

5 July 2017

**Frenkel Topping Group plc**  
("Frenkel Topping" or "the Company")

**Interim Results**

Frenkel Topping (AIM: FEN), a specialist independent financial advisor and asset manager focused on asset protection for vulnerable clients, announces its interim results for the six months ended 30 June 2017.

Trading reflects the foundations laid during 2016 with operating profit for the first half of 2017 four times more than the same period over 2016. The Company is pleased to announce that it is on target to more than double the operating profit delivered in 2016, as previously reported by year end 2017.

**Financial Highlights**

- Revenue and other operating income £3.9m (H1 2016: £2.9m)
  - *Recurring revenue of £2.9m (H1 2016: £2.2m), representing 81% of total revenue*
- Gross profit of £2.3m (H1 2016: £1.6m)
- Operating profit (before share based payments) of £1.3m (H1 2016 £0.3m)
- Pre-tax profit of £1.0m (H1 2016: £0.3m)
- Basic EPS of 1.022p (H1 2016: 0.27p)
- Assets under management £765m (as at 30 June 2016: £687m)
- Assets on a DFM Mandate £291m (as at 30 June 2016: nil)
- Net cash and marketable securities at the period end of £4.8m (as at 30 June 2016: £4.4m)
- Interim dividend of 0.2969p per share (H1 2016: 0.2375p)

**Operational Highlights**

- Board focused on delivering existing business plan
- Ogden Review flowing into higher damages awards for clients

**Jason Granite, Executive Chairman of Frenkel Topping, commented:** "The Board is pleased with the positive results delivered during the first half of 2017. We will continue to execute the existing business plan for the Company. We will seek to expand our geographical footprint, authorised individuals and establish further joint venture relationships to drive asset growth.

Having conducted a thorough strategic review to determine the best direction for the Company, the Board is fully focused on reaching £1bn AUM and remain open to opportunistic investments to maximise its return on its cash position, as well as other investments and acquisitions that might accelerate the growth of the business."

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

**For further information:**

**Frenkel Topping Group plc**

Jason Granite, Executive Chairman  
Richard Fraser, Chief Executive Officer  
Julie Dean, Chief Finance Officer

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**About Frenkel Topping:** [www.frenkeltopping.co.uk](http://www.frenkeltopping.co.uk)

Frenkel Topping provides specialist independent financial advice focussed on asset protection for clients. The specialist independent financial adviser has a market leading position providing advice and fund management services for personal injury trusts and clinical negligence awards and is well placed to provide services to a wider customer base.

The Company provides a range of wealth management services including bespoke investment portfolios, personal and corporate financial advice and tax planning. It is focused on increasing its assets under management by continued organic growth of the business by an increase in the number of highly qualified fee earners for the provision of its industry leading specialisms. The company expects to increase the number of staff in all departments to support the existing business plan and reinforce its position as industry leader within personal injury and clinical negligence.

It has a national presence with offices in Manchester, Birmingham, Cardiff, London and Leeds and has relationships and infrastructure in place to further grow its reach and target markets.

## **Chairman's Statement**

### **Results**

The Company is pleased to announce positive results for the half year period ended 30 June 2017.

Profit from operations, before share based compensation and other exceptional costs, has grown by more than four times the operating profit delivered in the same period of 2016, to £1.3m (H1 2016: £0.3m; FY 2016: £1.4m).

Revenues and other operating income for the period has increased by 34% to £3.9m (H1 2016: £2.9m; FY 2016: £6.4m).

Gross profit margins have increased to 63% (H1 2016: 55% FY 2016: 58%). Operating profit margins have increased to 37% (H1 2016: 11% FY 2016: 22%).

AUM as at 30 June had grown to £765m (£687m as at 30 June 2016). Assets on a DFM basis has grown to £291m (nil as at 30 June 2016).

The Company generated £1.4m of cash from its operating activities during the period (H1 2016: £0.5; FY 2016: £1.6m).

The closing cash balance and marketable securities at the period end was £4.8m (H1 2016: £4.4m; FY 2016 £4.2m). This was after paying the final dividend of £0.6m to shareholders during the period.

The net asset value of the Company, before non-controlling interest, at 30 June 2017 was £15.5m (H1 2016: £13.9m; FY 2015 £15.0m).

On the 30 June 17, FCFM Group Properties IV Limited repaid the £3m Commercial Property SPV loan and acquired the Company's 37.5% interest for £150,000. As a result of this transaction the Company has received approximately £3.3m of cash during the period.

### **Dividend**

In May 2017 the Company paid a final dividend in respect of FY16 of £0.6m. This represents a total dividend for 2016 of 1.1094 pence per share (2015: 0.8875 pence) to shareholders. The Company is pleased to announce that it will be paying an interim dividend of 0.2969 pence per share (H1 2016: 0.2375 pence), a 25% increase on the interim paid in 2016. The interim dividend will be paid on 4 August 2017 to shareholders on the register at close of business on 21 July 2017 and the shares will trade on an ex-dividend basis from 20 July 2017.

### **Operations**

During the period the Company has moved into its new head office building in Manchester.

The foundations laid during 2016 have transitioned into 2017 with profits being increased from higher revenues driven from growth in AUM, assets on a DFM basis and cost synergies across the Company.

The effects of the Lord Chancellor's decision to lower the Ogden discount rate, effective from 20 March 2017 are now starting to translate into higher levels of damages available for our clients and this should accelerate the growth of AUM for the Company. In addition to this, the Company expects to increase its market share in the industry, through expanding its geographical footprint, increasing the number of authorised individuals and establishing further joint venture relationships with legal firms to drive asset growth.

The Company also intends to expand its investment offerings through Frenkel Topping Investment Management and its Safety First Product Range.

## **Outlook**

The Board is focused on reaching AUM of £1bn and will remain open to opportunistic investments with a view to both maximising its return on its cash position combined with other investment acquisitions that might accelerate the growth of the business and strengthen the existing platform.

The Board expects the strong growth demonstrated in the results for H1 to continue over H2 and confirms that it is trading in line with market expectations to deliver operating profit of more than double that of 2016.

The Company will continue with its progressive dividend policy that is supported by the growth prospects of the Company.

Furthermore the Company finished the period with a strong balance sheet – including £4.8m in cash and marketable securities. With the first half of 2017 trading in line with market expectations the board reconfirms its profit from operations forecast of £3.5m. The delivery of such is dependent on the performance of the sales consultants, control of administration expenses, growth in AUM and delivery of future returns from the Company cash balance.

I would like to thank all of our staff and shareholders for their continued support and look forward to providing further updates.

**Jason Granite**

**Executive Chairman**

**5 July 2017**

<b>Frenkel Topping Group plc</b> <b>Group income statement</b>		<b>6 Months</b> <b>ended</b> <b>30-Jun-17</b> <b>Unaudited</b> <b>£</b>	<b>6 Months</b> <b>ended</b> <b>30-Jun-16</b> <b>Unaudited</b> <b>£</b>	<b>Year</b> <b>ended</b> <b>31-Dec- 16</b> <b>Audited</b> <b>£</b>
	<b>Note</b>			
REVENUE		3,627,355	2,859,876	6,398,511
Direct staff costs		(1,336,867)	(1,274,308)	(2,732,515)
Gross Profit		<u>2,290,488</u>	<u>1,585,568</u>	<u>3,665,996</u>
<b>OTHER OPERATING INCOME AND ADMINISTRATIVE EXPENSES</b>				
Other operating income		284,795	-	-
Share based compensation		(211,764)	(38,772)	(551,045)
Other exceptional costs		(115,973)	-	-
Administration costs		(1,244,829)	(1,284,701)	(2,231,198)
TOTAL OTHER OPERATING INCOME AND ADMINISTRATIVE EXPENSES		<u>(1,287,771)</u>	<u>(1,323,473)</u>	<u>(2,782,243)</u>
Profit from operations before share based compensation and other exceptional costs		1,330,454	300,867	1,434,798
Share based compensation and other exceptional costs		(327,737)	(38,772)	(551,045)
PROFIT FROM OPERATIONS		1,002,717	262,095	883,753
Finance costs		-	(427)	(427)
PROFIT BEFORE TAXATION		<u>1,002,717</u>	<u>261,668</u>	<u>883,326</u>
Income tax expense		(248,031)	(63,953)	(189,322)
PROFIT FOR YEAR		<u>754,686</u>	<u>197,715</u>	<u>694,004</u>
<b>ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT AND LOSS</b>				
Gains on property revaluation arising net of tax		-	-	70,991
TOTAL COMPREHENSIVE INCOME FOR YEAR		<u>754,686</u>	<u>197,715</u>	<u>764,995</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of parent undertakings		754,686	197,715	764,995
Non controlling interest		-	-	-
		<u>754,686</u>	<u>197,715</u>	<u>764,995</u>
Earnings per share - basic (pence)	3	1.022	0.27	0.96
Earnings per share - diluted (pence)	3	0.96	0.27	0.91

The results for the period are derived from continuing activities.

**Frenkel Topping Group plc**  
**Group Statement of Financial Position**  
**As at 30 June 2017**

	<b>30-Jun-17</b>	<b>30-Jun-16</b>	<b>31-Dec-16</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Goodwill	7,020,287	7,020,287	7,020,287
Property, Plant and equipment	1,263,284	10,839	1,247,401
Deferred tax	178,500	277,683	178,500
	<u>8,462,071</u>	<u>7,308,809</u>	<u>8,446,188</u>
<b>CURRENT ASSETS</b>			
Accrued income	663,621	680,129	714,901
Trade receivables	1,202,658	1,028,801	1,170,969
Other receivables	392,044	426,610	490,518
Investments	999,542	40,000	3,061,980
Cash at bank and in hand	3,846,743	4,430,803	1,162,645
	<u>7,104,608</u>	<u>6,606,343</u>	<u>6,601,013</u>
<b>TOTAL ASSETS</b>	<u><u>15,566,679</u></u>	<u><u>13,915,152</u></u>	<u><u>15,047,201</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	384,954	373,111	384,954
Share Premium	361,028	79,300	361,028
Merger reserve	5,314,702	5,314,702	5,314,702
Revaluation reserve	70,991	-	70,991
Own share reserve	(774,197)	(774,197)	(774,197)
Other reserve	(341,174)	(341,174)	(341,174)
Retained earnings	9,669,176	8,507,971	9,346,735
<b>EQUITY ATTRIBUTABLE TO HOLDER OF PARENT</b>	<u>14,685,480</u>	<u>13,159,713</u>	<u>14,363,039</u>
Non controlling Interests	-	-	-
<b>TOTAL EQUITY</b>	<u>14,685,480</u>	<u>13,159,713</u>	<u>14,363,039</u>
<b>CURRENT LIABILITIES</b>			
Current taxation	275,167	248,341	13,816
Trade and other payables	606,032	507,098	670,346
	<u>881,196</u>	<u>755,439</u>	<u>684,162</u>
<b>TOTAL LIABILITIES</b>	<u>881,199</u>	<u>755,439</u>	<u>684,162</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>15,566,679</u></u>	<u><u>13,915,152</u></u>	<u><u>15,047,201</u></u>



period	-	-	-	-	-	197,715	-	197,715	-	197,715
<b>Balance 30 June 2016</b>	<b>373,111</b>	<b>79,300</b>	<b>5,314,702</b>	<b>(341,174)</b>	<b>(774,197)</b>	<b>8,507,971</b>	-	<b>13,159,713</b>	-	<b>13,159,713</b>
New shares issued	11,843	281,728	-	-	-	-	-	293,571	-	293,571
Share based compensation	-	-	-	-	-	512,274	-	512,274	-	512,274
Dividend paid to shareholders	-	-	-	-	-	(169,798)	-	(169,798)	-	(169,798)
Total transactions with owners recognised in equity	384,954	361,028	5,314,702	(341,174)	(774,197)	8,850,447	-	13,795,759	-	13,795,759
Profit and total comprehensive income for the period	-	-	-	-	-	496,289	-	496,289	-	496,289
Other comprehensive income	-	-	-	-	-	-	70,991	70,991	-	70,991
<b>Balance 31 December 2016</b>	<b>384,954</b>	<b>361,028</b>	<b>5,314,702</b>	<b>(341,174)</b>	<b>(774,197)</b>	<b>9,346,735</b>	<b>70,991</b>	<b>14,363,039</b>	-	<b>14,363,039</b>
Share based compensation	-	-	-	-	-	211,764	-	211,764	-	211,764



Dividend paid to shareholders	-	-	-	-	-	(644,009)	-	(644,009)	-	(644,009)
Total transaction with owners recognised in equity	384,954	361,028	5,314,702	(341,174)	(774,197)	8,914,490	70,991	13,930,794	-	13,930,794
Profit and total comprehensive income for the period	-	-	-	-	-	754,686	-	754,686	-	754,686
<b>Balance 30 June 2017</b>	<b>384,954</b>	<b>361,028</b>	<b>5,314,702</b>	<b>(341,174)</b>	<b>(774,197)</b>	<b>9,669,176</b>	<b>70,991</b>	<b>14,685,480</b>	<b>-</b>	<b>14,685,480</b>

- The share capital represents the number of shares issued at nominal price.
- The merger reserve represents the cost of the shares issued to purchase the non controlling interest at market value at the date of the acquisition and the excess of fair value over nominal value of shares issued to acquire Frenkel Topping Investment Management Limited.
- The other reserve represents the excess paid for the non controlling interest over the book value at the date of the acquisition.
- The own shares reserve represents the cost of 3,128,016 (2016: 3,128,016) shares held by an employee benefit trust. The open market value of the shares held at 30 June 2017 was £1,657,848 (2016: £1,407,607).
- Retained earnings represents the profit generated by the Company since trading commenced, together with dividends paid, share premium cancelled and share based payment and credits.
- The Company has conformed with all capital requirements as imposed by the FCA.

<b>Frenkel Topping Group plc Group Cash Flow Statement For the period to 30 June 2017</b>	<b>6 Months ended 30-Jun-17 Unaudited £</b>	<b>6 Months ended 30-Jun-16 Unaudited £</b>	<b>Year ended 31-Dec -16 Audited £</b>
<b>Profit before tax</b>	1,002,717	261,668	883,326
Adjustments to reconcile profit for the year to cash generated from operating activities			
Finance cost	-	427	427
Share based compensation	211,764	38,772	551,045
Depreciation	22,718	2,625	5,543
Decrease in accrued income, trade and other receivables	80,502	280,118	129,583
Increase/(decrease) in trade and other payables	61,302	(41,951)	14,721
<b>Cash generated from operations</b>	<b>1,379,003</b>	<b>541,659</b>	<b>1,584,645</b>
Income Tax paid	(112,295)	(164,418)	(430,849)
<b>Cash generated from operating activities</b>	<b>1,266,708</b>	<b>377,241</b>	<b>1,153,796</b>
Acquisition of property, plant and equipment	(38,601)	(3,603)	(1,172,090)
Investments	2,100,000	-	(3,000,000)
<b>Cash generated /(used) in investing activities</b>	<b>2,061,399</b>	<b>(3,603)</b>	<b>(4,172,090)</b>
Financing activities			
Shares issued	-	82,350	375,921
Dividend paid	(644,009)	(498,671)	(668,469)
Interest on loans and borrowings	-	(428)	(427)
<b>Cash used in financing</b>	<b>(644,009)</b>	<b>(416,749)</b>	<b>(292,975)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>2,684,098</b>	<b>(43,111)</b>	<b>(3,311,269)</b>
<b>Opening cash and cash equivalents</b>	<b>1,162,645</b>	<b>4,473,914</b>	<b>4,473,914</b>
<b>Closing cash and cash equivalents</b>	<b>3,846,743</b>	<b>4,430,803</b>	<b>1,162,645</b>
<b>Reconciliation of cash and cash equivalent</b>			
Cash at bank and in hand	3,846,743	4,430,803	1,162,645
Overdraft	-	-	-
<b>Closing cash and cash equivalent</b>	<b>3,846,743</b>	<b>4,430,803</b>	<b>1,162,645</b>

Cash and cash equivalents are held at National Westminster Bank Plc.

## Notes to the Interim Financial Statements

### 1. Basis of preparation and accounting policies

#### *Basis of preparation*

The Company's interim result consolidates the results of the Frenkel Topping and its subsidiary undertakings up to 30 June 2017. Frenkel Topping is a limited liability company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The consolidated financial information of Frenkel Topping is presented in Pounds Sterling (£), which is also the functional currency of the parent.

The financial information contained in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. It does not therefore include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2016 which have been prepared in accordance with IFRS's as adopted by the European Union.

The financial information for the 6 months ended 30 June 2017 is also unaudited.

The Company's statutory accounts for the year ended 31 December 2016 have been delivered to the Registrar of Companies. The report of the auditors on these accounts was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The Company has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Companies, in the preparation of these interim financial statements.

#### *Significant accounting policies*

The accounting policies used in the preparation of the financial information for the six months ended 30 June 2017 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') as adopted by the European Union and are consistent with those which will be adopted in the annual statutory financial statements for the year ended 31 December 2016.

### 2. Revenue Segmental Reporting

All of the Company's revenue arises from activities within the UK. Management consider there to be only one operating segment within the business based on the way the business is organised and the way results are reported internally.

3. Earnings per ordinary share

	6 months June 2017	6 months June 2016	Year ending December 2016
<i>Earnings</i>			
Earning for the purpose of basic earnings per share (net profit for the year attributable to equity holder of the parent)	£754,686	£197,715	£694,004
	£754,686	£197,715	£694,004
Earning for the purpose of diluted earnings per share			
<i>Number of shares</i>			
Purpose for basic earnings per share	76,990,683	74,215,957	75,294,625
Less: own shares held	(3,128,016)	(3,128,016)	(3,128,016)
	73,862,667	71,087,941	72,166,609
Effect of dilutive potential ordinary shares – share options	4,565,322	1,863,931	4,366,476
Purpose of diluted earnings per share	78,427,989	72,951,872	76,533,085

4. Dividend

A dividend of £644,009 representing 0.8719 pence per share was approved by the Shareholders at the AGM on 3 May 2017 and has not been included as a liability as at 31 December 2016. The dividend was paid on 26 May 2017.

5. The Board of Directors approved the interim report on 4 July 2017.

6. Copies of this report are available from the company website on [www.frenkeltopping.co.uk](http://www.frenkeltopping.co.uk)

7. The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014

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