FOR IMMEDIATE RELEASE **13 August 2007**

Frenkel Topping Group plc

(“Frenkel Topping” or “The Group”)

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 claim 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 of trustee and receivership bank accounts.

Unaudited Interim Results for the six months ended 30 June 2007

Highlights

	6 Months ended 30 June 2007 £	6 Months ended 30 June 2006 * £	Year ended 31 December 2006 * £
Turnover	1,394,659	1,243,822	2,570,504
Profit/(loss) from operations before provisions and share based compensation	128,089	(174,463)	(93,649)
Profit/(loss) from operations	5,771	(286,342)	(398,935)
Cash from/(used in) operations	47,704	(228,067)	(141,306)
Gross Profit Margin	62%	45%	54%

*** restated to reflect the adoption of IFRS**

Frenkel Topping Group plc

Richard Fraser
Chief Executive
Tel No: 0161 886 8000

WH Ireland plc

David Youngman
Chief Executive
Tel No: 0161 832 2174

Chairman's Statement

The Group's performance for the six months ended 30 June 2007 has maintained the momentum established during the previous half year to 31 December 2006.

For the six months ended 30 June 2007 the Group has reported a profit from operations before share based compensation and provisions of £128k (£174k loss for the six month ended 30 June 2006 and £94k loss for the year ended 31 December 2006). In comparison to the same period last year revenue has increased by 12% and the gross profit margin has increase from 45% to 62%.

These improvements reflect the increase in the recurring income from the Funds in the Investment Management Service (FIMS) and the focus on revenue generation and cost control implemented across all elements of the business by the Board during 2006. As at 30 June 2007 the Group's FIMS were £177m.

The Group is also pleased to report cash generated from its operating activities of £48k (£228k absorbed in the six month period to June 2006, £141k absorbed for year ended 31 December 2006). The net asset value of the Group as at 30 June 2007 was £5m. The Board does not propose an interim dividend.

These are the first results for the Group to be stated under International Reporting Standards (IFRS) and the comparatives have been restated on this basis. The date of conversion to IFRS for the Group is 1 January 2006. The principle impact of IFRS on the results is the credit to the accounts of the goodwill amortised during 2006. The Intangible Assets in the consolidated balance sheet of the Group is attributable to goodwill arising upon the acquisition of the trading subsidiaries Frenkel Topping Limited and Frenkel Topping Structured Settlements Limited. Under IFRS3 the carrying value of the goodwill is reviewed at each balance sheet date to determine if the asset has suffered any impairment. Having considered the carrying value of the goodwill to the future revenue streams at the date of conversion to IFRS the board are satisfied with the carrying value of the goodwill.

During the period the Group entered into a £500,000 loan facility with MBC Settlements Limited (MBC). MBC is a Gibraltar based investment company operating in the financial services sector. In consideration of MBC providing the loan facility, the Group has issued options to MBC in respect of 10,000,000 new ordinary shares. The options can be exercised at any time until May 2010 provided that the aggregate value of the options exercised does not exceed the total of the sums drawn down on the loan facility by the Group. As at 30 June 2007, £200,000 has been drawn down on the loan. The loan will be used for the strategic developments of the Group.

Whilst competition continues to grow in the market place the Board is pleased with the continued re-positioning of the Frenkel Topping brand as one of the market leaders in the field of investment of personal injury awards. The Board actively pursues growth opportunities and improvements to income generation and cost control. The Group has shown good performance for the first half of the financial year and the Board will continue to work towards maintaining this momentum and to grow the FIMS to increase the recurring income for future years. At the 30 June the Group has a healthy pipeline of business to be finalised and the Board is confident that the progress made to date will continue for the year as a whole.

David Southworth
Chairman
13 August 2007

Frenkel Topping Group plc

Registered in England number 4726826
Registered Office: Merchants Quay, Salford Quays, Manchester M50 3SR

Frenkel Topping Group plc **Consolidated income statement**	Note	6 Months ended 30-Jun-07 Unaudited £	6 Months ended 30-Jun-06 Unaudited £ *	Year ended 31-Dec- 06 Unaudited £ *
REVENUE		1,394,659	1,243,822	2,570,504
Cost of sales		(535,051)	(682,157)	(1,170,467)
Gross Profit		859,608	561,665	1,400,037
ADMINISTRATION EXPENSES				
Share based compensation		(122,318)	(111,879)	(198,301)
Provisions	3	-	-	(106,985)
Other		(731,519)	(736,128)	(1,493,686)
TOTAL ADMINISTRATION EXPENSES		(853,837)	(848,007)	(1,798,972)
Profit/(loss) from operations before share based compensation and provisions		128,089	(174,463)	(93,649)
Share based compensation		(122,318)	(111,879)	(198,301)
Provisions		-	-	(106,985)
PROFIT/(LOSS) FROM OPERATIONS		5,771	(286,342)	(398,935)
Finance costs		(34,617)	(16,607)	(47,706)
LOSS BEFORE TAXATION		(28,846)	(302,949)	(446,641)
Income tax expense		-	13,366	(25,039)
LOSS FOR THE PERIOD		(28,846)	(289,583)	(471,680)
Loss attributable to:				
Equity holders of parent		(34,936)	(312,333)	(455,334)
Minority Interests		6,090	22,750	(16,346)
		(28,846)	(289,583)	(471,680)
Loss per share - basic (pence)	4	(0.06)	(0.66)	(0.89)
Loss per share - diluted (pence)	4	(0.06)	(0.66)	(0.89)

The results for the period are derived from continuing activities.

* Restated to reflect the adoption of IFRS as per note 6.

There was no recognised income or expenditure other than the profit/(loss) for the period/year. Accordingly no Statement of Recognised Income and Expenditure has been prepared.

Frenkel Topping Group plc
Registered in England number 4726826
Registered Office: Merchants Quay, Salford Quays, Manchester M50 3SR

Frenkel Topping Group plc
Consolidated Balance Sheet
As at 30 June 2007

	30-Jun-07	30-Jun-06	31-Dec-06
	Unaudited	Unaudited	Unaudited
	£	£ *	£ *
ASSETS			
NON CURRENT ASSETS			
Plant and equipment	30,197	57,732	43,648
Goodwill	5,090,288	4,826,662	5,095,287
Deferred tax	7,069	9,179	7,069
	5,127,554	4,893,573	5,146,004
CURRENT ASSETS			
Accrued income	490,587	295,946	329,010
Trade receivables	308,030	454,920	396,321
Other receivables	82,539	156,630	101,067
Cash	161	83	29
	881,317	907,579	826,427
TOTAL ASSETS	6,008,871	5,801,152	5,972,431
EQUITY AND LIABILITIES			
EQUITY			
Share capital	273,915	268,915	273,915
Share premium account	5,744,876	5,509,876	5,744,876
Share based payment reserve	408,816	200,076	286,498
Other reserve	12,997	-	-
Treasury share reserve	(25,000)	(25,000)	(25,000)
Profit and loss account	(1,428,584)	(1,250,647)	(1,393,648)
	4,987,020	4,703,220	4,886,641
Minority Interests	(298,409)	(292,899)	(304,499)
TOTAL EQUITY	4,688,611	4,410,321	4,582,142
NON CURRENT LIABILITIES			
Other liabilities	25,000	25,000	25,000
Loans and borrowings	187,118	-	-
	212,118	25,000	25,000
CURRENT LIABILITIES			
Amounts due to bankers and short term loans	274,792	485,295	473,433
Taxation	89,890	105,140	106,984
Trade payables	309,174	288,125	297,342
Other payables	219,286	332,905	237,723
Obligations under finance lease	-	11,866	9,807
Provisions	215,000	142,500	240,000
	1,108,142	1,365,831	1,365,289
TOTAL LIABILITIES	1,320,260	1,390,831	1,390,289
TOTAL EQUITY AND LIABILITIES	6,008,871	5,801,152	5,972,431

* Restated to reflect the adoption of IFRS as per note 6.

Frenkel Topping Group plc **Consolidated Cash Flow** For the period to 30 June 2007	6 Months ended 30-Jun-07 Unaudited £	6 Months ended 30-Jun-06 Unaudited £ *	Year ended 31-Dec -06 Unaudited £ *
Profit/(loss) from operations	5,771	(286,342)	(398,935)
Adjustments to reconcile profit/(loss) from operations to cash generated from/(used in) operating activities			
Share based compensation	122,318	111,879	198,301
Depreciation	22,957	15,113	30,219
(Increase)/decrease in accrued income	(161,577)	33,997	86,787
Decrease/(increase) in trade and other receivables	110,855	(190,683)	(160,265)
(Decrease)/increase in trade and other payables	(52,620)	87,969	102,587
Cash generated from/(used in) operations	47,704	(228,067)	(141,306)
Taxation	-	13,366	(18,415)
Cash generated from/(used in) operating activities	47,704	(214,701)	(159,721)
Investing activities			
Acquisition of plant and equipment	(4,506)	(4,419)	(5,441)
Acquisiton of additional shareholding in subsidiary undertakings	-	(15,900)	(17,032)
Cash used in investing activities	(4,506)	(20,319)	(22,473)
Financing			
Net borrowings	167,668	31,211	19,981
Repayment of finance lease	(9,807)	(2,059)	(4,118)
Interest on loans	(34,617)	(16,607)	(44,336)
Cash from/(used in) financing	123,244	12,545	(28,473)
Increase/(decrease) in cash and cash equivalents	166,442	(222,475)	(210,667)
Opening cash and cash equivalents	(287,700)	(77,033)	(77,033)
Closing cash and cash equivalents	(121,258)	(299,508)	(287,700)

* Restated to reflect the adoption of IFRS as per note 6.

Frenkel Topping Group plc
Consolidated Statement of Changes in Equity
As at 30 June 2007

	Issued capital	Share premium	Share based payment reserve	Other reserve	Treasury shares	Retained earnings	Total equity
	£	£	£	£	£	£	£
Balance at 1 January 2006	227,998	3,586,193	88,197	-	(25,000)	(938,314)	2,939,074
Loss for the period	-	-	-	-	-	(312,333)	(312,333)
Issue of shares	40,917	1,923,683	-	-	-	-	1,964,600
Cost of share based payments	-	-	111,879	-	-	-	111,879
Balance as at 30 June 2006	268,915	5,509,876	200,076	-	(25,000)	(1,250,647)	4,703,220
Loss for the period	-	-	-	-	-	(143,001)	(143,001)
Issue of shares	5,000	235,000	-	-	-	-	240,000
Cost of share based payments	-	-	86,422	-	-	-	86,422
As at 1 January 2007	273,915	5,744,876	286,498	-	(25,000)	(1,393,648)	4,886,641
Loss for the period	-	-	-	-	-	(34,936)	(34,936)
Share based compensation	-	-	122,318	-	-	-	122,318
Equity element of financial instrument issued	-	-	-	12,997	-	-	12,997
Balance at 30 June 2007	273,915	5,744,876	408,816	12,997	(25,000)	(1,428,584)	4,987,020

Notes to the Interim Financial Statements

1. Accounting policies and basis of preparation

The Group's previous financial statements have been prepared under UK Generally Accepted Accounting Principles (UK GAAP). For the financial year ended 31 December 2007, the Group will prepare its annual consolidated financial statements in accordance with IFRS as adopted by the European Union (EU) and implemented in the UK.

The Group's date of transition to IFRS was 1 January 2006 at which date the Group prepared its opening IFRS balance sheet. The financial information for the 6 months ended 30 June 2007 is unaudited and has been prepared in accordance with the Group's accounting policies based on IFRS standards that are expected to apply for the financial year 2007. The financial information for the 6 months ended 30 June 2006 is also unaudited and has been restated under IFRS. 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.

The presentation of financial information under IFRS is governed by IFRS 1 'First-time Adoption of IFRS', because they are part of the period covered by the Group's first IFRS financial statement for the year ended 31 December 2007. In some cases this will require the presentation of an item in a different position, or the use of a different description in the financial statements to that adopted in the UK GAAP financial statements. These reclassifications have been described in the explanatory notes.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial statements for the period ended 30 June 2007, 31 December 2006 and 30 June 2006 is set out in note 6.

The interim financial information has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 but has been reviewed by the auditors in accordance with Bulleting 1999/4 issued by the Auditing Practices Board. The Group's statutory accounts for the year ended 31 December 2006, prepared under UK GAAP 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 237(2) or (3) of the Companies Act 1985.

The principal accounting policies adopted in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all period presented.

The interim statements are prepared on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future working capital requirements and therefore continue as a going concern is dependent upon it being able to generate significant revenues and free cash flow. The Directors have prepared projections which they consider to be prudent and demonstrate that the business can operate within its existing cash resources and have identified a series of realistically achievable actions that they are committed to taking appropriate action to mitigate the rate of cash outflow should revenues not be secured as predicted. The Directors believe that the Group has sufficient funds for the foreseeable future and therefore the interim financial statements have been prepared on the going concern basis.

The principle effects identified on adoption of IFRS are discussed below:

IFRS 3 'Business Combinations', IAS 36 and IAS 38 resulted in a change to the accounting policy for Goodwill. Until 31 December 2005, goodwill was:

- Amortised on a straight line basis over a period of up to 10 years from the year of acquisition and;
- Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of IFRS 3 and IAS 36:

- The Group ceased amortisation of goodwill from 1 January 2006;
- Accumulated amortisation as at 31 December 2006 has been eliminated with a corresponding increase in the carrying value of goodwill of £485,842;
- From 1 January 2006 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

Basis of consolidation

The consolidated interim financial statements comprise the accounts of Frenkel Topping Group Plc and its subsidiary undertakings Frenkel Topping Limited, Frenkel Topping Structured Settlements Limited and FTG EBT Trustees Limited up to 30 June 2007.

Revenue

Revenue represents the amount of net fees and commission, excluding value added tax, made during the period on client's contracts. Revenue is accrued based on the stage of completion of specific client contracts where the outcome can be assessed with reasonable certainty.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill on acquisition of subsidiaries is separately disclosed.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of these cash generating units represents the Group's investment in each country of operation by primary reporting segment.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on the acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Goodwill has been re-stated on transition to IFRS as certain intangible assets, which were no recognised under UK GAAP, have now been separately classified, as they meet the recognition criteria under IAS 38 for an individual company.

No negative goodwill was eliminated on transition to IFRS.

Plant and equipment

All fixed assets are initially recorded at cost. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% straight line
Leasehold improvements	-	25% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	25% straight line

Residual value and estimating remaining lives are reviewed annually.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leasing commitments

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Employee benefits

The pension costs charged in the financial statements represent the contribution payable by the Group during the year.

Share-based compensation

The Group operates an equity-settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to reserves over the remaining vesting period.

The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Employee share ownership plans

The Group operates an Employee Benefit Trust and has de facto control of the shares held by the trust and bears their benefits and risks. The Group records certain assets and liabilities of the trust as its own. Finance costs and administrative expenses are charged as they accrue.

Deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments

The Group's principal financial instruments comprise bank loans, hire purchase agreements and a bank overdraft facility.

Convertible loans are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan note.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Financial liability

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdraft where a right of set off exists.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, which represents the fair value of the consideration received, net of any issue costs associated with other borrowings. Borrowings are subsequently stated at amortised cost.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derecognition of financial instruments

The derecognition of financial instruments takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all of the cash flows attributable to the instrument are passed through to an independent third party.

2. Segmental Reporting

The total turnover, losses before tax and net assets are attributable to the one principal activity of the Group, the provision of advice regarding structured settlements and related financial services. All revenue and costs originate within the United Kingdom.

3. Provisions

	6 Months ended 30-Jun-07 Unaudited	6 Months ended 30-Jun-06 Unaudited £	Year ended 31-Dec-06 Unaudited £
PROVISIONS			
Provisions for professional indemnity claims	-	-	106,985
	-	-	106,985

4. Loss per ordinary share

The calculation of basic loss per ordinary share is based on losses attributable to equity holders of the parent of £34,935 (6 months ended 30 June 2006: £312,333, year ended 31 December 2006: £455,334) and on 54,782,947 ordinary shares (6 months ended 30 June 2006: 46,956,382, year ended 31 December 2006: 50,956,558) being the weighted average number of shares in issue during the period.

The loss for the periods and the weighted average number of ordinary shares for calculating the diluted loss per share are identical to those for the basic loss per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of International Accounting Standard ("IAS") 33.

5. Loan facility

During the period the Group entered into a £500,000 loan facility. In consideration for providing the loan facility, the Group has issued options to the loan provider in respect of 10,000,000 new ordinary shares. The options can be exercised at any time until May 2010 provided that the aggregate value of the options exercised does not exceed the total of the sums drawn down on the loan facility by the Group. As at 30 June 2007, £200,000 has been drawn down on the loan. The loan will be used for the strategic developments of the Group. In accordance with IAS 39 'Financial Instruments – Measurement' the loan is treated as a compound instrument. IAS 39 requires the issuer to:

a) Identify the various components of the instrument;
b) Determine the fair value of the liability component
c) Determine the equity component as a residual amount, essentially the issue proceeds of the instrument less the liability component determined in b) above

The equity element of the loan of £12,997 has been transferred to reserves.

6. Explanation of the transition to IFRS

For all periods up to and including the year ended 31 December 2006 the Group prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (UK GAAP).

In preparing these interim financial statements, the Group has started from an opening balance sheet as at 1 January 2006, the Group's date of transition to IFRS, and made those changes in accounting policies and other restatements required by IFRS.

IFRS 1 allows first time adopters certain exemptions from the general requirements to retrospectively apply IFRS as effective for the 31 December 2005 year end. The optional exemptions taken by the Group are as follows:

Business Combinations: The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business that took place prior to the transition date. Consequently goodwill arising on business combinations before transition date remains at its previous UK GAAP carrying value as at the date of transition.

The reconciliation between UK GAAP and IFRS for the Group's loss, income statement, balance sheet and total equity are presented below:

	6 Months ended 30-Jun-06 Unaudited £	Year ended 31-Dec-06 Unaudited £
Loss after tax and minority interests under UK GAAP	(492,157)	(941,176)
Amortisation of goodwill	179,824	485,842
Loss after tax and minority interests under IFRS	(312,333)	(455,334)

Reconciliation of income statement for the 6 months ended 30 June 2006

	UK GAAP £	IFRS effect £	IFRS £
REVENUE	1,243,822	-	1,243,822
Cost of sales	(682,157)	-	(682,157)
Gross Profit	561,665	-	561,665
ADMINISTRATION EXPENSES			
Share based compensation	(111,879)	-	(111,879)
Amortisation of goodwill	(179,824)	179,824	-
Other	(736,128)	-	(736,128)
TOTAL ADMINISTRATION EXPENSES	(1,027,831)	179,824	(848,007)
LOSS FROM OPERATIONS	(466,166)	179,824	(286,342)
Finance costs	(16,607)	-	(16,607)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(482,773)	179,824	(302,949)
Income tax expense	13,366	-	13,366
LOSS FOR THE YEAR	(469,407)	179,824	(289,583)
Loss attributable to:			
Equity holders of parent	(492,157)	179,824	(312,333)
Minority Interest	22,750	-	22,750
	(469,407)	179,824	(289,583)

Reconciliation of income statement for the year ended 31 December 2006

	UK GAAP £	IFRS effect £	IFRS £
REVENUE	2,570,504	-	2,570,504
Cost of sales	(1,170,467)	-	(1,170,467)
Gross Profit	1,400,037	-	1,400,037
ADMINISTRATION EXPENSES			
Share based compensation	(198,301)	-	(198,301)
Further provision	(106,985)	-	(106,985)
Amortisation of goodwill	(485,842)	485,842	-
Other	(1,493,686)	-	(1,493,686)
TOTAL ADMINISTRATION EXPENSES	(2,284,814)	485,842	(1,798,972)
LOSS FROM OPERATIONS	(884,777)	485,842	(398,935)
Finance expense	(47,706)	-	(47,706)
LOSS BEFORE TAXATION	(932,483)	485,842	(446,641)
Income tax expenses	(25,039)	-	(25,039)
LOSS FOR YEAR	(957,522)	485,842	(471,680)
Loss attributable to:			
Equity holders of parent	(941,176)	485,842	(455,334)
Minority Interests	(16,346)	-	(16,346)
	(957,522)	485,842	(471,680)

Reconciliation of equity as at 30 June 2006 and 31 December 2006

	30-Jun-06 Unaudited £	31-Dec-06 Unaudited £
Total equity under UK GAAP	4,523,396	4,400,799
Amortisation of goodwill	179,824	485,842
Total equity under IFRS	4,703,220	4,886,641

Reconciliation of balance sheet as at 30 June 2006

	UK GAAP £	IFRS effect £	IFRS £
ASSETS			
NON CURRENT ASSETS			
Plant and equipment	57,732	-	57,732
Goodwill	4,646,838	179,824	4,826,662
Deferred tax	9,179	-	9,179
	4,713,749	179,824	4,893,573
CURRENT ASSETS			
Accrued income	295,946	-	295,946
Trade receivables	454,920	-	454,920
Other receivables	156,630	-	156,630
Cash	83	-	83
	907,579	-	907,579
TOTAL ASSETS	5,621,328	179,824	5,801,152
EQUITY AND LIABILITIES			
EQUITY			
Share capital	268,915	-	268,915
Share premium account	5,509,876	-	5,509,876
Share based payment reserve	200,076	-	200,076
Treasury share reserve	(25,000)	-	(25,000)
Profit and loss account	(1,430,471)	179,824	(1,250,647)
	4,523,396	179,824	4,703,220
Minority Interests	(292,899)	-	(292,899)
TOTAL EQUITY	4,230,497	179,824	4,410,321
NON CURRENT LIABILITIES			
Other liabilities	25,000	-	25,000
	25,000	-	25,000
CURRENT LIABILITIES			
Amounts due to bankers and short term loans	485,295	-	485,295
Taxation	105,140	-	105,140
Trade payables	288,125	-	288,125
Other payables	332,905	-	332,905
Finance lease obligations	11,866	-	11,866
Provisions	142,500	-	142,500
	1,365,831	-	1,365,831
TOTAL LIABILITIES	1,390,831	-	1,390,831
TOTAL EQUITY AND LIABILITIES	5,621,328	179,824	5,801,152

Reconciliation of balance sheet as at 31 December 2006

	UK GAAP £	IFRS effect £	IFRS £
ASSETS			
NON CURRENT ASSETS			
Plant and equipment	43,648	-	43,648
Goodwill	4,609,445	485,842	5,095,287
Deferred tax	7,069	-	7,069
	4,660,162	485,842	5,146,004
CURRENT ASSETS			
Accrued income	329,010	-	329,010
Trade receivables	396,321	-	396,321
Other receivables	101,067	-	101,067
Cash	29	-	29
	826,427	-	826,427
TOTAL ASSETS	5,486,589	485,842	5,972,431
EQUITY AND LIABILITIES			
EQUITY			
Share capital	273,915	-	273,915
Share premium account	5,744,876	-	5,744,876
Share based payment reserve	286,498	-	286,498
Treasury share reserve	(25,000)	-	(25,000)
Profit and loss account	(1,879,490)	485,842	(1,393,648)
	4,400,799	485,842	4,886,641
Minority Interests	(304,499)	-	(304,499)
TOTAL EQUITY	4,096,300	485,842	4,582,142
NON CURRENT LIABILITIES			
Other liabilities	25,000	-	25,000
	25,000	-	25,000
CURRENT LIABILITIES			
Amounts due to bankers and short term loans	473,433	-	473,433
Taxation	106,984	-	106,984
Trade payables	297,342	-	297,342
Other payables	237,723	-	237,723
Finance lease obligations	9,807	-	9,807
Provisions	240,000	-	240,000
	1,365,289	-	1,365,289
TOTAL LIABILITIES	1,390,289	-	1,390,289
TOTAL EQUITY AND LIABILITIES	5,486,589	485,842	5,972,431

7. Movement in net debt

	1-Jan-07	Cash Flow	Non-Cash Movements	30-Jun-07
	£	£	£	£
Cash at Bank	29	132	-	161
Overdrafts	(287,729)	166,310	-	(121,419)
	(287,700)	166,442	-	(121,258)
Debts due within one year	(185,704)	(167,668)	12,881	(340,491)
Debts due after one year	(25,000)	-	-	(25,000)
Finance leases	(9,807)	9,807	-	-
	(220,511)	(157,861)	12,881	(365,491)
	(508,211)	8,581	12,881	(486,749)

8. Reconciliation of net cash flow to movement in net debt

	6 Months 30-Jun-07 Unaudited	6 Months 30-Jun-06 Unaudited	Year ended 31-Dec-06 Unaudited
	£	£ *	£ *
Increase/(decrease) in cash in the period	166,442	(222,475)	(210,667)
Net cash outflow from debt financing	(157,861)	(29,152)	(15,863)
Change in net debt resulting from cashflows	8,581	(251,627)	(226,530)
Other	12,881	-	(3,370)
Change in net debt	21,462	(251,627)	(229,900)
Net debt at start of period	(508,211)	(278,311)	(278,311)
Net debt at end of period	(486,749)	(529,938)	(508,211)

* Restated to reflect the adoption of IFRS.

9. The Board of Directors approved the interim report on 13 August 2007.

INDEPENDENT REVIEW REPORT TO FRENKEL TOPPING GROUP PLC

Introduction
We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and related notes that have been reviewed. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the company for the purpose of their interim statement and for no other purpose. We do not, therefore, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities
The interim statement, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Statement in accordance with the AIM Market Rules which require that the accounting policies and presentation applied to the interim figures must be consistent with those that will be adopted in the company's annual accounts.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom as if that Bulletin applied. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the disclosed accounting policies have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

BAKER TILLY UK AUDIT LLP

Chartered Accountants
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13 August 2007