

Frenkel Topping Group plc

("Frenkel Topping" or, together with its subsidiaries "the Group")

Interim Results

Frenkel Topping (AIM:FTG), a leading provider of specialist independent financial advice on the investment of personal injury damages and clinical negligence awards, today announces its interim results for the six months ended 30 June 2013.

Highlights

- Group revenue increased by 11% to £2.6 million
- Profit before tax up by 22% to £578,478
- Funds in the Investment Management Service increased by 17% to £521 million
- Recurring income continues to increase steadily to £1.75 million (H1 2012: £1.6 million), representing 68% of Group revenue
- Net asset value grew to £7.3 million (H1 2012: £5.9 million)
- Basic earnings per share increased to 0.70p (H1 2012: 0.50p)

David Southworth, Chairman of Frenkel Topping, commented: "The Board is pleased with the progress that has been achieved during the period, and was particularly encouraged to have been able to announce that Funds in the Investment Management Service exceeded the £0.5 billion milestone. Our market position remains strong, with client retention maintained at an all time high. The Board continues to have confidence in the future organic growth of the business, particularly given our strong relationships with litigation professionals and our innovative new technology platform."

- Ends -

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Notes to Editors:

Frenkel Topping provides specialist independent financial advice on the investment of personal injury damages and clinical negligence awards. Frenkel Topping offers a complete service for all personal injury claims handlers, lawyers and individual clients, dealing with awards from a few thousand pounds to multi-million pound cases. Frenkel Topping's expertise includes asset protection, bespoke investment portfolios, analysis of periodical payments, Court of Protection portfolios and provision and setting up of trustee and receivership bank accounts. Frenkel Topping has £521 million of client's funds in its investment management service.

Chairman's Statement

Results

On behalf of the Board, I am pleased to report that Frenkel Topping has again achieved excellent growth across all of our key metrics of revenue, profitability, cash resources and Funds in the Investment Management Service ("FIMS").

For the six months ended 30 June 2013, the Group has grown profit from operations, before share based compensation by 21% to £615,656 (H1 2012: £510,151; FY 2012: £1,108,953) and increased profit before tax by 22% to £578,478 (H1 2012: £474,276; FY 2012: £1,030,528).

Revenue for the period increased by 11% to £2,595,817 (H1 2012: £2,337,342; FY 2012: £4,783,714). The Group generated £683,632 of cash from its operating activities during the period, representing a 407% increase from £167,622 for the six months ended 30 June 2012 (FY 2012: £604,951).

The net asset value of the Group, before non controlling interests at 30 June 2013 was £7,303,530 (H1 2012: £5,885,014; FY 2012: £6,078,197). The Group's gross profit margin for the period increased to 60% (H1 2012: 57%; FY 2012: 60%) and the profit before tax margin was 22%, (H1 2012: 20%; FY 2012: 21%).

Significantly, the Group's FIMS has exceeded the £0.5 billion point, having increased by 17% to £521 million by the period end (H1 2012: £445 million; FY 2012: £483 million). Additionally, the Group is pleased to have recorded its fifth consecutive year of retaining over 99% of its clients for the FIMS service.

As a result of our clients' generally low appetite for risk, our funds are being invested in low volatile assets and consequently the value of the FIMS and clients' assets do not fluctuate in correlation with financial markets. In addition, as the purpose of a clinical negligence or personal injury award is to provide for the expenditure of a dependent client through a drawdown from the investment, we believe the fact that the Group's FIMS continue to grow demonstrates the strong organic growth from new clients that has been achieved.

During the period we were pleased to announce the purchase of the remaining 17% minority interest holding in the Group's trading subsidiaries. The Group now owns 100% of the trading subsidiaries, which the Board believes is a very positive development for shareholders.

Dividend

In June 2013 the Company paid a dividend of £181,695 representing 0.30 pence per share (2011: 0.176 pence) to shareholders. The Company intends to increase future dividends in line with increases in profits in forthcoming financial years.

Outlook

Whilst the Group does operate in a financial services environment, our organic growth is directly linked to changes within the legal services market. During the period, we have continued to build upon the Group's strength in supporting litigation professionals and providing them with premium investment solutions at competitive rates.

The Board believes that the Group's new technology platform and administration software enhances the service we provide to those litigation professionals and to our clients, providing us with clear differentiation from our competitors in the marketplace.

The Board is confident that the Group is well placed to support and adapt to changes that are being driven through the legal service market place. We look forward to embracing any opportunities that develop as a result of these changes.

The Group remains in a strong position and continues to deliver profitable growth. The Board remains confident that our approach to investing clients' assets with caution, providing a high level of service and supporting litigation professionals will continue to create value for our shareholders in future years.

David Southworth

Chairman

15 July 2013

Frenkel Topping Group plc Group income statement		6 Months ended 30-Jun-13 Unaudited £	6 Months ended 30-Jun-12 Unaudited £	Year ended 31-Dec- 12 Audited £
	Note			
REVENUE		2,595,817	2,337,342	4,783,714
Direct staff costs		(1,021,253)	(1,005,625)	(1,900,697)
Gross Profit		<u>1,574,564</u>	<u>1,331,717</u>	<u>2,883,017</u>
ADMINISTRATIVE EXPENSES				
Share based compensation		(31,155)	(32,068)	(67,966)
Other		(958,908)	(821,566)	(1,774,064)
TOTAL ADMINISTRATIVE EXPENSES		<u>(990,063)</u>	<u>(853,634)</u>	<u>(1,842,030)</u>
Profit from operations before share based compensation		615,656	510,151	1,108,953
Share based compensation		(31,155)	(32,068)	(67,966)
PROFIT FROM OPERATIONS		584,501	478,083	1,040,987
Finance costs		(6,023)	(3,807)	(10,459)
PROFIT BEFORE TAXATION		<u>578,478</u>	<u>474,276</u>	<u>1,030,528</u>
Income tax expense		(142,366)	(130,034)	(275,027)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>436,112</u></u>	<u><u>344,242</u></u>	<u><u>755,501</u></u>
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent undertakings		423,957	274,299	602,270
Non controlling interest		12,155	69,943	153,231
		<u>436,112</u>	<u>344,242</u>	<u>755,501</u>
Earnings per share - basic (pence)	3	0.70	0.50	1.09
Earnings per share – diluted (pence)	3	0.67	0.46	1.05

The results for the period are derived from continuing activities.

Frenkel Topping Group plc
Group Statement of Financial Position
As at 30 June 2013

	30-Jun-13	30-Jun-12	31-Dec-12
	Unaudited	Unaudited	Audited
	£	£	£
ASSETS			
NON CURRENT ASSETS			
Goodwill	5,436,461	5,095,287	5,095,287
Property, Plant and equipment	44,220	12,500	47,232
Intangible assets	-	22,005	-
Deferred tax	56,852	81,959	56,850
	<u>5,537,533</u>	<u>5,211,751</u>	<u>5,199,369</u>
CURRENT ASSETS			
Accrued income	1,037,249	979,563	1,006,842
Trade receivables	902,052	486,759	748,307
Other receivables	149,016	225,709	113,810
Cash at bank and in hand	1,590,694	1,092,415	1,435,217
	<u>3,679,011</u>	<u>2,784,446</u>	<u>3,304,176</u>
TOTAL ASSETS	<u><u>9,216,544</u></u>	<u><u>7,996,197</u></u>	<u><u>8,503,545</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	311,573	283,668	290,447
Share Premium	929,577	-	-
Own share reserve	(270,656)	(99,356)	(270,656)
Retained profits/(losses)	6,333,036	5,700,702	6,058,406
But EQUITY ATTRIBUTABLE TO HOLDER OF PARENT	<u>7,303,530</u>	<u>5,885,014</u>	<u>6,078,197</u>
Non controlling Interests	-	507,913	597,375
TOTAL EQUITY	<u>7,303,530</u>	<u>6,392,927</u>	<u>6,675,572</u>
NON CURRENT LIABILITIES			
Obligations under finance lease	23,596	-	22,130
	<u>23,596</u>	<u>-</u>	<u>22,130</u>
CURRENT LIABILITIES			
Financial liabilities	838,878	875,122	1,082,942
Current taxation	239,470	188,461	100,675
Trade and other payables	801,414	529,902	612,570
Provisions	9,656	9,785	9,656
	<u>1,889,418</u>	<u>1,603,270</u>	<u>1,805,843</u>
TOTAL LIABILITIES	<u>1,913,014</u>	<u>1,603,270</u>	<u>1,827,973</u>
TOTAL EQUITY AND LIABILITIES	<u><u>9,216,544</u></u>	<u><u>7,996,197</u></u>	<u><u>8,503,545</u></u>

Consolidated Statement of Changes in Equity
For the period to 30 June 2013

	Share Capital	Share Premium	Treasury share Reserve	Retained Losses	Total controlling interest	Non controlling interest	Total
	£	£	£	£	£	£	£
Balance 1 January 2012	283,668	-	(99,356)	5,499,736	5,684,048	432,429	6,116,477
Share based compensation	-	-	-	26,527	26,527	5,541	32,068
Profit and total comprehensive income for the period	-	-	-	274,299	274,299	69,943	344,242
Dividend paid to shareholders (note 4)	-	-	-	(99,860)	(99,860)	-	(99,860)
Balance 30 June 2012	283,668	-	(99,356)	5,700,702	5,885,014	507,913	6,392,927
New shares issued	6,779	-	-	-	6,779	-	6,779
Share based compensation	-	-	-	29,724	29,724	6,174	35,898
Profit and total comprehensive income for the period	-	-	-	327,980	327,980	83,288	411,268
Purchase of shares by employee trust	-	-	(171,300)	-	(171,300)	-	(171,300)
Balance 31 December 2012	290,447	-	(270,656)	6,058,406	6,078,197	597,375	6,675,572
Share based compensation	-	-	-	31,155	31,155	-	31,155
New shares issued	21,126	929,577	-	-	950,703	-	950,703
Profit and total comprehensive income for the period	-	-	-	423,957	423,957	12,155	436,112
Purchase of minority interest	-	-	-	-	-	(609,530)	(609,530)
Dividend paid to shareholders (note 4)	-	-	-	(180,482)	(180,482)	-	(180,482)
Balance 30 June 2013	311,573	929,577	(270,656)	6,333,036	7,303,530	-	7,303,530

The share capital reserve represents the number of shares issued at nominal price.

The share premium reserve represents the amount received for shares issued over and above the nominal value of the shares issued.

The treasury share reserve represents the cost of 1,749,293 shares held by Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 30 June 2013 was £459,189 (2012: £97,273).

Retained losses represent the loss generated by the Group since trading commenced.

The other reserve represents the fair value of the embedded option to convert the loan instrument into equity. The loan instrument has now been repaid.

The non controlling interests represent the value of the subsidiary owned outside the Group.

The Group has conformed with all capital requirements as imposed by the FCA.

Frenkel Topping Group plc
Group Cash Flow Statement
For the period to 30 June 2013

	6 Months ended 30-Jun-13 Unaudited £	6 Months ended 30-Jun-12 Unaudited £	Year ended 31-Dec -12 Audited £
Profit before tax	578,478	474,276	1,030,528
Adjustments to reconcile profit for the year to cash generated from operating activities			
Finance cost	6,023	3,807	10,459
Share based compensation	31,155	32,068	67,966
Depreciation	7,143	19,019	43,179
Increase in accrued income, trade and other receivables	(219,356)	(396,222)	(544,047)
Increase/(decrease) in trade and other payables	280,189	34,674	(3,134)
Cash generated (used in)/from operations	683,632	167,622	604,951
Income Tax paid	(93,276)	(76,085)	(197,111)
Cash generated (used in)/from operating activities	590,356	91,537	407,840
Acquisition of property, plant and equipment	(4,130)	(6,012)	(9,396)
Cash used in investing activities	(4,130)	(6,012)	(9,396)
Financing activities			
Shares issued	-	-	6,779
Dividend paid	(180,473)	(99,860)	(99,851)
Purchase own shares	-	-	(171,300)
Finance lease payments	(3,500)	-	(7000)
Interest on loans and borrowings	(2,712)	(3,733)	(10,158)
Cash used in financing	(186,685)	(103,593)	(281,530)
Increase/(decrease) in cash and cash equivalents	399,541	(18,068)	116,914
Opening cash and cash equivalents	352,275	235,361	235,361
Closing cash and cash equivalents	751,816	217,293	352,275
Reconciliation of cash and cash equivalent			
Cash at bank and in hand	1,590,694	1,092,415	1,435,217
Overdraft	(838,878)	(875,122)	(1,082,942)
Closing cash and cash equivalent	751,816	217,293	352,275

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 Group's interim result consolidates the results of the Frenkel Topping and its subsidiary undertakings made up to 30 June 2013. 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 Group's annual financial statements as at 31 December 2012 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 2013 is also unaudited.

The Group's statutory accounts for the year ended 31 December 2012 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 Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups, 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 2013 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 2012.

2. Revenue Segmental Reporting

All of the Groups 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 2013	6 months June 2012	Year ending December 2012
<i>Earnings</i>			
Earning for the purpose of basic earnings per share (net profit for the year attributable to equity holder of the parent)	£423,957	£274,299	£607,490
Earning for the purpose of diluted earnings per share	£423,957	£274,299	£607,490
<i>Number of shares</i>			
Purpose for basic earnings per share	62,314,660	56,733,662	55,481,199
Less: own shares held	(1,749,292)	(694,807)	(694,807)
	<hr/> 60,565,368	<hr/> 56,038,855	<hr/> 54,786,392
Effect of dilutive potential ordinary shares – share options	2,533,911	3,028,219	2,986,416
	<hr/> 63,099,279	<hr/> 59,067,075	<hr/> 57,772,808
Purpose of diluted earnings per share			

4. Dividend

A dividend of £181,695 representing 0.30 pence per share was approved by the Shareholders at the AGM on 29 May 2013 and has not been included as a liability as at 3 December 2012. The dividend was paid on 6 June 2013.

5. The Board of Directors approved the interim report on 15 July 2013.

6. Copies of this report are available from the company website on www.frenkeltopping.co.uk

- Ends -