



Press Release

24 March 2014

Frenkel Topping Group plc

(“the Company” or, together with its subsidiaries, “the Group”)

PRELIMINARY RESULTS FOR YEAR ENDED 31 DECEMBER 2013

Frenkel Topping, a leading provider of specialist independent financial advice on the investment of personal injury damages and clinical negligence awards, today announces its preliminary results for the year ended 31 December 2013.

Highlights

- Revenue increased to £5.5m (2012: £4.8m)
- Gross profit margin increased to 64% from 60%
- Profit from operations before share based compensation margin increased to 26% from 23%
- Profit from operations before share based compensation increased by 30% to £1,437k
- Funds in the Investment Management Service increased to £558m
- Cashflow from operations increased 282% to £1.7m
- Net cash balance increase to £1.5m (2012: £0.4m)
- 99% client retention rate maintained for the fifth year running

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Revenue	£5,507,736	£4,783,714
Gross profit	£3,547,788	£2,883,017
Profit from operations before share based compensation and provisions	£1,436,703	£1,108,953
Profit before taxation	£1,392,071	£1,030,528

Funds in the Investment Management Service	£558m	£483m
Recurring Income	£3.8m	£3.2m
Recurring income is defined as revenue generated from the Group's bank of clients that will re-occur each year providing the client is retained by the Group	1.82p	1.09p
Earnings per ordinary share – basic (pence)		
Earnings per ordinary share – basic (diluted)	1.76p	1.05p

David Southworth, Chairman of Frenkel Topping, commented: “The Group has successfully increased its profit before tax by 35%, as well as significantly growing its cash balances. The Board is pleased to report that it has increased the funds in the Investment Management Service to over £0.5 billion, and our confidence for the future is reflected in our continuing progressive dividend policy.

“The Group’s strategy is to invest further in strengthening its brand to maintain its position as market leader, as well to continue developing our excellent network of professional advisers with whom we work so closely. The Group is in a robust financial position and has recorded a fifth consecutive year of client retention at 99%. The Board remains confident of continuing to deliver profitable growth and increasing shareholder value for the foreseeable future.”

-Ends-

For further information please contact:

Frenkel Topping Group Plc

Richard Fraser, Chief Executive

Tel: +44 (0)161 886 8000

Shore Capital

Pascal Keane

Tel:+44 (0)20 7408 4090

Media enquiries:

Abchurch

Joanne Shears / Jamie Hooper

Tel: +44 (0) 20 7398 7719

Jamie.hooper@abchurch-group.com

www.abchurch-group.com

Notes to Editors:

Frenkel Topping Limited (Frenkel Topping) is the trading subsidiary of Frenkel Topping Group Plc.

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 £558m of client's funds in its investment management service.

CHAIRMAN'S STATEMENT

RESULTS

On behalf of the Board, I am pleased to report another record set of results for the Group. There has been significant progress across the business despite the period being one of considerable change with regard to legal and welfare benefit reforms. The Group's leading technology platform is now in place and is successfully underpinning our best of breed fund management, ensuring that the Group is not committed to one particular fund manager. In particular, the Board is pleased to report that once again, the Group has maintained its 99% client retention rate for the period.

The results for the period show a profit before taxation of £1,392,071 (2012: £1,030,528), representing a 35% increase over the previous year. The profit from operations before share based payments has increased by 30% to £1,436,703 (2012: £1,108,953).

The Group has increased its gross profit margin to 64% (2012: 60%), and its profit from operations margin to 26% (2012: 23%), both notable achievements.

With stringent working capital controls in place, the Group has generated £1,717,362 of cash from its operating activities during the year (2012: £604,951). At the year end the Group's net cash balance was £1,524,551 (2012: £352,275), with no requirements for external financing.

The total equity of the Group, before non-controlling interests, at 31 December 2013 had increased to £7,536,963 (2012: £6,078,197).

The Board was pleased to report that on 11 February 2013, the Group purchased the remaining 17% non-controlling interest in its trading subsidiaries.

OPERATIONS

During 2013 the Group invested over £85 million of new clients' assets (excluding cash), another record achievement, which takes the total Funds in Investment Management Services ("FIMS") as at 31 December 2013 to £558 million (December 2012: £483 million). In addition the Board is pleased to have recorded its fifth consecutive year of retaining 99% of its clients for the FIMS service.

We have continued our investment in the Frenkel Topping brand, which has enabled us to become the market leader in our niche area of financial advice. The Group has plans to extend its coverage in the legal marketplace even further, in order to take advantage of the many changes and opportunities that the Board has identified there. The Board continues to value highly its relationships with fellow advisers in the litigation market place, such as clinical negligence solicitors and professional deputies, and during the period the Group hosted a number of 'Deputy Day' conferences across the UK, aimed to bring together this community. These conferences consist of a series of seminars and discussion groups for personal injury and clinical negligence legal professionals, and are particularly focused on working together to discuss the latest changes to the legal landscape and government legislation such as the Welfare Benefit reform. These events, as well as a host of other activity aimed at this audience, has kept and will continue to keep Frenkel Topping at the forefront of the personal injury litigation community.

The Group's "best of breed" investment offering and new investment platform have been well received by our clients. The Group's approach to its clients, supported by the latest technology, continues to enhance our service offering, which provides us with a clear competitive advantage over our competitors, as we are not tied down to one particular fund manager to manage clients' funds.

The Group prides itself on its 99% client retention rate and remains committed to its clients, not only through its fund management and financial planning offering but by supporting charity organisations across the UK. The Board is pleased to announce that it has now reached Platinum

membership of the Spinal Injury Association (“SIA”) charity, and Richard Fraser, Group Managing Director has been recently appointed to its panel.

DIVIDENDS

The Board intends to continue with its progressive dividend policy and recommends for approval an increased dividend payment of £366,693 (2012: £188,875), representing 0.58 pence per share (2012: 0.30 pence per share) for the period, which is covered 3 times by earnings. The proposed dividend remains subject to shareholder approval at the AGM on 14 May 2014 and will be paid on 6 June 2014 to Shareholders on the register at close of business 23 May 2014. The shares will trade ex-dividend on 21 May 2014.

PROSPECTS

During 2013 we have continued to build on the Group’s strength in supporting litigation professionals by providing their clients with premium investment solutions at competitive rates. This strategy has proved to be successful, as demonstrated by our record results. We intend to continue to capitalise on this strategic approach in order to continue to grow the business.

Due to the financial robustness of the Group model, Frenkel Topping continues to be well placed to adapt to a dynamic and fast changing legal sector and is ready to benefit from any opportunities in the market that may arise going forward.

The Group is in a financially robust position and the Board expects to continue to deliver profitable growth. Accordingly, the Board continues to view the future with confidence.

David Southworth

Chairman

24 March 2014

GROUP INCOME STATEMENT

For the year ended 31 December 2013

	<i>Notes</i>	2013 £	2012 £
REVENUE		5,507,736	4,783,714
Direct staff costs		<u>(1,959,948)</u>	<u>(1,900,697)</u>
GROSS PROFIT		3,547,788	2,883,017
ADMINISTRATIVE EXPENSES			
Share based compensation		(33,705)	(67,966)
Other		<u>(2,111,085)</u>	<u>(1,774,064)</u>
TOTAL ADMINISTRATIVE EXPENSES		<u>(2,144,790)</u>	<u>(1,842,030)</u>
<hr/>			
Profit from operations before share based compensation		1,436,703	1,108,953
- share based compensation		<u>(33,705)</u>	<u>(67,966)</u>
PROFIT FROM OPERATIONS		1,402,998	1,040,987
Finance costs		<u>(10,927)</u>	<u>(10,459)</u>
PROFIT BEFORE TAX		1,392,071	1,030,528
Income tax expense	4	<u>(291,992)</u>	<u>(275,027)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,100,079</u>	<u>755,501</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners the of parent undertaking		1,087,925	602,270
Non controlling interest		<u>12,154</u>	<u>153,231</u>
		<u>1,100,079</u>	<u>755,501</u>
Earnings per ordinary share – basic (pence)	5	1.82p	1.09p
Earnings per ordinary share – diluted (pence)	5	<u>1.76p</u>	<u>1.05p</u>

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	2013 £	2012 £
ASSETS		
NON CURRENT ASSETS		
Goodwill	5,095,287	5,095,287
Property, plant and equipment	37,076	47,232
Deferred taxation	61,610	56,850
	<u>5,193,973</u>	<u>5,199,369</u>
CURRENT ASSETS		
Accrued income	1,058,054	1,006,842
Trade receivables	983,390	748,307
Other receivables	143,263	113,810
Cash and cash equivalents	1,896,932	1,435,217
	<u>4,081,639</u>	<u>3,304,176</u>
TOTAL ASSETS	<u>9,275,612</u>	<u>8,503,545</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	316,161	290,447
Merger reserve	929,577	-
Other reserve	(341,174)	-
Own share reserve	(367,125)	(270,656)
Retained earnings	6,999,524	6,058,406
	<u>7,536,963</u>	<u>6,078,197</u>
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT UNDERTAKING		
Non controlling interests	-	597,375
	<u>7,536,963</u>	<u>6,675,572</u>
TOTAL EQUITY	<u>7,536,963</u>	<u>6,675,572</u>
NON CURRENT LIABILITIES		
Obligations under finance lease	15,211	22,130
	<u>15,211</u>	<u>22,130</u>
CURRENT LIABILITIES		
Bank Overdraft	372,381	1,082,942
Current taxation	141,399	100,675
Trade and other payables	1,209,658	612,570
Provisions	-	9,656
	<u>1,723,438</u>	<u>1,805,843</u>
TOTAL LIABILITIES	<u>1,738,649</u>	<u>1,827,973</u>
TOTAL EQUITY AND LIABILITIES	<u>9,275,612</u>	<u>8,503,545</u>

GROUP STATEMENT OF CHANGE IN EQUITY

For the year ended 31 December 2013

	Share Capital	Merger Reserve	Other Reserve	Own share Reserve	Retained Earnings	Total controlling interest	Non controlling interests	Total
	£	£	£	£	£	£	£	£
Balance 1 January 2012	283,668	-	-	(99,356)	5,499,736	5,684,048	432,429	6,116,477
New shares issued	6,779	-	-	-	-	6,779	-	6,779
Dividends paid	-	-	-	-	(99,851)	(99,851)	-	(99,851)
Share based compensation	-	-	-	-	56,251	56,251	11,715	67,966
Own Shares purchased	-	-	-	(171,300)	-	(171,300)	-	(171,300)
Total transactions with owners recognised in equity	<u>290,447</u>	<u>-</u>	<u>-</u>	<u>(270,656)</u>	<u>5,456,136</u>	<u>5,475,927</u>	<u>444,144</u>	<u>5,920,071</u>
Profit and total comprehensive income for the period	-	-	-	-	602,270	602,270	153,231	755,501
Balance 1 January 2013	<u>290,447</u>	<u>-</u>	<u>-</u>	<u>(270,656)</u>	<u>6,058,406</u>	<u>6,078,197</u>	<u>597,375</u>	<u>6,675,572</u>
New shares issued	4,587	-	-	-	-	4,587	-	4,587
Share based compensation	-	-	-	-	33,705	33,705	-	33,705
Purchase non controlling interest	21,126	929,577	(341,174)	-	-	609,529	(609,529)	-
Own Shares purchased	-	-	-	(96,469)	-	(96,469)	-	(96,469)
Dividend paid	-	-	-	-	(180,512)	(180,512)	-	(180,512)
Total transactions with owners recognised in equity	<u>316,161</u>	<u>929,577</u>	<u>(341,174)</u>	<u>(367,125)</u>	<u>5,911,599</u>	<u>6,449,058</u>	<u>(12,154)</u>	<u>643,884</u>
Profit and total comprehensive income for the period	-	-	-	-	1,087,925	1,087,925	12,154	1,100,079
Balance 31 December 2013	<u><u>316,161</u></u>	<u><u>929,577</u></u>	<u><u>(341,174)</u></u>	<u><u>(367,125)</u></u>	<u><u>6,999,524</u></u>	<u><u>7,536,963</u></u>	<u><u>-</u></u>	<u><u>7,536,963</u></u>

- 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 2,124,823 (2012: 1,749,293) shares held by an employee benefit trust. The open market value of the shares held at 31 December 2013 was £658,695 (2012: £310,500).
- Retained earnings/(losses) represents the profit/(loss) 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.

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2013

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Profit before tax	1,392,071	1,030,528
Adjustments to reconcile profit for the year to cash generated from operating activities:		
Finance cost	10,927	10,459
Share based compensation	33,705	67,966
Depreciation and amortisation	14,286	43,179
(Increase) in accrued income, trade and other receivables	(320,536)	(544,047)
Increase/(decrease) in trade and other payables	586,909	(3,134)
Cash generated from operations	1,717,362	604,951
Income tax paid	(256,026)	(197,111)
Cash generated from operating activities	1,461,336	407,840
Investment activities		
Acquisition of property, plant and equipment	(4,130)	(9,396)
Cash used in investing activities	(4,130)	(9,396)
Financing activities		
Shares issued	4,587	6,779
Dividend paid	(180,512)	(99,851)
Interest on loans and borrowings	(4,501)	(10,158)
Finance lease repayments	(8,035)	(7,000)
Own shares purchased	(96,469)	(171,300)
Cash used in financing	(284,930)	(281,530)
Increase in cash and cash equivalents	1,172,276	116,914
Opening cash and cash equivalents	352,275	235,361
Closing cash and cash equivalents	1,524,551	352,275
Reconciliation of cash and cash equivalents		
Cash at bank and in hand	1,896,932	1,435,217
Overdraft	(372,381)	(1,082,942)
Closing cash and cash equivalents	1,524,551	352,275

Cash and cash equivalents are held at National Westminster Bank Plc.

1. GENERAL INFORMATION

The preliminary financial information does not constitute full accounts within the meaning of section 434 of the Companies Act 2006 but is derived from accounts for the years ended 31 December 2013 and 31 December 2012. The figures for the year ended 31 December 2013 are audited. The preliminary announcement is prepared on the same basis as set out in the statutory accounts for the year ended 31 December 2013. Those accounts, upon which the auditors issued an unqualified opinion, did not include a reference to any matters to which the auditors drew attention by way of emphasis, without qualifying their report, and made no statement under section 498(2) or (3) of the Companies Act 2006, will be delivered to the Registrar of Companies following the Annual General Meeting.

Statutory accounts for the year ended 31 December 2012 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis, without qualifying their report, and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), this announcement does not in itself contain sufficient information to comply with IFRSs.

Frenkel Topping Group Plc is incorporated and domiciled in the United Kingdom.

2. SIGNIFICANT ACCOUNTING POLICIES

GOING CONCERN

The financial 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 current facility has been secured until 31 January 2015 and the Directors do not foresee a problem in securing funding after this date. 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 to mitigate the rate of cash outflow should revenues not be secured as predicted.

3. REVENUE AND SEGMENTAL REPORTING

All of the Group's revenue arises from activities within the UK. Management considers 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.

4. TAXATION

	2013	2012
	£	£
ANALYSIS OF CHARGE IN YEAR		
Current Tax		
UK corporation tax	308,911	244,612
Adjustments in respect of previous periods	<u>(12,159)</u>	<u>5,308</u>
Total current tax charge	<u>296,752</u>	<u>249,920</u>
Deferred tax		
Temporary differences, origination and reversal	<u>(4,760)</u>	<u>25,107</u>
Total deferred tax charge	<u>(4,760)</u>	<u>25,107</u>
Tax on profit on ordinary activities	<u>291,992</u>	<u>275,027</u>

FACTORS AFFECTING TAX CHARGE FOR YEAR

The tax assessed for the period is higher than the standard rate of corporation tax in the UK 24% (2012: 24.5%). The differences are explained below:

	2013	2012
	£	£
Profit before taxation	<u>1,392,071</u>	<u>1,030,528</u>
Profit multiplied by standard rate of corporation tax in the UK of 24% (2012: 24.5%)	334,097	252,479
EFFECTS OF:		
Expenses not deductible	14,722	19,557
Exercise of share options	(52,757)	(25,620)
Share based payments	8,089	16,652
Other charges/ (deductions) in period	(12,159)	11,959
Total tax expense for year	<u>291,992</u>	<u>275,027</u>

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2013 £	2012 £
<i>Earnings</i>		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	1,087,925	602,270
Earnings for the purposes of diluted earnings per share	1,087,925	602,270
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	61,938,332	57,186,784
Less: own shares held	(2,124,823)	(1,794,292)
Effect of dilutive potential ordinary shares:	59,813,509	55,437,492
- Share options	2,114,225	1,731,385
Weighted average number of ordinary shares for the purposes of diluted earnings per share	61,927,761	57,168,877

In the calculation of dilutive earnings per share as at 31 December 2013, no share options have been excluded for being antidilutive. In 2012: 2,932,116 share options were in issue which were not been included in the above calculation of diluted earnings per share as they were antidilutive as at 31 December 2012.

6. BASIS OF THE PRELIMINARY ANNOUNCEMENT

The board of directors of Frenkel Topping Group Plc approved the Preliminary Results on 21 March 2014.

The statutory accounts for the year ended 31 December 2013 will be delivered to the Registrar of Companies following the Annual General Meeting. The statutory accounts will be posted to shareholders on 26 March 2014. Further copies will be available to the public, free of charge, at the company's registered office, 4th Floor, Statham House, Talbot Road, Old Trafford, Manchester, M32 0FP and the Company's website at www.frenkeltopping.co.uk

7. SUBSEQUENT EVENTS

On 7 January 2014 the Company established a new subsidiary, Frenkel Topping Group Holdings Limited. On the same date it transferred the shareholding in its subsidiaries Frenkel Topping Limited, Frenkel Toppings Structured Settlements Limited, Frenkel Topping Wealth Solutions Limited and New Horizon AM Limited to Frenkel Topping Group Holdings Limited. As a result of a new share scheme implemented post year end 15% of the share capital was disposed of as a result of the scheme and is owned by 3 directors of the Company. The Company owns 85% of the share capital of Frenkel Topping Group Holdings Limited but is entitled to 100% of all the profit and dividend distributions of Frenkel Topping Group Holdings Limited.

8. ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 14 May 2014 at 10am at Addleshaw Goddard LLP, 100 Barbirolli Square, Manchester, M2 3AB.

- Ends -