



Correction: Trading and strategy update and notice of results

This announcement replaces the Company's announcement issued under RNS number 7879M at 7am on 25 January 2016 (the "Previous Announcement"). The Previous Announcement stated that the Company acquired FC Fund Management in 2015 whereas in fact it acquired a subsidiary of FCFM Group Limited named FC Fund Managers Limited. The full amended announcement is set out below. All other details remain unchanged.

25 January 2016

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

Trading and strategy update and notice of results

Frenkel Topping (AIM: FEN), a specialist independent financial advisor and asset manager focussed on asset protection for vulnerable clients, provides the following update in relation to trading for the financial year ended 31 December 2015 and group strategy following the acquisition of FC Fund Managers in 2015.

Delivery on strategy for 2015

The Company's strategy for 2015 was to continue to grow the business through increasing the number of fee earning consultants and expanding Frenkel Topping's geographic reach. The addition of new consultants during 2015 brought the total to 14 with the Company opening offices in London, Birmingham, Leeds, Cardiff and Bristol. This strategy has been a success with the new consultants already covering their costs through additional fee income over the months since joining with the additional Assets under Management ("AUM") they have brought to the Company providing recurring revenue for future years. The Company intends to add additional consultants selectively over the course of 2016.

On 1 September 2015 the Company acquired the entire share capital of FC Fund Managers Limited, renamed Frenkel Topping Investment Management Limited ("FTIM"). This gave the Company an FCA regulated vehicle with appropriate permissions to establish and offer an in-house investment service. The Company has submitted a new regulatory business plan to the FCA and subject to the receipt of approval to this business plan the Company expects to be able to provide full scope discretionary fund management ("DFM") services to its retail clients. These services were previously outsourced by the Company to a number of discretionary fund managers.

Financial results for 2015

Unaudited revenues for the full year grew by just over 10% to £6.3 million (2014: £5.7 million). As a result of the planned expansion of the geographical footprint, authorised individuals and the running cost of the newly acquired business the Company expects to report an operating profit of approximately £1.50 million (2014: £1.74 million). The Board believes that the investments made in 2015 will position the Company well for accelerated growth in 2016 and 2017.

During the year, unaudited AUM increased to £666 million as at 31 December 2015 (2014: £619 million) with a record £85 million (2014: £61 million) of new assets signed up during the period. The Company continues to maintain an impressively high client retention rate of 98% and overall regular recurring revenue remains at 74% of total revenues.

Unaudited pre-tax profit for 2015 was £1.29 million (2014: £1.56 million), after deducting £136,000 of legal fees in connection with the acquisition of FTIM. After accounting for the legal fees and the additional running cost of the newly acquired business, pre-tax trading profit from the core business was in line with market expectations.

As part of the acquisition of FTIM £2.5 million of cash was brought into the Company, increasing cash to £4.4 million at 31 December 2015 (31 December 2014: £1.70 million). This puts the Company in an excellent position to make strategic acquisitions.

The Board intends to recommend shareholders to approve a final dividend of 0.6975 pence per share, which when added to the interim dividend of 0.19 pence per share, paid out on 14 August 2015, will make a total dividend for 2015 of 0.8875 pence per share (2014: 0.71) a 25% increase from the prior year.

Strategy for 2016 and 2017

While the acquisition of FTIM afforded the Group the opportunity to launch its own DFM service, it also provided the Company with an enhanced opportunity to negotiate revised terms with existing platform and DFM providers.

Following discussions, the Company is delighted to announce that new agreements have been reached with our existing platform provider and Cannacord Genuity Wealth Management which will have a broadly equivalent impact on the Company's profitability to bringing investment management services in-house. As a result the Board believes that the Company will be able to compete more competitively (on the basis of a lower cost solution for clients) with the goal of adding significantly more AUM over the coming years.

The Board is delighted with these new arrangements which, subject to receipt of the FCA approval of the relevant permission, will put the Company in a very strong position to make a significant improvement to its future operating profitability. The Board's expectations are that in the financial year ending 31 December 2017, given no presently unforeseen external influences, there should be a doubling of operating profitability from that expected for the financial year ended 31 December 2015.

The achievement of these improvements, and the timing of the additional revenue and profits which will enable these, will in part be dictated by the FCA approving the application by FTIM to vary its existing permissions, in part by the Company success in effecting its transition of the client bank to the new arrangements and in part to there being no material change in the Company's operating environment and the UK economy.

Frenkel Topping will release final results for the year ended 31 December 2015 on Monday 14 March 2016. Briefings for analysts, media and investors will be held that week and anyone wishing to attend should contact Walbrook PR.

Richard Fraser, Chief Executive Officer of Frenkel Topping, commented: "The Company continued to strengthen its offering during the period. The addition of new fee earning consultants and regional offices helped drive AUM growth while the acquisition of FC Fund Managers Limited has enabled us to revisit our broader offering. As such, having negotiated new arrangements, we will be able to provide a low cost proposition for the provision of advice and management to our clients. We look forward with confidence to growing AUM and generating shareholder value in 2016 and beyond."

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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 on Manchester, Birmingham, Bristol, Cardiff, London and Leeds and has relationships and infrastructure in place to further grow its reach and target markets.