

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Frenkel Topping Group Plc, please pass this document and the accompanying documents to the purchaser or transferee, or to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

## **FRENKEL TOPPING GROUP PLC**

(incorporated and registered in England and Wales with number 4726826)

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice of the Annual General Meeting of the Company to be held at the offices of Addleshaw Goddard LLP at 100 Barbirolli Square, Manchester, M2 3AB on 10 May 2011 at 10a.m is set out at the end of this notice.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received by 10 a.m on 8 May 2011.

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## PART I

### FRENKEL TOPPING GROUP PLC

(incorporated and registered in England and Wales with number 4726826)

#### Directors:

David Southworth (Non-executive Chairman)  
Richard Fraser (Managing Director)  
Juile Dean (Finance Director)

#### Registered Office:

4th Floor  
Statham House  
Lancastrian Office Centre  
Talbot Road  
Old Trafford  
Manchester  
M32 0FP

27 March 2011

*To the holders of shares in the capital of the Company*

#### Annual General Meeting

Dear shareholder

I am pleased to be writing to you with details of our annual general meeting (**AGM**) which we are holding at the offices at Addleshaw Goddard LLP at 100 Barbirolli Square, Manchester, M2 3AB on 10 May 2011 at 10a.m. The formal notice convening the AGM is set out on page 5 of this document. There are 3 items of ordinary business and 4 items of special business to be considered at the meeting, explanations of which are set out below.

If you would like to vote on the resolutions but cannot attend the AGM, please fill in the proxy form sent to you with this circular and return it to the Company's registrars, Neville Registrars Limited (**Registrars**), as soon as possible. They must receive it by 10a.m. on 8 May 2011.

#### ORDINARY BUSINESS

Resolutions 1 to 3 inclusive will be proposed as ordinary resolutions.

#### The annual report and accounts (Resolution 1)

Shareholders will be asked to receive the consolidated annual report and audited accounts of the Company and its subsidiaries for the year ended 31 December 2010 (**2010 Report and Accounts**).

#### Re-election of director (Resolution 2)

In accordance with the articles of association of the Company (**Articles**), Julie Dean, Finance Director, has been the longest director in office since her last election by shareholders and she will therefore retire by rotation and seek re-election as a director.

#### Re-appointment of auditor (Resolution 3)

The Company is required to appoint an auditor at each general meeting at which its accounts are presented, to hold office until the next such general meeting. This resolution proposes that Baker Tilly UK Audit LLP, having indicated its willingness to continue in office, be re-appointed as auditor of the

Company for the current financial year and that the directors be authorised to determine its remuneration.

## **SPECIAL BUSINESS**

Resolution 4 will be proposed as an ordinary resolution and Resolutions 5, 6 and 7 will be proposed as special resolutions.

### **Authority to allot shares (resolution 4)**

Under section 549 of the Companies Act 2006 (**Act**), the directors are prevented, subject to certain exceptions, from allotting shares in the Company or from granting rights to subscribe for, or convert any security into, shares in the Company without the authority of the shareholders in general meeting.

At the annual general meeting of the Company held on 12 May 2010 (**2010 AGM**), shareholders authorised the directors, pursuant to section 551 of the Act, to allot shares and to grant such rights without the prior consent of shareholders until the conclusion of the next annual general meeting. In accordance with the directors' intention to seek annual renewal, it is proposed (via the passing of resolution 4) to authorise the directors to allot shares and to grant such rights from the passing of this resolution until the conclusion of the next annual general meeting. On the passing of this resolution, all previous authorities under section 551 of the Act will cease to have effect. The £90,506.46 nominal amount of shares to which this authority relates represents approximately 33% of the nominal amount of issued share capital of the Company as at 27 March 2011. The directors have no present intention of exercising this authority.

### **Disapplication of pre-emption rights (Resolution 5)**

If the directors wish to allot new shares for cash (other than in connection with an employee share scheme), the Act requires that those shares are offered first to shareholders in proportion to their existing holdings.

At the 2010 AGM, a special resolution was passed, pursuant to section 570 of the Act, empowering the directors to allot equity securities (as defined in the Act) for cash without first being required to offer such securities to existing shareholders, such authorisation expiring at the conclusion of the next annual general meeting of the Company. It is proposed (via the passing of resolution 5) that this authority be renewed until the conclusion of the next annual general meeting. On the passing of resolution 5, all previous authorities under section 570 of the Act will cease to have effect. If approved, resolution 5, will authorise the directors, in accordance with the Articles, to issue equity securities pursuant to the authority conferred on the directors by resolution 4 in connection with a rights issue or open offer or otherwise to issue equity securities for cash up to the nominal amount of £13,713.

The £13,713 nominal amount of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 27 March 2011.

### **Cancellation of the Company's share premium account (resolution 6)**

The directors are proposing the cancellation of the Company's share premium account in order to eliminate the accumulated deficit on the profit and loss account of the Company and to create distributable reserves (the **Proposal**). The distributable reserves will, subject to the proposed cancellation taking effect, be available to pay dividends to shareholders and to effect share buybacks as and when the directors consider it appropriate.

Further information relating to the Proposal is set out below.

- **Share premium account**

Save in exceptional circumstances, the Act requires that a company which issues shares for consideration greater than their normal value must transfer that part of the amount received which exceeds such nominal value to a share premium account. The Act also restricts the purposes for which the share premium account may be used.

- **The Proposal**

The amount standing to the credit of the Company's share premium account is £5,744,876 at 31 December 2010. Under the Act, a public company may reduce or cancel its share premium account unless its articles of association restrict or prohibit any such cancellation or reduction, provided that it obtains both the approval by special resolution of its shareholders in general meeting and the subsequent confirmation of the High Court. Article 13.3 of the Articles provides that the Company may, by special resolution, reduce its share premium account in any way.

It is now proposed that the Company's share premium account be cancelled. Upon the cancellation taking effect (on registration by the Registrar of Companies of the confirmatory order of the High Court), the amount of the cancellation (being £5,744,876) would eliminate the deficit on the Company's profit and loss account, which, as at 31 December 2010 was £1,782,601. The balance of the amount of the cancellation (being approximately £3,962,275) would be available to the Company for the payment of dividends to shareholders and the purchase by the Company of its own shares, subject in each case to certain restrictions having been met.

If the Proposal is to be implemented, it is necessary that the shareholders pass a special resolution approving the cancellation at the AGM.

Following the passing by shareholders of resolution 6, the Company will apply to the High Court for an order confirming the cancellation. The cancellation, to be effective, requires the confirmation of the High Court, which will seek to protect the interests of the Company's creditors. As the Company's only creditors are Frenkel Topping Limited (**FTL**), one of its trading subsidiary, to which the Company owes the sum of £644,663; and FTG EBT Trustees Limited (**FT EBT**), the employee benefit trust operated by the Company and a subsidiary of the Company, to which the Company owes the sum of £12,500, the Company has obtained written consent to the cancellation from both FTL and FT EBT.

The cancellation, which is expected to become effective during the week commencing 6 June 2011, will not affect the interests of FTL or FT EBT, as the Company's only creditors, and will not alter the authorised or issued share capital of the Company; nor will it result in any diminution of the net assets of the Company.

### **Authority to make market purchases of ordinary shares (resolution 7)**

Subject to the passing of resolution 6 by the shareholders of the Company to approve the cancellation of the Company's share premium account, and upon the cancellation taking effect such that the deficit on the Company's profit and loss account is eliminated, the balance of the amount of the cancellation following such elimination would be available to the Company for, amongst other things, the purchase by the Company of its own shares, subject to certain restrictions having been met.

Accordingly, resolution 7 is being proposed to give the Company authority to buy back its own shares in the market as permitted by the Act.

The authority limits the number of ordinary shares that could be purchased to a maximum of 5,485,239 ordinary shares of 0.5 pence each, which represents approximately 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at 27 March 2011 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices. The authority will remain in force until 9 May 2012 or, if earlier, on the conclusion of the Company's next annual general meeting.

Any ordinary shares purchased under this authority would be by means of market purchases through the London Stock Exchange. Shares so purchased would be cancelled and the number of ordinary shares in issue reduced accordingly. The directors have no present intention of exercising the authority to purchase the Company's ordinary shares, but will keep the matter under review, taking into account other investment opportunities, the balance available at the time of any proposed purchase of own shares and (if at all) any negative impact on the Company's reserves due to trading performance. The authority to repurchase ordinary shares will, if approved by shareholders, only be exercised after careful consideration by the directors of all relevant factors, including whether such exercise would result in an increase in earnings per share and would be in the best interests of shareholders generally.

#### **Action to be taken**

Whether or not you are able to attend the AGM, shareholders are requested to complete and return the form of proxy accompanying this circular to the Registrars, Neville Registrars Limited of Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, so as to arrive as soon as possible and in any event not later than 10am on 8 May 2011. Completion and return of a form of proxy will not prevent you from attending and speaking at the AGM and voting in person if you so wish.

#### **Recommendation**

The directors unanimously believe that all the proposals to be considered at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that shareholders vote in favour of the resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings which, in aggregate, amount to 14,687,486 ordinary shares, representing 27 per cent. of the issued share capital of the Company.

Yours faithfully

A handwritten signature in black ink, appearing to be 'D Southworth', written in a cursive style.

David Southworth  
Non-executive Chairman

## PART II

Company No. 4726826

### FRENKEL TOPPING GROUP PLC

#### Notice of Annual General Meeting

Notice is given that the 2011 Annual General Meeting of the Company will be held at the offices of Addleshaw Goddard LLP, 100 Barbirolli Square, Manchester, M2 3AB on 10 May 2011 at 10:00 a.m. to transact the business set out below. Resolutions 1 to 4 below will be proposed as ordinary resolutions and resolutions 5 and 6 will be proposed as special resolutions.

#### ORDINARY BUSINESS

1. To receive the audited accounts and the auditors' and directors' reports for the year ended 31 December 2010.
2. To re-elect Julie Dean as a director.
3. To re-appoint Baker Tilly UK Audit LLP as the Company's auditor to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which accounts are laid and to authorise the directors to determine the auditor's remuneration.

#### SPECIAL BUSINESS

##### Ordinary resolution - authority to allot shares

4. That the directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (**Allotment Rights**), but so that:
  - (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £90,506.46;
  - (b) this authority shall expire on 9 May 2012 or, if earlier, on the conclusion of the Company's next annual general meeting;
  - (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and
  - (d) all authorities vested in the directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights, or to allot relevant securities (as defined in the Companies Act 1985), that remain unexercised at the commencement of this meeting are revoked.

### **Special resolution - disapplication of pre-emption rights**

5. That the directors are empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, pursuant to the authority conferred on them by resolution 4 in the notice convening this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is limited to:
- (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the London Stock Exchange's AIM Rules for Companies) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
  - (b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £13,713,

and shall expire when the authority conferred on the directors by resolution 4 in the notice convening this meeting expires, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.

### **Special resolution – cancellation of share premium account**

6. That the share premium account of the Company as at 27 March 2011 be cancelled.

### **Special resolution - authority to purchase own shares on market**

7. That the Company is generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of that Act) of ordinary shares of 0.5 pence each in its capital, provided that:
- (a) the maximum aggregate number of such shares that may be acquired under this authority is 5,485,239;
  - (b) the minimum price (exclusive of expenses) which may be paid for such a share is its nominal value;
  - (c) the maximum price (exclusive of expenses) which may be paid for such a share is five per cent above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange's Daily Official List) for the five business days immediately preceding the date on which the share is contracted to be purchased or, in the case of a tender offer, the terms of the tender offer are announced;
  - (d) this authority shall expire on 9 May 2012 or, if earlier, on the conclusion of the Company's next annual general meeting; and

- (e) before such expiry the Company may enter into a contract to purchase shares that would or might require a purchase to be completed after such expiry.

Registered office:

4th Floor  
Statham House  
Lancastrian Office Centre  
Talbot Road  
Old Trafford  
Manchester  
M32 0FP

By order of the Board

Julie Dean  
Company Secretary  
27 March 2010

**NOTES:**

1. **A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting.**
2. A member must be registered as the holder of ordinary shares by 6.00 p.m. on 8 May 2010 in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
3. Forms for the appointment of a proxy in respect of the meeting have been provided to members with this notice of meeting. To be valid, a proxy appointment form must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA so as to be received not less than 48 hours before the time appointed for the holding of the meeting. Completing and returning a proxy form will not prevent a member from attending in person and voting at the meeting should he so wish.