Placing Agreement is conditional, *inter alia*, upon Admission taking place on or before 19 July 2006 or such later date as Altium and the Company may agree but in any event not later than 18 August 2006. The Company will pay to Altium a fee of £175,000 and a commission of four per cent. on the aggregate value of the New Ordinary Shares at the Placing Price, together with all costs and expenses and VAT thereon where appropriate. Each Selling Shareholder will pay to Altium a commission of four per cent. on the aggregate value of the Sale Shares sold by Altium on behalf of such Selling Shareholder at the Placing Price. The Placing Agreement provides for the Company to pay all expenses of and incidental to the Placing and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Placing, including printing, advertising and distribution charges, the fees of the registrars and the fees payable to the London Stock Exchange.

The Placing Agreement contains certain warranties given by the Company, the Directors and the Selling Shareholders in favour of Altium as to the accuracy of information contained in this document and an indemnity from the Company in favour of Altium.

Each of the current Executive Directors has given undertakings to Arden and to Altium that they will not (i) dispose of any Ordinary Shares that they hold on Admission (subject to certain limited exceptions) for a period of 12 months from Admission ("the Lock-in Period"); or (ii) dispose of any Ordinary Shares that they hold on Admission other than through Altium (or through the Company's broker if Altium is no longer the broker) for a further period of 12 months from the end of the Lock-in Period.

In addition to the current Executive Directors, other existing Shareholders (who immediately following Admission will, in aggregate, hold 12,544,204 Ordinary Shares, representing approximately 50.8 per cent. of the Enlarged Issued Share Capital) have given undertakings to Arden and to Altium that they will not (i) dispose of any Ordinary Shares that they hold on Admission (subject to certain limited exceptions) during the Lock-in Period; or (ii) dispose of any Ordinary Shares held on Admission other than through Altium (or through the Company's broker if Altium is no longer the broker) for a further period of 12 months from the end of the Lock-in Period.

Altium may terminate the Placing Agreement in specified circumstances prior to Admission, principally in the event of any statement in this document being untrue or incorrect or misleading in

any respect which is material in the context of the Placing and/or Admission or a breach of any of the warranties contained in it which is material in the context of the Placing and/or Admission or where any of the Directors, the Selling Shareholders or the Company fail to comply with any of their respective obligations under the Placing Agreement and Altium reasonably considers such failure to be material in the context of the Placing or where any change in national or international financial, monetary, economic, political or market conditions is or will be in the opinion of Altium materially prejudicial to the financial position, the business or the prospects of the Group or the success of the Placing.

(b) *Pershing Agreement*

An agreement relating to the provision of clearing and settlement services on a model “A” basis between Pershing Limited (“Pershing”) and the Company dated 30 March 2004 (the “Pershing Agreement”), pursuant to which Pershing has agreed to provide a range of administrative support services to the Company for the purpose of the Company carrying out its designated investment business, such as computer and back office facilities to settle agency and principal accounts with respect to UK and foreign securities and international transactions executed by the Company. Pershing is also authorised and regulated by the FSA.

The services provided by Pershing are invoiced to the Company once a month and the fees payable are linked to a scale of charges listed in the Pershing Agreement based on the amount of trades undertaken by the Company. Pursuant to the Pershing Agreement, neither Pershing nor its directors will be liable for any loss or damage sustained by the Company or any client of the Company as a result of any services provided by Pershing. The Pershing Agreement cannot be terminated unless 180 days’ written notice is given by either party after an initial three-year period, save where either Pershing or the Company ceases to be authorised by the FSA, or on a material breach or on an insolvency situation, whereupon in each case the Pershing Agreement will immediately terminate.

The Pershing Agreement is governed by English Law and contains, amongst other things, certain warranties given by the Company and the directors of the Company to Pershing relating to the necessary powers and authority to enter into the Pershing Agreement, that all information supplied to Pershing is true, accurate and complete in all material respects, that the Company will comply with all applicable law, is registered under the Data Protection Act 1998 and maintains appropriate security procedures in relation to its computer systems. The agreement also contains indemnities from the Company in favour of Pershing in relation to costs, claims, liabilities and expenses arising out of Pershing’s provision of services, a breach of the Pershing Agreement by the Company, a breach of the FSA Rules by the Company and any warranty or representation being untrue or misleading in any respect.

(c) *Pershing Securities Agreement*

An agreement which sets out the terms on which clearing, settlement and custody services will be provided by Pershing Securities Limited (“Pershing Securities”) to customers of the Company (the “Pershing Securities Agreement”). The Pershing Securities Agreement is entered into by the Company on its own behalf and as agent for its customers. The Pershing Securities Agreement cannot be terminated unless 180 days’ written notice after an initial three year period (commencing on 1 November 2002) is given except in circumstances of default.

The fees and expenses payable under the Pershing Securities Agreement are set out in a schedule to the agreement and will depend on the services provided and the volumes of those services. The fees payable are subject to a minimum amount of £5,000 per calendar month. The fees can be varied by Pershing Securities on giving three months’ written notice.

The Company must procure that at least £100,000 be kept in a deposit account held by Pershing Securities at all times on account of fees and expenses under the Pershing Securities Agreement.

The Pershing Securities Agreement contains certain representations and warranties which are given by the Company, including that it has disclosed all information which might reasonably be considered to be material to Pershing Securities in deciding whether it will provide the services, that the information supplied is complete and accurate in all material respects, that the Company is and will remain authorised under FSMA and that the Company will comply with applicable legal and regulatory requirements and will be properly registered under the Data Protection Act 1998. The representations and warranties are deemed repeated each time the Company gives any instructions to Pershing Securities under the agreement.

The agreement contains provisions under which each party agrees not to employ, retain or engage (or attempt to employ, retain or engage) the other party's employees.

The agreement contains confidentiality provisions under which the parties are prohibited from disclosing the terms of the agreement to third parties without the consent of the other party except in certain prescribed circumstances.

There is no provision for limitation of liability in the agreement. The agreement states that Pershing Securities and its directors, employees and agents shall not be liable for any loss or damage sustained by the Company or any customer of the Company as a result of the provision of the services by Pershing Securities save to the extent that such loss or damage results from the negligence or wilful default of Pershing Securities or its breach of the FSA Rules. In addition, the agreement contains indemnities from the Company and the Company's customers in favour of Pershing Securities against costs, claims, liabilities or expenses arising as a result of Pershing Securities' provision of the services and enforcement of rights under the agreement, breach of the agreement by the Company or its customers, breaches of the FSA Rules by the Company and any representation or warranty given by or on behalf of the Company or a customer of the Company being untrue or misleading in any respect.

The agreement also contains an acknowledgement by the Company that Pershing Securities has agreed to invest in providing the services to the Company, not only in the expectation that the agreement will continue in force until terminated following 180 days' written notice after the initial three year period but also in the expectation that the performance by the Company of its obligations under the agreement will lead to significantly higher payments to Pershing Securities in respect of the provision of the services. The Company has therefore agreed that during the period of the agreement it (i) will use all reasonable endeavours to develop its business and to ensure that anticipated volumes and revenues can be attained or exceeded and (ii) will not sell or transfer all or any part of its business, alter the nature of its business or wilfully take or omit to take any other action which would be likely to materially reduce volumes or revenues or the extent of or requirement for the services which Pershing Securities has agreed to provide under the agreement.

(d) *Pershing Limited and The London Clearing House Limited*

An agreement between the Company, Pershing and The London Clearing House Limited under which Pershing provides clearing services to the Company in order that the Company can submit orders or other trade particulars on the London Stock Exchange. The Company is appointed as the agent of Pershing for this purpose.

The agreement can be terminated by either Pershing, The London Clearing House Limited or the Company giving 21 days' written notice.

Under the agreement, the Company agrees to use its best endeavours to install and maintain for so long as the agreement subsists all necessary hardware, software and network connections as may be necessary to facilitate and enable the transmission to The London Clearing House Limited or its agent of such particulars as may be required in relation to matching transactions on the London Stock Exchange or any other eligible transaction.

Under the agreement, The London Clearing House Limited has no liability to the Company (or to Pershing) arising out of or in connection with the agreement save in respect of liability for personal injury or death caused by its negligence or for its fraud or wilful default.

(e) *J Giordano Securities LLC (a Delaware limited liability company), trading as Giordano Securities Group*

An agreement which relates to the obtaining and executing of transactions for and from US institutional investors, registered broker-dealers and banks ("US Customers") by the Company and the distribution to US Customers of Giordano Securities Group of research reports prepared or compiled by the Company.

The agreement may be terminated by either party on 30 days' written notice. A party also needs to give 30 days' written notice to terminate in the event of a breach of the agreement by the other party.

Under this agreement, Giordano Securities Group has agreed to remit to the Company an amount equal to 50 per cent. of any commissions charged and received by Giordano Securities Group for transactions effected by the Company on the London Stock Exchange's main and AIM markets for Giordano Securities Group's US Customers. Neither Giordano Securities Group nor the Company is

permitted to charge such US Customers any additional commission, mark up/down or other charges other than special clearance charges, handling fees, applicable taxes or regulatory fees.

Under the terms of the agreement, the Company has agreed to use Giordano Securities Group on an exclusive basis with respect to transactions of the type contemplated by the agreement where such transactions are executed on behalf of Giordano Securities Group's US Customers and a United States broker-dealer is required to act in an agency or dealer capacity in relation to those transactions. All contact by the Company with such US Customers is to be carried out through Giordano Securities Group and is subject to the requirements of Rule 15a-6 of the United States Securities and Exchange Commission and the Company has agreed not to solicit US Customers in violation of Rule 15a-6.

To the extent permitted by applicable law, Giordano Securities Group has agreed to use the Company on an exclusive basis to execute securities transactions for its US Customers on the Official List and on AIM.

Each party has agreed to the fullest extent permitted by law that it will indemnify and hold harmless the other party and its successors, appointees, executors, administrators, legal representatives, members, managers, directors, officers, employees and agents for expenses, reasonable attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other losses actually and reasonably incurred by reason of the indemnifying party's breach of the agreement or any other civil or criminal action, suit or proceeding based upon material breaches of the agreement.

(f) *Securities Lending Agreement with Man Financial Limited*

An agreement between the Company and Man Financial Limited under which the parties provide securities lending services to each other in order for the parties to benefit from the proceeds of the loan of its securities and/or the loan of such securities. The agreement contains indemnities and there is no limit of liability on either party. The agreement is in the standard format of the International Securities Lender's Association and therefore conformant to industry standards. The agreement can be terminated by either party on giving 15 days written notice.

(g) *Nominated adviser and broker agreement*

A nominated adviser and broker agreement dated 13 July 2006 made between the Company (1), the Directors (2) and Altium (3). Altium has, conditional on Admission, been appointed to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay to Altium annual fees of £40,000 under such agreement, plus value added tax. The agreement is for a fixed term of 12 months and subject to termination on one month's written notice by either party thereafter.

12. Taxation

The following comments are intended as a general guide to the position under current United Kingdom tax legislation and what is understood to be the current practice of HM Revenue and Customs ("HMRC") in the United Kingdom and may not apply to certain classes of people (such as dealers in securities). **Shareholders who are in any doubt about their tax position should consult their own professional adviser immediately.**

United Kingdom Taxation

The following statements are intended only as a general guide to current UK tax legislation and what is understood to be the current practice of HMRC in the UK and may not apply to certain shareholders in the Company, such as employees or former employees of the Group, dealers in securities, insurance companies and collective investment schemes. They relate (except where stated otherwise) to persons who are resident and ordinarily resident in the UK for UK tax purposes, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment. Levels and bases of taxation are subject to change. **Any person who is in any doubt as to his or her tax position or who is resident or otherwise subject to taxation, in any jurisdiction other than the UK, should consult his or her own professional advisers immediately.**

(a) *Dividends*

Under UK tax legislation, the Company is not required to withhold tax at source from dividend payments it makes.

Individual shareholders resident for tax purposes in the UK should generally be entitled to a tax credit in respect of any dividend received equal to one-ninth of the dividend paid.

An individual shareholder's liability to income tax will be calculated on the sum of the dividend and the tax credit (the "gross dividend"). This will be regarded as the top slice of the individual's income and will be subject to UK income tax at the rates described below.

The tax credit should be available to set against a shareholder's liability (if any) to income tax on that gross dividend.

Individual shareholders liable to income tax at no more than the basic rate will be liable to income tax on dividend income received at the rate of 10 per cent. of the gross dividend. This means that the tax credit will satisfy in full the individual shareholder's liability to pay income tax on the dividend received.

The rate of income tax applying to dividends received by a UK resident individual shareholder liable to income tax at the higher rate will be 32.5 per cent. of the gross dividend. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to income tax of 22.5 per cent. of the gross dividend, which is equal to 25 per cent. of the cash dividend received.

Individual shareholders who are resident in the UK cannot claim payment of the tax credit from HMRC, even if the tax credit exceeds the liability of the shareholders to pay income tax on the dividend in question.

A corporate shareholder that is resident for tax purposes in the UK and that is not a dealer in securities will not normally be liable to corporation tax on any dividends that are received from the Company on shares beneficially held by it, but cannot claim payment of the tax credit from HMRC.

United Kingdom pension funds and charities are generally exempt from tax on dividends that they receive from the Company, but they are not entitled to claim repayment of the tax credit.

(b) Chargeable gains

Shareholders who are resident or ordinarily resident in the UK for tax purposes and who dispose of their Ordinary Shares at a gain will ordinarily be liable to UK taxation on chargeable gains, subject to any available exemptions or reliefs. The gain will usually be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the original acquisition cost of the Ordinary Shares.

Shareholders who are neither resident nor ordinarily resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a branch, agency or permanent establishment in the UK may be liable to UK taxation on chargeable gains on any gain on a disposal of their Ordinary Shares, if those Ordinary Shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that branch, agency or permanent establishment.

If an individual shareholder ceases to be resident or ordinarily resident in the UK and subsequently disposes of Ordinary Shares, in certain circumstances any gain on that disposal may be liable to UK capital gains tax upon that shareholder becoming once again resident or ordinarily resident in the UK.

Individual shareholders may, depending on the number of years for which they have held their Ordinary Shares and various other conditions, be entitled to reduce their capital gains tax liability through the operation of taper relief. Corporate shareholders should qualify for the indexation allowance in computing any chargeable capital gains realised by them on a disposal of Ordinary Shares. Corporate shareholders may, depending on specific conditions being fulfilled, be entitled to substantial shareholding exemption relief, which will mean that no chargeable capital gains will be realised.

(c) Inheritance tax

The Ordinary Shares are assets situated in the UK for the purposes of UK inheritance tax. A gift (or sale at an undervalue) of such shares by or on the death of an individual shareholder may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the shareholder is neither domiciled nor deemed to be domiciled in the UK.

(d) Stamp duty and stamp duty reserve tax ("SDRT")

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries, market makers, brokers or dealers or to any person or persons connected with depositary arrangements or clearance services.

- (i) in relation to the New Ordinary Shares being issued by the Company pursuant to the Placing, no liability to stamp duty or SDRT will arise on their issue or on the issue of definitive share certificates by the Company to the person acquiring the relevant New Ordinary Shares pursuant to the Placing (provided that the New Ordinary Shares are not issued to or to a nominee or agent for a person whose business includes the provision of clearance services or the issuing of depository receipts);
- (ii) in relation to the Sale Shares being sold by the Selling Shareholders pursuant to the Placing, a liability to stamp duty at the rate of 0.5 per cent. of the consideration given for such shares (rounded up to the nearest £5) on the instrument transferring the Sale Shares to the person acquiring those Sale Shares pursuant to the Placing or at the rate of 1.5 per cent. of such consideration if the purchaser of the relevant Sale Shares is a person or is a nominee or agent for a person, whose business includes the provision or clearance services or the issuing of depository receipts. The Selling Shareholders have agreed to pay any stamp duty on the transfer of Sale Shares to the extent that such stamp duty does not exceed 0.5 per cent. of the consideration given for the relevant Sale Shares;
- (iii) the transfer of Ordinary Shares outside the CREST system will generally be liable to stamp duty on the instrument of transfer of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest multiple of £5). Stamp duty is normally the liability of the purchaser or transferee of the Ordinary Shares. An agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration. However, if within the period of six years of the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement that transfers the shares to the purchaser under the agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid or cancelled. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares;
- (iv) no stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertified form, unless such transfer is made for a consideration in money or money's worth, in which case a liability to stamp duty or SDRT will arise, usually at the rate set out in 12(d)(ii) above;
- (v) a transfer of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT from the purchaser of the Ordinary Shares pursuant to a transaction settled within the system; and
- (vi) where Ordinary Shares are issued or transferred: (1) to a person or to a nominee for a person whose business is or includes the provision of clearance services; or (2) to a person or to a nominee or agent for a person whose business is or includes issuing depository receipts, then stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at the rate of 1.5 per cent. of the amount or value of the consideration payable or in certain circumstances the value of the Ordinary Shares or, in the case of an issue to such persons, the issue price of the Ordinary Shares.

Any person who is in any doubt as to his or her position or who is resident or otherwise subject to taxation, in any jurisdiction other than the UK, should consult his or her professional advisers immediately.

13. Investments

Other than in relation to shares held by the Company as principal in relation to its ordinary course market making activities and the shareholding in silverjet plc detailed in paragraph 2(d) of this Part IV, there are no investments being made by the Company or to be made in the future in respect of which firm commitments have been made.

14. Working capital

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and its Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of Admission.

15. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of this document that may have or have had in the recent past a significant effect on the financial position or profitability of the Group, save

for Arden's involvement with Langbar as described in paragraph 16 of Part I of this document and reference is made to paragraph 16 of Part I and to the "Risks factors" in Part II of this document and the possibility of an investigation, whether by the London Stock Exchange or another regulatory body, into the circumstances surrounding Langbar, including Arden's conduct as nominated adviser, which may result in disciplinary or other proceedings being taken against or involving Arden and/or some of its employees. To date, no investigation has been commenced and no proceedings have been commenced or threatened against Arden or any of its employees.

16. Significant change

There has been no significant change in the financial or trading position of the Company since 30 April 2006, being the date to which its most recent audited accounts have been drawn up and published.

17. General

- (a) BDO Stoy Hayward LLP, of 125 Colmore Row, Birmingham, B3 3SD, has given and has not withdrawn its written consent to the inclusion of their report set out in Section A of Part III of this document and the references thereto, in the form and context in which they appear and has authorised the contents of the report referred to above for the purposes of the AIM Rules.
- (b) Altium Capital Limited has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.
- (c) The Company has made statements in Part I of this document regarding the Company's competitive position on the basis of the Directors' own knowledge and assessment of the markets in which the Company operates.
- (d) Where information has been sourced from a third party, the Directors confirm that this information has been accurately reproduced and as far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.
- (e) There are no patents or other intellectual property rights, licences or particular contracts that are of fundamental importance to the Company's business.
- (f) There are no arrangements under which future dividends are waived or agreed to be waived.
- (g) There are no specified dates on which entitlements to dividends payable by the Company arise.
- (h) The Company's accounting reference date is 31 October.
- (i) There are no known environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- (j) Save in connection with the application for Admission, none of the Ordinary Shares have been admitted to dealing on any recognised investment exchange nor has any application for admission been made nor is there intended to be any other arrangements for dealings in the Ordinary Shares. The Ordinary Shares will only be traded on AIM.
- (k) The annual accounts of the Company have been audited in accordance with national law for the three years ended 31 October 2003, 31 October 2004 and 31 October 2005 by BDO Stoy Hayward LLP, Chartered Accountants, of 125 Colmore Row, Birmingham, B3 3SD. BDO Stoy Hayward LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- (l) The financial information set out in this document does not constitute statutory accounts within the meaning of section 240 of the Act. Statutory accounts have been delivered to the registrar of companies for the years ended 31 October 2003, 31 October 2004 and 31 October 2005. Auditors' reports in respect of each statutory accounts have been made under section 235 of the Act and each such report was an unqualified report and did not contain any statement under section 237(2) or (3) of the Act.
- (m) The Company's registrar and paying agent for the payment of dividends is Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
- (n) Except for fees payable to the professional advisers whose names are set out under "Directors and advisers" on page 4 of this document and payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

- (o) The total amount being raised by the Company through the Placing is £3.0 million. The total costs and expenses of, or incidental to, the Placing and Admission are estimated to be approximately £1.3 million, of which approximately £0.8 million is payable by the Company. The expected net proceeds receivable by the Company from the Placing, after deduction of such costs and expenses, is £2.2 million. No expenses of the Placing are being specifically charged to subscribers or purchasers under the Placing.

18. Availability of documents

Copies of this document will be available free of charge to the public at the registered office of Altium, 30 St James's Square, London SW1Y 4AL during normal business hours on any weekday (weekends and public holidays excepted) for a period of at least one month from the date of Admission.

Dated: 13 July 2006