

**Frenkel Topping Group plc**

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

**Interim Results**

Frenkel Topping (AIM:FEN), 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 2014.

**Highlights**

- Gross profit margin increased from 61% to 68%
- Profit from operations (before share based compensation) margin increased from 24% to 27%
- Profit from operations up by 20% to £740,215
- Funds in Investment Management ("Assets under Management" or "AUM") increased by 12% since 30 June 2013 to £584 million
- Recurring income continues to increase steadily to £2.0 million (H1 2013: £1.8 million), representing 75% of Group revenue
- Basic earnings per share increased to 0.86p (H1 2013: 0.70p)
- Maiden Interim dividend of 0.17 pence per share
- 25 year anniversary of landmark Kelly vs. Dawes case and the UK's first ever structured settlement, a precursor to Periodical Payment Orders ("PPO")

David Southworth, Chairman of Frenkel Topping, commented: "The Group is delighted to report another excellent set of results in which the Company has significantly increased profit before tax and substantially improved profit from operations by 20%. Assets under Management continue to grow and are currently nearly £600 million. The Group has again maintained its 99% client retention rate.

"Frenkel Topping's strategy is to maintain this organic growth and to build on its strength in supporting litigation professionals. The Group remains in a robust financial position and continues to deliver profitable growth. Consequently, the Company intends to increase future

dividends in-line with increases in profits in the coming years, thereby maximising shareholder value.”

**- 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 currently has £584 million of Assets under Management.

## **Chairman's Statement**

### **Results**

On behalf of the Board, I am pleased to report that during this landmark year for the Group, Frenkel Topping has again achieved excellent growth across our key metrics including revenue, profitability and Assets under Management ("AUM").

The legal services and welfare benefit market place has undergone considerable changes, and the Board is satisfied with the continued progress the Company has made during this potentially difficult period. Once again, the Board is pleased to report that the Group has maintained its 99% client retention rate for this period which is testament to the strength of the expert financial advice Frenkel Topping provides for its clients and litigation professionals.

For the six months ended 30 June 2014, the Group has grown profit from operations, before share based compensation by 20% to £740,215 (H1 2013: £615,656; FY 2013: £1,436,703) and increased profit before tax by 13% to £652,745 (H1 2013: £578,478; FY 2013: £1,392,071).

Revenue for the period increased by 4% to £2,705,946 (H1 2013: £2,595,817; FY 2013: £5,507,736).

The Group generated £423,340 of cash from its operating activities during the period (H1 2013: £683,632; FY: 2013 £1,717,362). The closing cash balance is £1,282,506 (H1 2013: £751,816, FY 2013: £1,524,551). The closing cash balance is after paying £354,444 out to shareholders in dividend payment and the purchase of own shares of £148,424.

The net asset value of the Group, before non controlling interests at 30 June 2014 was £7,651,969 (H1 2013: £7,303,530; FY 2013: £7,536,963).

The Group's gross profit margin for the period increased to 68% (H1 2013: 61%; FY 2013: 64%) and the profit before tax margin was 24% (H1 2013: 22%; FY 2013: 25%).

Significantly, the Group's AUM continued to exceed the £0.5 billion point, having increased by 12% to £584 million by the period end (H1 2013: £521 million; FY 2013: £558 million). Additionally, the Group is pleased to have again maintained its 99% client retention rate for the AUM service.

## **Dividend**

In June 2014 the Company paid a dividend of £354,444 (2013: £181,695), representing 0.58 pence per share (2013: 0.30 pence) to shareholders. The Company intends to increase future dividends in line with increases in profits in forthcoming financial years. The Company is pleased to announce that it will be paying a maiden interim dividend of £101,990 representing 0.17 pence per share. The interim dividend will be paid on 15 August 2014 to shareholders on the register at close of business on 1 August 2014 and the shares will trade on an ex-dividend basis from 30 July 2014.

## **Operations**

The Company is proud that this year marks the 25-year anniversary of the landmark case of Kelly vs. Dawes which resulted in Britain's first ever structured settlement, known as a Periodical Payment Order ("PPO") of which Frenkel Topping played an integral part. This was a pivotal development in personal injury law, providing a guaranteed, tax-free income for the lifetime of a claimant and was a precursor to the current periodical payment regime introduced in April 2005 through the Courts Act.

The Board is particularly pleased that the Assets under Management has continued to increase, reaching over £584 million, showing a steady 12% increase during the period. Servicing our clients remains at the forefront of the success of the business and the Board takes pride in our 99% client retention rate for a record five years.

The Group continues to support charitable organisations across the UK, and we look forward to continuing to work alongside our selected charities during the current year. Our network of charities and professional advisers remains of paramount importance to the Group. In addition, Frenkel Topping's series of Deputy Day Conferences, aimed at bringing together a network of professionals working in the area of private client, Court of Protection, personal injury and clinical negligence litigation continues to grow across the UK.

During the period, Dr Robina Shah, Frenkel Topping's National Strategy and Policy Ambassador for Connecting to Carers, was awarded an Honorary Fellowship from the Royal College of General Practitioners. This prestigious award recognises the contribution that Dr Shah has made nationally for her work with patients and carers. This is evidenced by her leading role in creating the Frenkel Topping Well Being Strategy and Social Business Model. It was formed in response to regulatory developments referring to the Well-being Principle Assessment and Provision of Services. This is further testament to the strength of the team which has been built, and to see members being recognised in this manner is a great vindication of their continued hard work.

## **Outlook**

Whilst the Group operates in a financial services environment, our organic growth is directly linked to changes within legal services. During the period, we are pleased to have further built on the Group's strength in supporting litigation professionals and providing them with premium investment solutions via our "best of breed" investment offering and through expert witness reports for clients.

The Board believes that the Group's expert witness services, technology platform and administration software enhances the services we provide to those litigation professionals and to our clients, providing us with clear differentiation from our competitors in the marketplace. We are able to offer expert witness advice in community care and health issues, welfare benefits and personal injury trusts, in addition to pension loss and periodical payment advice. This combined with the ability to provide clients with our "best of breed" investment offering, as we are not tied down to one particular fund manager, continues to strengthen our market position.

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

The Group remains in a strong position and continues to deliver profitable growth. The Board remains confident that our cautious investment approach for clients coupled with a high level of service and support for litigation professionals will continue to create value for our shareholders in future years which is demonstrated by our progressive dividend policy. The Board views the future with considerable optimism.

**David Southworth**

**Chairman**

**21 July 2014**

<b>Frenkel Topping Group plc Group income statement</b>		<b>6 Months ended 30-Jun-14 Unaudited £</b>	<b>6 Months ended 30-Jun-13 Unaudited £</b>	<b>Year ended 31-Dec- 13 Audited £</b>
	<b>Note</b>			
REVENUE		2,705,946	2,595,817	5,507,736
Direct staff costs		(861,961)	(1,021,253)	(1,959,948)
Gross Profit		<u>1,843,985</u>	<u>1,574,564</u>	<u>3,547,788</u>
ADMINISTRATIVE EXPENSES				
Share based compensation		(84,571)	(31,155)	(33,705)
Other		(1,103,770)	(958,908)	(2,111,085)
TOTAL ADMINISTRATIVE EXPENSES		<u>(1,188,341)</u>	<u>(990,063)</u>	<u>(2,144,790)</u>
Profit from operations before share based compensation		740,215	615,656	1,436,703
Share based compensation		(84,571)	(31,155)	(33,705)
PROFIT FROM OPERATIONS		655,644	584,501	1,402,998
Finance costs		(2,899)	(6,023)	(10,927)
PROFIT BEFORE TAXATION		<u>652,745</u>	<u>578,478</u>	<u>1,392,071</u>
Income tax expense		(129,967)	(142,366)	(291,992)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>522,778</u>	<u>436,112</u>	<u>1,100,079</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent undertakings		522,778	423,957	1,087,925
Non controlling interest		-	12,155	12,154
		<u>522,778</u>	<u>436,112</u>	<u>1,100,079</u>
Earnings per share - basic (pence)	3	0.86	0.70	1.82
Earnings per share - diluted (pence)	3	0.83	0.67	1.76

The results for the period are derived from continuing activities.

**Frenkel Topping Group plc**  
**Group Statement of Financial Position**  
As at 30 June 2014

	<b>30-Jun-14</b> <b>Unaudited</b> £	<b>30-Jun-13</b> <b>Unaudited</b> £	<b>31-Dec-13</b> <b>Audited</b> £
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Goodwill	5,095,287	5,436,461	5,095,287
Property, Plant and equipment	32,427	44,220	37,076
Intangible assets	-	-	-
Deferred tax	61,610	56,852	61,610
	<u>5,189,324</u>	<u>5,537,533</u>	<u>5,193,973</u>
<b>CURRENT ASSETS</b>			
Accrued income	856,522	1,037,249	1,058,054
Trade receivables	993,080	902,052	983,390
Other receivables	186,071	149,016	143,263
Cash at bank and in hand	1,735,131	1,590,694	1,896,932
	<u>3,770,804</u>	<u>3,679,011</u>	<u>4,081,639</u>
<b>TOTAL ASSETS</b>	<u><u>8,960,128</u></u>	<u><u>9,216,544</u></u>	<u><u>9,275,612</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	319,186	311,573	316,161
Merger reserve	929,577	929,577	929,577
Own share reserve	(515,549)	(270,656)	(367,125)
Other reserve	(341,174)	-	(341,174)
Retained earnings	7,259,929	6,333,036	6,999,524
<b>EQUITY ATTRIBUTABLE TO HOLDER OF PARENT</b>	<u>7,651,969</u>	<u>7,303,530</u>	<u>7,536,963</u>
Non controlling Interests	490	-	-
<b>TOTAL EQUITY</b>	<u>7,652,459</u>	<u>7,303,530</u>	<u>7,536,963</u>
<b>NON CURRENT LIABILITIES</b>			
Obligations under finance lease	12,310	23,596	15,211
	<u>12,310</u>	<u>23,596</u>	<u>15,211</u>
<b>CURRENT LIABILITIES</b>			
Financial liabilities	452,625	838,878	372,381
Current taxation	115,261	239,470	141,399
Trade and other payables	727,473	801,414	1,209,658
Provisions	-	9,656	-
	<u>1,295,359</u>	<u>1,889,418</u>	<u>1,723,438</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,307,669</u></u>	<u><u>1,913,014</u></u>	<u><u>1,738,649</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>8,960,128</u></u>	<u><u>9,216,544</u></u>	<u><u>9,275,612</u></u>

**Consolidated Statement of Changes in Equity**  
**For the period to 30 June 2014**

	Share Capital £	Merger Reserve £	Other Reserve £	Own share Reserve £	Retained Earnings £	Total controlling interest £	Non controlling interest £	Total £
Balance 1 January 2013	290,447	-	-	(270,656)	6,058,406	6,078,197	597,375	6,675,572
Share based compensation	-	-	-	-	31,155	31,155	-	31,155
Purchase non controlling interest	21,126	929,577	-	-	-	950,703	(609,529)	341,174
Dividend paid to shareholders	-	-	-	-	(180,482)	(180,482)	-	(180,482)
<b>Total transactions with owners recognised in equity</b>	<b>311,573</b>	<b>929,577</b>	<b>-</b>	<b>(270,656)</b>	<b>5,909,079</b>	<b>6,879,573</b>	<b>(12,155)</b>	<b>6,867,418</b>
Profit and total comprehensive income for the period	-	-	-	-	423,957	423,957	12,155	436,112
<b>Balance 30 June 2013</b>	<b>311,573</b>	<b>929,577</b>	<b>-</b>	<b>(270,656)</b>	<b>6,333,036</b>	<b>7,303,530</b>	<b>-</b>	<b>7,303,530</b>
Share based compensation	-	-	-	-	2,550	2,550	-	2,550
New shares issued	4,588	-	-	-	-	4,588	-	4,588
Purchase non controlling interest	-	-	(341,174)	-	-	(341,174)	-	(341,174)
Dividend paid to shareholders	-	-	-	-	(30)	(30)	-	(30)
Own shares purchased	-	-	-	(96,469)	-	(96,469)	-	(96,469)
<b>Total transactions with owners recognised in equity</b>	<b>316,161</b>	<b>929,577</b>	<b>(341,174)</b>	<b>(367,125)</b>	<b>6,335,556</b>	<b>6,872,995</b>	<b>-</b>	<b>6,872,995</b>
Profit and total comprehensive income for the period	-	-	-	-	663,968	663,968	-	663,968
<b>Balance 31 December 2013</b>	<b>316,161</b>	<b>929,577</b>	<b>(341,174)</b>	<b>(367,125)</b>	<b>6,999,524</b>	<b>7,536,963</b>	<b>-</b>	<b>7,536,963</b>
Share based compensation	-	-	-	-	84,571	84,571	-	84,571
New shares issued	3,025	-	-	-	-	3,025	-	3,025



Own shares purchased	-	-	-	(148,424)	-	(148,424)	-	(148,424)
Dividend paid to shareholders	-	-	-	-	(354,444)	(354,444)	-	(354,444)
Total transaction with owners recognised in equity	319,186	929,577	(341,174)	(515,549)	6,729,651	7,121,691	-	7,121,691
Profit and total comprehensive income for the period	-	-	-	-	522,778	522,778	-	522,778
Employee Share scheme	-	-	-	-	7,500	7,500	490	7,990
<b>Balance 30 June 2014</b>	<b>319,186</b>	<b>929,577</b>	<b>(341,174)</b>	<b>(515,549)</b>	<b>7,259,929</b>	<b>7,651,969</b>	<b>490</b>	<b>7,652,459</b>

- 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.
- 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 2,490,541 (2013: 1,749,293) shares held by an employee benefit trust. The open market value of the shares held at 30 June 2014 was £996,216 (2013: £459,189).
- 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 non controlling interests represents the value of the part 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

	<b>6 Months ended 30-Jun-14 Unaudited £</b>	<b>6 Months ended 30-Jun-13 Unaudited £</b>	<b>Year ended 31-Dec -13 Audited £</b>
<b>Profit before tax</b>	652,745	578,478	1,392,071
Adjustments to reconcile profit for the year to cash generated from operating activities			
Finance cost	2,899	6,023	10,927
Share based compensation	84,571	31,155	33,705
Depreciation	7,172	7,143	14,286
Decrease/(increase) in accrued income, trade and other receivables	157,023	(219,356)	(320,536)
(Decrease)/increase in trade and other payables	(481,070)	280,189	586,909
<b>Cash generated (used in)/from operations</b>	<b>423,340</b>	<b>683,632</b>	<b>1,717,362</b>
Income Tax paid	(156,104)	(93,276)	(256,026)
<b>Cash generated (used in)/from operating activities</b>	<b>267,236</b>	<b>590,356</b>	<b>1,461,336</b>
Acquisition of property, plant and equipment	(2,521)	(4,130)	(4,130)
<b>Cash used in investing activities</b>	<b>(2,521)</b>	<b>(4,130)</b>	<b>(4,130)</b>
Financing activities			
Shares issued	3,025	-	4,587
Dividend paid	(354,444)	(180,473)	(180,512)
Purchase own shares	(148,424)	-	(96,469)
Finance lease payments	(4,018)	(3,500)	(8,035)
Interest on loans and borrowings	(2,899)	(2,712)	(4,501)
<b>Cash used in financing</b>	<b>(506,760)</b>	<b>(186,685)</b>	<b>(284,930)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(242,045)</b>	<b>399,541</b>	<b>1,172,276</b>
<b>Opening cash and cash equivalents</b>	<b>1,524,551</b>	<b>352,275</b>	<b>352,275</b>
<b>Closing cash and cash equivalents</b>	<b>1,282,506</b>	<b>751,816</b>	<b>1,524,551</b>
<b>Reconciliation of cash and cash equivalent</b>			
Cash at bank and in hand	1,735,131	1,590,694	1,896,932
Overdraft	(452,625)	(838,878)	(372,381)
<b>Closing cash and cash equivalent</b>	<b>1,282,506</b>	<b>751,816</b>	<b>1,524,551</b>

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 2014. 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 2013 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 2014 is also unaudited.

The Group's statutory accounts for the year ended 31 December 2013 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 2014 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 2013.

### 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 2014	6 months June 2013	Year ending December 2013
<i>Earnings</i>			
Earning for the purpose of basic earnings per share (net profit for the year attributable to equity holder of the parent)	£522,778	£423,957	£1,087,925
Earning for the purpose of diluted earnings per share	£522,778	£423,957	£1,087,925
<i>Number of shares</i>			
Purpose for basic earnings per share	63,281,887	62,314,660	61,938,332
Less: own shares held	(2,490,541)	(1,749,292)	(2,124,823)
	60,791,346	60,565,368	59,813,509
Effect of dilutive potential ordinary shares – share options	2,255,979	2,533,911	2,114,225
Purpose of diluted earnings per share	63,047,325	63,099,279	61,927,761

4. Dividend

A dividend of £354,444 representing 0.58 pence per share was approved by the Shareholders at the AGM on 14 May 2014 and has not been included as a liability as at 31 December 2013. The dividend was paid on 6 June 2014.

5. The Board of Directors approved the interim report on 18 July 2014.

6. Copies of this report are available from the company website on [www.frenkeltopping.co.uk](http://www.frenkeltopping.co.uk)

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