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

Arden Partners plc (AIM: ARDN), the institutional stockbroking company, today announces audited results for the year ended 31 October 2017.

Financial highlights

- Revenue £10.5 million (2016: £5.9 million)
- Profit before tax £0.7 million (2016 loss: £0.4 million)
- Underlying profit before tax* £1.2 million (2016 loss: £0.5 million)
- Basic earnings per share 3.3p (2016 loss per share: 2.5p)
- Capital adequacy ratio 652% (2016: 404%)
- Proposed dividend 1.0p per share (2016: nil)

* Profit before tax as adjusted for the effect of share based payments, restructuring costs (including non recurring costs related to the appointment and termination of personnel) and lease settlement credit

Commenting on the results and Arden’s outlook, Luke Johnson, Chairman, said:

“We are confident that the business is in the midst of a successful turnaround. A new executive team has been appointed, and they have rapidly taken the business from losses into net profits for the full year. There is still much to be done, but I believe that Arden now has the resources and the people to deliver.”

“As a demonstration of our confidence in the future we are pleased to propose a 1p per share final dividend.”

Arden Partners plc
Donald Brown – Chief Executive Officer
James Reed-Daunter – Executive Director

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GCA Altium Limited
Sam Fuller / Tim Richardson

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Chairman's Statement

The last few years have been challenging for the broking industry, and in particular for small and mid-cap stockbrokers. A sustainable revival in corporate performance is dependent on confidence amongst fund managers and a significant indicator of this is their willingness to invest in their brokers.

Arden Partners announced in June this year that it raised £5m of inward investment to reinforce our already strong balance sheet, and I am pleased that we now have some of the major names in the fund management industry as shareholders.

We were delighted to announce the appointment of Donald Brown as our new Chief Executive Office in May 2017. Our enlarged balance sheet has heightened our profile in the sector and enabled us to attract key new appointments - including experienced and senior staff. We have taken the opportunity to reshape our equities operation and the new structure has already had a demonstrably positive impact on our revenues.

We are confident that the business is in the midst of a successful turnaround. A new executive team has been appointed, and they have rapidly taken the business from losses into net profits for the full year. There is still much to be done, but I believe that Arden now has the resources and the people to deliver.

The Company continues to monitor its cost base carefully and our staff numbers remain steady. Our corporate client numbers also remained consistent and we aim to both deepen existing relationships and develop new ones.

The broking industry is in need of further consolidation and we are always prepared to explore opportunities to combine with complementary businesses to facilitate cost savings and revenue expansion. Meanwhile our healthy balance sheet puts us in an excellent position for possible expansion.

As a demonstration of our confidence in the future we are pleased to propose a 1p per share final dividend.

I would like to thank my Board, our corporate and institutional clients and all our hard-working staff for the support during this year. We look forward to the future with considerable anticipation.

Luke Johnson
Chairman

Chief Executive's Statement

In my first statement as Chief Executive of Arden Partners plc, I am pleased to report a pre-tax profit for the year ended 31 October 2017 of £700,000 and underlying profit before tax of £1.2 million. The Company was loss-making in 2016 with corresponding figures of £400,000 and £500,000 respectively.

Financial Review

Revenue for the full year totalled £10.5 million, a 79% increase on 2016 and the highest figure in five years. The Company's results were significantly weighted towards the second half of the year with a revenue contribution of £7.6 million.

Basic earnings per share were 3.3p and the Board is pleased to propose a final dividend to shareholders for the first time since 2014 of 1p per share.

I joined the Company on 24 May 2017 and subsequently secured the services of a number of highly experienced staff. Our results demonstrate the immediate impact this has had and I am confident that our team, whose overall number has remained broadly consistent year on year, can maintain the positive trend in transactions and revenue.

During the year we raised £150 million in funds for our corporate clients, an increase of 145% on 2016. Our total number of corporate clients has remained broadly in line with previous years at 38.

Outlook

After the strong second half, the Company's momentum has carried over into 2018. We recognise that the broking services industry will experience challenges in the year ahead, especially in the light of the introduction of the MiFIDII regulations on 3 January 2018. We will continue to hire experienced staff where we see complementary opportunities, and I look forward to the forthcoming year with confidence.

I would like to thank all our clients and shareholders for their continued support and to express the appreciation of the entire Board for the considerable hard work and commitment of our staff.

Donald Brown
Chief Executive Officer

**Consolidated Statement of Comprehensive Income
For the year ended 31 October 2017**

	Note	2017 £'000	2016 £'000
Revenue	2	10,477	5,857
Administrative expenses		(9,741)	(6,323)
Profit/(loss) from operations		736	(466)
Finance income		34	40
Finance expense		(23)	(3)
Profit/(loss) before taxation		747	(429)
Income tax charge		(15)	(41)
Profit/(loss) after taxation		732	(470)
Other comprehensive income for the year:			
Items that will or may be reclassified subsequently to profit or loss:			
Decrease in fair value of available for sale financial assets		(8)	(5)
Transfer to profit or loss on disposal of available for sale assets		13	
Deferred tax taken to equity		4	-
Total comprehensive income for the year attributable to equity shareholders		741	(475)
Profit/(loss) per share			
Basic	3	3.3	(2.5p)
Diluted	3	3.2	(2.5p)

**Consolidated Statement of Financial Position
At 31 October 2017**

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Assets				
Non-current assets				
Property, plant and equipment		67		27
Deferred tax asset		39		50
Total non-current assets		106		77
Current assets				
Assets held at fair value	2,806		1,489	
Available for sale financial assets	503		552	
Trade and other receivables	2,714		2,544	
Collateral deposits	48		58	
Cash and cash equivalents	9,037		5,170	
Total current assets		15,108		9,813
Total assets		15,214		9,890
Current liabilities				
Financial liabilities held at fair value	(171)		(48)	
Trade and other payables	(2,494)		(2,719)	
Total current liabilities		(2,665)		(2,767)
Total liabilities		(2,665)		(2,767)
Net assets		12,549		7,123
Shareholders' equity				
Called up share capital		3,338		2,063
Capital redemption reserve		700		700
Share premium account		6,691		2,933
Employee Benefit Trust reserve		(849)		(849)
Available for sale reserve		(6)		(11)
Retained earnings		3,547		2,836
Total equity before deduction of own shares		13,421		7,672
Own shares		(872)		(549)
Total equity		12,549		7,123

**Consolidated Statement of Cash Flows
For the year ended 31 October 2017**

	2017	2016
	£'000	£'000
Operating activities before taxation		
Profit/(loss) before tax	747	(429)
Adjustments for:		
Fair value adjustments	(27)	(205)
Gain on sale of available for sale asset	(50)	-
Depreciation of fixtures, fittings and computer equipment	21	23
Net interest receivable	(11)	(37)
Share based payments	4	22
Operating cash flow before changes in working capital	684	(626)
(Increase)/decrease in operating assets	(1,437)	88
Decrease/(increase) in operating liabilities	(102)	682
Purchase of available for sale investments	(509)	(50)
Proceeds from disposal of available for sale investments	600	-
Cash (used in)/generated from operations	(764)	94
Income taxes paid	-	10
Net cash flows from operating activities	(764)	104
Investing activities		
Purchases of property, plant and equipment	(61)	(25)
Net interest received	11	37
Net cash flows from investing activities	(50)	12
Financing activities		
Exercise of share options	(15)	(31)
Proceeds from the sale of own shares	-	133
Purchase of own shares	(337)	(420)
Issue of shares	5,033	-
Net cash flows from financing activities	4,681	(318)
Decrease in cash and cash equivalents	3,867	(202)
Cash and cash equivalents at the beginning of the year	5,170	5,372
Cash and cash equivalents at the end of the year	9,037	5,170

**Consolidated Statement of Changes in Equity
For the year ended 31 October 2017**

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Own Shares £'000	Employee Benefit Trust Reserve £'000	Available for sale Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 November 2015	2,063	2,933	700	(295)	(849)	(6)	3,348	7,894
Profit for year	-	-	-	-	-	-	(470)	(470)
Deferred tax taken to equity	-	-	-	-	-	-	-	-
Revaluation of available for sale financial assets	-	-	-	-	-	(5)	-	(5)
Total comprehensive income for the year	-	-	-	-	-	(5)	(470)	(475)
Contributions by and distributions to owners								
Purchase of own shares	-	-	-	(420)	-	-	-	(420)
Sale of own shares	-	-	-	134	-	-	-	134
Share based payments	-	-	-	-	-	-	22	22
Share options exercised	-	-	-	32	-	-	(64)	(32)
Balance at 31 October 2016	2,063	2,933	700	(549)	(849)	(11)	2,836	7,123
Profit for year	-	-	-	-	-	-	732	732
Deferred tax taken to equity	-	-	-	-	-	-	4	4
Transferred to profit or loss on disposal of available for sale assets	-	-	-	-	-	13	-	13
Revaluation of available for sale financial assets	-	-	-	-	-	(8)	-	(8)
Total comprehensive income for the year	-	-	-	-	-	5	736	741
Contributions by and distributions to owners								
Issue of ordinary shares net of expenses	1,275	3,758	-	-	-	-	-	5,033
Purchase of own shares	-	-	-	(337)	-	-	-	(337)
Share based payments	-	-	-	-	-	-	4	4
Share options exercised	-	-	-	14	-	-	(29)	(15)
Balance at 31 October 2017	3,338	6,691	700	(872)	(849)	(6)	3,547	12,549

Notes

1. The capital redemption reserve represents the nominal value of shares that have been cancelled that were previously held as Own Shares.
2. Own Shares represents shares purchased to be held as treasury shares at historical cost.
3. The Employee Benefit Trust reserve represents shares held in the parent Company by the Arden Partners Employee Benefit Trust which is consolidated in the Group's financial statements.
4. Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issues amounting to £67,000.

NOTES

1) Basis of preparation

The financial information set out in this announcement has been prepared in accordance with the recognition and measurement principles of IFRS as endorsed for use in the European Union. The financial information set out in this announcement does not constitute the Group's statutory accounts for the year ended 31 October 2017 or the year ended 31 October 2016 under the meaning of s434 Companies Act 2006, but is derived from those accounts.

Statutory accounts for the years ended 31 October 2017 and 31 October 2016 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for the years ended 31 October 2017 and 31 October 2016 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 October 2016 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 October 2017, prepared under IFRS, will be delivered to the Registrar in due course.

2) Revenue

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

	2017	2016
	£'000	£'000
Equities Division	3,767	2,430
Corporate Finance Division	6,673	3,427
Gain on sale of available for sale asset	50	-
Transfer to profit or loss on disposal of available for sale assets	(13)	-
Total revenue	10,477	5,857

Included within revenue of the Equities Division is a profit of £40,000 (2016: £205,000) relating to the fair value adjustment of derivatives held within assets that are fair valued through profit or loss.

The Directors are of the opinion that there are only two operating segments and while segment revenues are reviewed internally business resources are not allocated to segments for the purposes of deriving either profit or assets. In 2017, one of the Group's customers contributed more than 10% of the Group's revenue, the amount was £1,996,000. In 2016 none of the Group's customers contributed 10% or more of the Group's revenue.

3) Earnings per Share

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

	Year ended 31 October 2017		Year ended 31 October 2016	
	Pence per Share	Numerator £'000	Pence per Share	Numerator £'000
Basic profit/(loss) per share	3.3	732	(2.5)	(470)
Add: IFRS2 share-based payments	-	4	0.1	22
Add: Restructuring costs	2.3	517	-	-
Less: Lease settlement credit	-	-	(0.8)	(150)
Underlying basic profit/(loss)	5.6	1,253	(3.2)	(598)
Diluted profit/(loss) per share	3.2	732	(2.5)	(470)
Add: IFRS2 share-based payments	-	4	0.1	22
Add: Restructuring costs	2.3	517	-	-
Less: Lease settlement credit	-	-	(0.8)	(150)
Underlying diluted profit/(loss)	5.5	1,253	(3.2)	(598)

	Year ended 31 October 2017 Number	Year ended 31 October 2016 Number
Denominator		
Weighted average number of shares in issue for basic earnings calculation	22,188,366	18,734,234
Weighted average dilution for outstanding share options	406,895	541,383
Weighted average number for diluted earnings calculation	22,595,261	19,275,617

The 1,480,700 (2016: 1,480,700) shares held by the Arden Partners Employee Benefit and the 1,912,312 (2016: 1,200,242) shares held in Treasury have been excluded from the denominator.

In the prior year no adjustment has been made to the diluted loss per share of 2.4p as the dilution effect of the weighted average number of outstanding share options of 541,383 would be to decrease the loss per share.

4) Annual Report and Accounts

Copies of the 2017 Report and Accounts will be posted to shareholders in due course. Copies will also be available from the Company's registered office and from the Company's website www.arden-partners.com

5) Dividend

The final dividend, if approved, will be paid on 22 March 2018 to shareholders on the register at close of business on 2 March 2018, with an ex-dividend date of 1 March 2018.