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

Full Year Results

Frenkel Topping (AIM: FEN), a specialist independent financial advisor and asset manager focused on asset protection for vulnerable clients, announces its audited results for the year ended 31 December 2016.

Financial Highlights

- Revenue £6.4m (2015: £6.3m)
- Recurring revenue of £5.1m (2015: £4.7m)
- Gross profit £3.7m (2015: £4.0m)
- Profit from operations (before share based payments and acquisition costs) £1.4m (2015: £1.5m)
- Pre-tax profit £0.9m (2015: £1.3m)
  - reflecting share based compensation charge
  - underlying trading in line with market expectations
- Basic EPS 0.96p (2015: 1.64p)
- Assets under management ("AUM") £745m (as at 31 December 2015: £666m)
- Assets on a discretionary mandate £253m (as at 31 December 2015: £nil)
- Cash generated from operations of £1.6m (2015: £1.0m)
- Net cash and marketable securities of £4.2m (as at 31 December 2015: £4.5m)
- Total dividends (paid and proposed) up 25% to 1.1094p per share (2015: 0.8875p)
- Total Assets £15.0m (as at 31 December 2015: £14.7m)

Operational Highlights

- Eighth consecutive year of high client retention (99%) for investment management services
- Launch of Frenkel Topping Investment Management
- Purchased new head office building in Manchester
- Mark Richards joined the Board as Non-Executive Director and Mark Holt was appointed as Commercial Director
- Lord Chancellor review of the Ogden Discount Rate post year-end

For further information:

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About Frenkel Topping: www.frenkeltopping.co.uk

Frenkel Topping provides specialist independent financial advice and wealth management focussed on asset protection for clients. The specialist financial services group has a market leading position providing advice and fund management services for personal injury and clinical negligence awards and is well placed to provide services to a wider customer base.

It has a national presence with offices in Manchester, Birmingham, Cardiff, London and Leeds and has relationships and infrastructure in place to further grow its reach and target markets.

As at 31 December 2016 the Group has over 1,600 clients with £745m of Assets Under Management (AUM) with £253m on a discretionary mandate.

Chairman's Report

2016 was a pivotal year of change for the Group as it grew its range of specialisms to include the capability to offer discretionary managed services, as well as financial advice, to those in receipt of a personal injury or clinical negligence claim.

The Board welcomed Mark Richards as Non-Executive Director and Mark Holt as Commercial Director, expanding the Board's experience of the financial services industry and large complex claims.

The Group completed the purchase of a 9,700 sqft building and the head office function has been relocated. The purchase of the building will allow the Group to continue to grow from its current head count of 65 and provide purpose built client suites to better serve our client base, in addition to providing staff with an excellent working area to retain and attract employees.

Operational Review

The focus remains on continued year-on-year growth in both AUM and those on a discretionary mandate.

On the morning of 27 February 2017, the Lord Chancellor ruled that the Ogden discount rate, which is currently used to calculate the quantum of damages awards in personal injury and clinical negligence claims, be set at -0.75% rather than the current 2.5%, effective from 20 March 2017. This announcement has dramatically changed how compensation damages are calculated.

We have calculated that the size of court damages is likely to grow significantly to a potential average uplift of c. 80%.

In addition a client's decision to receive a Periodical Payment Order (PPO), which is an annual payment for life, as opposed to a lump sum, has been impacted by this change to the discount rate. Claimants who have historically taken a PPO will now favour a lump sum because the peace of mind and diminished need for investment risk, previously only available with a PPO, has in effect been provided within the lump sum. The claimant now not only has the lump sum of damages significantly increase to meet their lifetime needs, but the added advantage of the flexibility a lump sum award offers.

Furthermore with a historic 2.5% discount rate, clients needed to take investments risk in order to generate this level of return, net of fees. With a revised -0.75% discount rate, the clients risk appetite is reduced. This is aligned to the ethos of the Frenkel Topping Safety First Portfolios.

The Safety First portfolio strategies are specifically designed for the needs of vulnerable clients and are characterised by a focus on inflation matching returns and low volatility. We are pleased with the returns from the Safety First Portfolios during 2016 and into 2017:

Performance				
	Year 2016 %	YTD 2017~ %	Since Inception* %	Volatility* %
Safety First 2 Direct	1.53	1.35	2.88	1.84
Safety First 3 Direct	3.26	1.69	4.95	2.22
Safety First 4 Direct	4.38	2.08	6.46	3.11
Safety First 5 Direct	5.63	2.65	8.28	3.44
Safety First 6 Direct	10.10	3.76	13.86	5.14

Source: Financial Express Analytics
*From 04.01.16 to 2.03.17
~ From 30.12.16 to 01.03.17

All figures are on a bid - bid, total return basis and are quoted net of underlying fund charges, our DFM fee of 0.6% including VAT and a platform fee of 0.2%. Actual Past Performance Data is from 29/4/16 only as the models only launched on this date. Pre -launch performance from 4/1/16 – 29/4/16 is simulated past performance. The figures represent performance of a model portfolio.

All these factors are expected to accelerate exponentially the rate of growth of AUM at Frenkel Topping as a result of clients in receipt of larger damage awards.

We believe being able to offer an investment vehicle designed with our niche client bank in mind, with larger damages awards paid, has laid the foundations for significant growth over the coming years of both AUM and assets on a discretionary mandate.

Results

Gross Profit was £3.7m (2015: £4.0m) with profit from operations before share based compensation charge and acquisition costs of £1.4m (2015: £1.5m) and cash generated from operations of £1.6m (2015: £1.0m). Other comprehensive income amounted to £0.1m (2015: £nil), which when added to the profit from operations before share based compensation charge and acquisition costs amount to £1.5m (2015: £1.5m).

Revenue for the year amounted to £6.4m (2015: £6.3m), of which £5.1m (2015: £4.7m) was contributed from recurring revenues amounting to 80% of total revenues (2015: 74%).

During the year the Group focused on the suitability review of its existing client bank and enters 2017 re focused on organic growth.

The performance during 2016, in terms of profitability, has reflected the Board's focus to develop Frenkel Topping's ability to gear up to manage increased AUM, including those on a discretionary basis with FTIM and laying the foundations for a step change in profitability from 2017 onwards.

We are pleased to report that for the eighth consecutive year we have maintained our very high client retention rate (99%) for the period.

Closing cash and marketable securities as at 31 December 16 amounted to £4.2m (2015 £4.5m), this after the return to shareholders of £0.7m in dividends and £1.1m into purchasing the new head office building in Manchester. As at 31 December 2016, £3.1m was held in a listed fund investment which has been disposed of since that date and re-invested in a commercial property loan investment as announced on 23 January 2017.

Total Assets as at 31 December 16 were £15.0m (2015 £14.7m).

Dividend

We are delighted to continue to advance our progressive dividend policy and the Board has recommended a final dividend of 0.8719 pence. Combined with our interim dividend, the proposed dividend will give a total payment for the year of 1.1094 pence per share, a 25% uplift to the prior-year (2015: 0.8875 pence), and a recognition of the continued cash generation and profitability of the business.

Subject to shareholder approval at the Company's Annual General Meeting on 3 May 2017, the final dividend will be paid on 26 May 2017 to shareholders on the register at the close of business on 12 May 2017. The ex-dividend date is 11 May 2017.

Outlook

The Board is pleased with the position of the Group as it enters 2017. The foundations laid during 2016 have resulted in the Group running at a significantly more profitable level, with additional revenue and profitability being driven from the AUM on a discretionary mandate with FTIM, lower third party costs across the business and higher AUM.

With larger awards, lower Periodical Payment Orders and a core investment strategy geared towards a lower risk appetite, the market place in which the group operates within and thus the AUM and profitability of the Group is likely to grow.

Given our expertise in this market place we recognise that there will be a hiatus in cases settling as court dates will be postponed in the short term as lawyers recalculate schedules based on the new discount rate. Therefore the uplift in AUM is expected to flow during the 2nd half of 2017 and into 2018 and beyond.

2017 trading has started in line with expectations and the Board reconfirms its revenue target of c. £8.5m and profit from operations target for 2017 of £3.5m on the basis of the assumptions previously stated. The Board is targeting revenue of £10m in 2018 and profit from operations of £5.0m, which assumes delivery of c. £100m of AUM during 2017 and c. £180m for 2018, maintaining current margins and cost control and delivery of a return on the cash balance

We are extremely pleased with the Group's prospects and look forward to updating the market as the Board continues to work towards its target of £1 billion of AUM and £350m on a discretionary mandate.

The changes announced will dramatically increase the damages paid to our future clients and as a result, accelerated growth of AUM at Frenkel Topping. The Board is excited at the additional growth prospects this represents.

In the light of the Group's continued progress and momentum, further supported by the recent outcome of the Ogden Discount Rate review, the Board will continue to consider strategic options for maximising the Group's potential through enhancing the service offering to our clients and ultimately enhancing shareholder value.

Jason Granite
Chairman

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	Group 2016 £	Group 2015 £
REVENUE	2	6,398,511	6,309,687
Direct staff costs		(2,732,515)	(2,337,389)
GROSS PROFIT		3,665,996	3,972,298
ADMINISTRATIVE EXPENSES			
Share based compensation		(551,045)	(77,543)
Acquisition costs		-	(136,000)
Other		(2,231,198)	(2,470,744)
		-	-
TOTAL ADMINISTRATIVE EXPENSES		(2,782,243)	(2,684,287)
Profit from operations before share based compensation and acquisition costs		1,434,798	1,501,554
- share based compensation		(551,045)	(77,543)
- acquisition costs		-	(136,000)
PROFIT FROM OPERATIONS		883,753	1,288,011
Finance costs		(427)	(2,549)
PROFIT BEFORE TAX		883,326	1,285,462
Income tax expense	3	(189,322)	(232,158)
PROFIT FOR THE YEAR		694,004	1,053,304
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:			
Gains on property revaluation arising net of tax		70,991	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		764,995	1,053,304
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent undertaking		764,995	1,053,304
Non controlling interest		-	-
		764,995	1,053,304
Earnings per ordinary share – basic (pence)	4	0.96p	1.64p
Earnings per ordinary share – diluted (pence)	4	0.91p	1.59p

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Group 2016 £	Group 2015 £
ASSETS		
NON CURRENT ASSETS		
Goodwill	7,020,287	7,020,287
Property, plant and equipment	1,247,401	9,861
Deferred taxation	178,500	277,683
	8,446,188	7,307,831
CURRENT ASSETS		
Accrued income	714,901	1,018,983
Trade receivables	1,170,969	1,066,870
Other receivables	490,518	329,411
Investments	3,061,980	40,000
Cash and cash equivalents	1,162,645	4,961,473
	6,601,013	7,416,737
TOTAL ASSETS	15,047,201	14,724,568
EQUITY AND LIABILITIES		
EQUITY		
Share capital	384,954	370,061
Share Premium	361,028	-
Merger reserve	5,314,702	5,314,702
Revaluation reserve	70,991	-
Other reserve	(341,174)	(341,174)
Own shares reserve	(774,197)	(774,197)
Retained earnings	9,346,735	8,770,155
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT UNDERTAKING	14,363,039	13,339,547
Non controlling interests	-	490
TOTAL EQUITY	14,363,039	13,340,037
CURRENT LIABILITIES		
Bank overdrafts	-	487,559
Current taxation	13,816	242,192
Trade and other payables	670,346	654,780
	684,162	1,384,531
TOTAL LIABILITIES	684,162	1,384,531
TOTAL EQUITY AND LIABILITIES	15,047,201	14,724,568

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share Capital	Share Premium	Merger reserve	Other Reserve	Own shares Reserve	Retained Earnings	Revaluation Reserve	Total controlling interest	Non controlling interests	Total
	£	£	£	£	£	£	£	£	£	£
Balance 1 January 2015	319,186	-	929,577	(341,174)	(774,197)	8,082,486	-	8,215,878	490	8,216,368
New shares issued	50,875	-	4,385,125	-	-	-	-	4,436,000	-	4,436,000
Share based compensation	-	-	-	-	-	77,543	-	77,543	-	77,543
Dividend Paid	-	-	-	-	-	(443,178)	-	(443,178)	-	(443,178)
Total transactions with owners recognised in equity	370,061	-	5,314,702	(341,174)	(774,197)	7,716,851	-	12,286,243	490	12,286,243
Profit and total Comprehensive income for the period	-	-	-	-	-	1,053,304	-	1,053,304	-	1,053,304
Balance 1 January 2016	370,061	-	5,314,702	(341,174)	(774,197)	8,770,155	-	13,339,547	490	13,340,037
New shares issued	14,893	361,028	-	-	-	-	-	375,921	-	375,921
Share based compensation	-	-	-	-	-	551,045	-	551,045	-	551,045
Dividend paid	-	-	-	-	-	(668,469)	-	(668,469)	-	(668,469)
Removal minority interest	-	-	-	-	-	-	-	-	(490)	(490)
Total transactions with owners recognised in equity	384,954	361,028	5,314,702	(341,174)	(774,197)	8,652,731	-	13,598,044	-	13,598,044
Profit for year	-	-	-	-	-	694,004	-	694,004	-	694,004
Other Comprehensive Income	-	-	-	-	-	-	70,991	70,991	-	70,991
Balance 31 Dec 16	384,954	361,028	5,314,702	(341,174)	(774,197)	9,346,735	70,991	14,363,039	-	14,363,039

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 and the excess of fair value over nominal value of shares issued to acquire Frenkel Topping Investment Management Limited.

The share premium represents the amount paid over the nominal value for new shares issued.

The other reserve represents the excess paid for the non-controlling interest over the book value at the date of the acquisition.

The revaluation reserve reflects the cumulative surplus arising on the revaluation of the freehold property to market value, net of deferred tax.

The own shares reserve represents the cost of 3,218,016 (2015: 3,218,016) shares held by an employee benefit trust. The open market value of the shares held at 31 December 2016 was £1,713,915 (2015: £1,814,249).

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 removal on the minority interest reserve during the year is in connection with the closing down of a dormant, non trading, 51% owned Subsidiary, Outspire Financial Limited.

The Group has conformed with all capital requirements as imposed by the FCA.

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2016

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Profit before tax	883,326	1,285,462
Adjustments to reconcile profit for the year to cash (used in)/generated from operating activities:		
Finance cost	427	2,549
Share based compensation	551,045	77,543
Depreciation and loss of on disposal	5,543	7,508
Decrease(/increase) in accrued income, trade and other receivables	129,583	(440,953)
Increase in trade and other payables	14,721	22,470
Cash generated from operations	1,584,645	954,579
Income tax paid	(430,849)	(205,365)
Cash generated from operating activities	1,153,796	749,214
Investing activities		
Acquisition of property, plant and equipment	(1,172,090)	(4,044)
Cash acquired from acquisition	-	2,500,000
Investment	(3,000,000)	(40,000)
Cash used in investment activities	(4,172,090)	2,455,956
Financing activities		
Shares issued	375,921	11,000
Dividend paid	(668,469)	(443,178)
Interest on loans and borrowings	(427)	(2,793)
Cash used in financing	(292,975)	(434,971)
(Decrease)/increase in cash and cash equivalents	(3,311,269)	2,770,199
Opening cash and cash equivalents	4,473,914	1,703,715
Closing cash and cash equivalents	1,162,645	4,473,914

Reconciliation of cash and cash equivalents

Cash at bank and in hand	1,162,645	4,961,473
Overdraft	-	(487,559)
Closing cash and cash equivalents	1,162,645	4,473,914

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 2016 and 31 December 2015. The figures for the year ended 31 December 2016 are audited. The preliminary announcement is prepared on the same basis as set out in the statutory accounts for the year ended 31 December 2016. Those accounts, upon which the auditor 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 2015 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. 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.

3. TAXATION

	Group 2016 £	Group 2015 £
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	64,473	301,410
Adjustments in respect of previous periods	25,667	5,804
Total current tax charge	90,140	307,214
Deferred tax		
Temporary differences, origination and reversal	99,182	(75,056)
Total deferred tax charge	99,182	(75,056)
Tax on profit on ordinary activities	189,322	232,158

FACTORS AFFECTING TAX CHARGE FOR YEAR

The tax assessed for the period is higher than the main rate of corporation tax in the UK of 20% (2015: 20.3%). The differences are explained below:

	Group 2016 £	Group 2015 £
Profit before taxation	883,326	1,285,462
Profit multiplied by main rate of corporation tax in the UK of 20% (2015: 20.3%)	176,750	260,306
EFFECTS OF:		
Expenses not deductible	12,559	44,531
Exercise of share options	(235,045)	(14,675)
Share based payments	209,391	(59,354)
Other charges/(deductions) in period	25,667	1,350
Total tax expense for year	189,322	232,158

4. EARNINGS PER SHARE

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

	2016 £	2015 £
Earnings		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	694,004	1,053,304
Earnings for the purposes of diluted earnings per share	694,004	1,053,304
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	75,294,625	67,220,766
Less: own shares held	(3,128,016)	(3,128,016)
	72,166,609	64,092,750
Effect of dilutive potential ordinary shares:		
- Share options	4,366,476	2,198,304
Weighted average number of ordinary shares for the purposes of diluted earnings per share	76,533,085	66,291,054

5. BASIS OF THE PRELIMINARY ANNOUNCEMENT

The board of directors of Frenkel Topping Group Plc approved the Preliminary Results on 17 March 2017.

The statutory accounts for the year ended 31 December 2016 will be delivered to the Registrar of Companies following the Annual General Meeting. The statutory accounts will be posted to shareholders on 23 March 2017. Further copies will be available to the public, free of charge, at the Company's registered office, Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY and the Company's website at www.frenkeltopping.co.uk

6. ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 3 May 2017 at 11am at Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY.