



11 July 2016

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

Interim Results

Frenkel Topping (AIM: FEN), a specialist independent financial advisor and asset manager focussed on asset protection for vulnerable clients, announces its interim results for the six months ended 30 June 2016.

The performance during the period reflected the Company's focus on developing the Frenkel Topping Investment Management ("FTIM") business which is geared up to manage increasing assets in the coming years. As such, having received relevant FCA approvals, the Company commenced migrating funds to FTIM and targeting the larger addressable market looking for a capital preserving investment strategy.

Financial Highlights

- Revenue £2.9m (H1 2015: £2.9m)
 - *Recurring revenue of £2.2m (H1 2015: £2.2m), representing 79% of total revenue*
- Gross profit of £1.6m (H1 2015: £1.80m)
- Operating profit (before share based payments) of £0.3m (H1 2015 £0.6m)
 - *Operating profit before share based payments, expansion costs and launch FTIM £0.54m*
- Pre-tax profit of £0.3m (H1 2015: £0.6m) – reflecting stated investment strategy
- Basic EPS of 0.27p (H1 2015: 0.71p)
- Assets under management £687m (as at 30 June 2015: £640m)
- Net cash at the period end of £4.4m (as at 30 June 2015: £1.74m)
- Interim dividend of 0.2375p per share (H1 2015: 0.19p)

Operational Highlights

- Receipt of FCA approvals enabling the Company to act as a discretionary investment manager with full retail permissions
- Commenced re-papering clients and migrating funds
- Pipeline migration of £90m funds to FTIM Discretionary Service
 - On track to migrate £350m for full year
- Provision of discretionary investment management to enable delivery of higher growth rates with customers benefiting from a widened product offering and improved pricing
- The Company now has a total of 17 authorised consultants targeting a growing number of markets

Jason Granite, Executive Chairman of Frenkel Topping, commented: "Given the developmental nature of the first half the Company is well placed to expand its operations and client base. We expect the benefits of our new strategy to feed through more rapidly during the second half now that the migration of funds has commenced. We have a wider potential customer base, a highly competitive pricing structure and are also benefiting from savings generated by renegotiated terms.

"The growing number of fee earners should benefit from the increased product offering and ability to target a wider retail customer base and we are well placed to build on the momentum created during the first half. Having laid the foundations for growth during the period the Company remains on track to double 2015's operating profitability by 2017."

For further information:

Frenkel Topping Group plc

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About Frenkel Topping: 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, financial and tax planning. It is focused on increasing its assets under management by growing the number of fee earners who are qualified to provide benefits protection for a variety of needs as the Company adds to its personal injury and clinical negligence specialism.

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

Chairman's Statement

Results

During the period we laid the foundations for a step change in profitability. As expected, investment in the launch of FTIM, migration of funds to FTIM and expansion of the fee earners has impacted on profitability for the period with profit before tax falling to £261,668 (H1 2015: £568,206; FY 2015: £1.29m).

Profit from operations, before share based compensation, fell to £300,867 (H1 2015: £608,379; FY 2015: £1.50m). Profit from operations, before share based compensation, costs associated with the launch of FTIM and expansion of the fee earners for the period was £539,866.

With a total of 17 revenue generating fee earners based in London, Birmingham, Leeds, Cardiff and Bristol growing their client bases and the commencement of the migration of funds to FTIM during the period, AUM as at 30 June had grown to £687m (£640m as at 30 June 2015). Revenues for the period were £2.9m (H1 2015: £2.9m; FY 2015: £6.31m) which have been impacted by market conditions.

The group generated £541,659 of cash from its operating activities during the period (H1 2015: £553,688; FY 2015: £0.95m). The closing cash balance at the period end was £4,430,803 (H1 2015: £1,742,114; FY 2015 £4.47m).

The net asset value of the Group, before non-controlling interest, at 30 June 2016 was £13.9m (H1 2015: £9.8m; FY 2015 14.7m).

Dividend

In June 2016 the Company paid a final dividend in respect of FY15 of £498,671. This represents a total dividend for 2015 of 0.8875 pence per share (2014: 0.71 pence) to shareholders. The Company is pleased to announce that it will be paying an interim dividend of 0.2375 pence per share (H1 2015: 0.19 pence). The interim dividend will be paid on 5 August 2016 to shareholders on the register at close of business on 22 July 2016 and the shares will trade on an ex-dividend basis from 21 July 2016.

Operations

The commencement of the migration of assets combined with the ability to target a wider customer base marked this as a transformational period for the Company.

Following last year's acquisition of FC Fund Managers, which was renamed FTIM, the Company focused on implementing and establishing its new strategy and business model whereby investment management is no longer wholly outsourced to third parties. As such, management revisited costs and pricing having negotiated improved terms with an existing third party platform provider and discretionary fund manager.

We are already benefiting from increased competitiveness and higher levels of customer retention – with a client retention rate of 99% and recurring revenues growing to 79%. Furthermore, the investment undertaken during the period is expected to enable us to significantly grow profits and revenues as the Company benefits from a growing retail offering and increased investment management income as well as a lower cost base.

In May 2016 the Company commenced migrating funds across to FTIM, which will now act as the appointed discretionary fund manager ("DFM") for clients. The migration of funds is initially focusing on clients whose assets are already held on Frenkel Topping's chosen platform but currently managed by third party DFMs. The business plan aims to have all of these assets, approximately £200m, transferred by the end of 2016 following which we will target assets with third party DFMs not on our chosen platform.

Outlook

Given the developmental nature of the first half the Company is well placed to expand its operations and client base. We expect the benefits of our new strategy to feed through more rapidly during the second half now that the migration of funds has commenced. We have a wider potential customer base, a highly competitive pricing structure and are also benefiting from savings generated by renegotiated terms.

Our growing number of fee earners should benefit from the increased product offering and ability to target a wider retail customer base and we are well placed to build on the momentum created during the first half. Having laid the foundations for growth during the period the Company remains on track to double 2015's operating profitability by 2017.

Furthermore, the Company finished the period with a strong balance sheet – including £4.4m in cash. As such we are considering a number of opportunities including acquisitions or treasury related investment activity including fixed income, equities and investment properties.

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

11 July 2016

Frenkel Topping Group plc		6 Months	6 Months	Year
Group income statement		ended	ended	ended
		30-Jun-16	30-Jun-15	31-Dec- 15
	Note	Unaudited	Unaudited	Audited
		£	£	£
REVENUE		2,859,876	2,942,861	6,309,687
Direct staff costs		(1,274,308)	(1,142,071)	(2,337,389)
Gross Profit		1,585,568	1,800,790	3,972,298
ADMINISTRATIVE EXPENSES				
Share based compensation		(38,772)	(38,772)	(77,543)
Acquisition costs		-	-	(136,000)
Other		(1,284,701)	(1,192,411)	(2,470,744)
TOTAL ADMINISTRATIVE EXPENSES		(1,323,473)	(1,231,183)	(2,684,287)
Profit from operations before share based compensation and acquisition costs		300,867	608,379	1,501,554
Share based compensation		(38,772)	(38,772)	(77,543)
Acquisition costs		-	-	(136,000)
PROFIT FROM OPERATIONS		262,095	569,607	1,288,011
Finance costs		(427)	(1,401)	(2,549)
PROFIT BEFORE TAXATION		261,668	568,206	1,285,462
Income tax expense		(63,953)	(140,259)	(232,158)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		197,715	427,947	1,053,304
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent undertakings		197,715	427,947	1,053,304
Non controlling interest		-	-	-
		197,715	427,947	1,053,304
Earnings per share - basic (pence)	3	0.27	0.71	1.64
Earnings per share - diluted (pence)	3	0.27	0.68	1.59

The results for the period are derived from continuing activities.

Frenkel Topping Group plc
Group Statement of Financial Position
As at 30 June 2015

	30-Jun-16	30-Jun-15	31-Dec-15
	Unaudited	Unaudited	Audited
	£	£	£
ASSETS			
NON CURRENT ASSETS			
Goodwill	7,020,287	5,095,287	7,020,287
Property, Plant and equipment	10,839	9,566	9,861
investments	40,000	40,000	40,000
Deferred tax	277,683	202,627	277,683
	<u>7,348,809</u>	<u>5,347,480</u>	<u>7,347,831</u>
CURRENT ASSETS			
Accrued income	680,129	937,225	1,018,983
Trade receivables	1,028,801	968,669	1,066,870
Other receivables	426,610	198,500	329,411
Cash at bank and in hand	4,430,803	2,392,233	4,961,473
	<u>6,566,343</u>	<u>4,496,627</u>	<u>7,376,737</u>
TOTAL ASSETS	<u><u>13,915,152</u></u>	<u><u>9,844,107</u></u>	<u><u>14,724,568</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	373,111	319,186	370,061
Merger reserve	5,394,002	929,577	5,314,702
Own share reserve	(774,197)	(774,197)	(774,197)
Other reserve	(341,174)	(341,174)	(341,174)
Retained earnings	8,507,971	8,221,372	8,770,155
EQUITY ATTRIBUTABLE TO HOLDER OF PARENT	<u>13,159,713</u>	<u>8,354,764</u>	<u>13,339,547</u>
Non controlling Interests	-	490	490
TOTAL EQUITY	<u>13,159,713</u>	<u>8,355,254</u>	<u>13,340,037</u>
NON CURRENT LIABILITIES			
Obligations under finance lease	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
CURRENT LIABILITIES			
Bank overdraft	-	650,119	487,559
Current taxation	248,341	240,677	242,192
Trade and other payables	507,098	598,057	654,780
Provisions	-	-	-
	<u>755,439</u>	<u>1,488,853</u>	<u>1,384,531</u>
TOTAL LIABILITIES	<u>755,439</u>	<u>1,488,853</u>	<u>1,384,531</u>
TOTAL EQUITY AND LIABILITIES	<u><u>13,915,152</u></u>	<u><u>9,844,107</u></u>	<u><u>14,724,568</u></u>

**Consolidated Statement of Changes in Equity
For the period to 30 June 2016**

	Share Capital	Merger Reserve	Other Reserve	Own share Reserve	Retained Earnings	Total controlling interest	Non contro lling interes t	Total
	£	£	£	£	£	£	£	£
Balance 1 January 2015	319,186	929,577	(341,174)	(774,197)	8,082,486	8,215,878	490	8,216,368
Share based compensation	-	-	-	-	38,772	38,772	-	38,772
Dividend paid to shareholders	-	-	-	-	(327,833)	(327,833)	-	(327,833)
Total transactions with owners recognised in equity	319,186	929,577	(341,174)	(774,197)	7,793,425	7,926,817	490	7,927,307
Profit and total comprehensive income for the period	-	-	-	-	427,947	427,947	-	427,947
Balance 30 June 2015	319,186	929,577	(341,174)	(774,197)	8,221,372	8,354,764	490	8,355,254
New shares issued	50,875	4,385,125	-	-	-	4,436,000	-	4,436,000
Share based compensation	-	-	-	-	38,771	38,771	-	38,771
Dividend paid to shareholders	-	-	-	-	(115,345)	(115,345)	-	(115,345)
Total transactions with owners recognised in equity	370,061	5,314,702	(341,174)	(774,197)	8,144,798	12,714,190	490	12,714,680
Profit and total comprehensive income for the period	-	-	-	-	625,357	625,357	-	625,357

Balance 31 December 2015	370,061	5,314,702	(341,174)	(774,197)	8,770,155	13,339,547	490	13,340,037
New shares issued	3,050	79,300	-	-	-	82,350	-	82,350
Share based compensation	-	-	-	-	38,772	38,772	-	38,772
Minority interest	-	-	-	-	-	-	(490)	(490)
Dividend paid to shareholders	-	-	-	-	(498,671)	(498,671)	-	(498,671)
Total transaction with owners recognised in equity	373,111	5,394,002	(341,174)	(774,197)	8,310,256	12,961,998	-	12,961,998
Profit and total comprehensive income for the period	-	-	-	-	197,715	197,715	-	197,715
Balance 30 June 2016	373,111	5,394,002	(341,174)	(774,197)	8,507,971	13,159,713	-	13,159,713

- 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 (2015: 3,128,016) shares held by an employee benefit trust. The open market value of the shares held at 30 June 2016 was £1,407,607 (2015: £1,219,926).
- Retained earnings represents the profit generated by the Group since trading commenced, together with dividends paid, share premium cancelled and share based payment and credits.
- 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 2015	6 Months ended 30-Jun-16 Unaudited £	6 Months ended 30-Jun-15 Unaudited £	Year ended 31-Dec -15 Audited £
Profit before tax	261,668	568,206	1,285,462
Adjustments to reconcile profit for the year to cash generated from operating activities			
Finance cost	427	1,401	2,549
Share based compensation	38,772	38,772	77,543
Depreciation	2,625	3,424	7,508
Decrease/(increase) in accrued income, trade and other receivables	280,118	(129,889)	(440,953)
(Decrease)/increase in trade and other payables	(41,951)	71,774	22,470
Cash generated (used in)/from operations	541,659	553,688	954,579
Income Tax paid	(164,418)	(146,056)	(205,365)
Cash generated (used in)/from operating activities	377,241	407,632	749,214
Acquisition of property, plant and equipment	(3,603)	-	(4,044)
Cash acquired from acquisition	-	-	2,500,000
Investments	-	-	(40,000)
Cash used in investing activities	(3,603)	-	2,455,956
Financing activities			
Shares issued	82,350	-	11,000
Investments	-	(40,000)	-
Dividend paid	(498,671)	(327,833)	(443,178)
Interest on loans and borrowings	(428)	(1,400)	(2,793)
Cash used in financing	(416,749)	(369,233)	(434,971)
Increase/(decrease) in cash and cash equivalents	(43,111)	38,399	2,770,199
Opening cash and cash equivalents	4,473,914	1,703,715	1,703,715
Closing cash and cash equivalents	4,430,803	1,742,114	4,473,914
Reconciliation of cash and cash equivalent			
Cash at bank and in hand	4,430,803	2,392,233	4,961,473
Overdraft	-	(650,119)	(487,559)
Closing cash and cash equivalent	4,430,803	1,742,114	4,473,914

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 up to 30 June 2016. 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 2015 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 2016 is also unaudited.

The Group's statutory accounts for the year ended 31 December 2015 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 2016 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 2015.

2. Revenue Segmental Reporting

All of the Group'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 2016	6 months June 2015	Year ending December 2015
<i>Earnings</i>			
Earning for the purpose of basic earnings per share (net profit for the year attributable to equity holder of the parent)	£197,715	£427,947	£1,053,304
	£197,715	£427,947	£1,053,304
Earning for the purpose of diluted earnings per share			
<i>Number of shares</i>			
Purpose for basic earnings per share	74,215,957	63,837,067	67,220,766
Less: own shares held	(3,128,016)	(3,128,016)	(3,128,016)
	71,087,941	60,709,051	64,092,750
Effect of dilutive potential ordinary shares – share options	1,863,931	2,260,000	2,198,304
Purpose of diluted earnings per share	72,951,872	62,969,051	66,291,054

4. Dividend

A dividend of £498,671 representing 0.6975 pence per share was approved by the Shareholders at the AGM on 19 May 2016 and has not been included as a liability as at 31 December 2015. The dividend was paid on 10 June 2016.

5. The Board of Directors approved the interim report on 8 July 2016.

6. Copies of this report are available from the company website on 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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