

13 July 2015

**Frenkel Topping Group plc**  
("Frenkel Topping" 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, announces its interim results for the six months ended 30 June 2015. The period has been one of continued growth in revenues and funds under management, combined with investment in the Company's network of Fee Earning Consultants to accelerate growth in 2016.

**Financial Highlights**

- Revenue up 9% to £2.94m (H1 2014: £2.71m)
  - *Recurring revenue of £2.27m (H1 2014: £2.04m), representing 77% of total revenue*
- Gross profit of £1.80m (H1 2014: £1.84m)
- Operating profit (before share based payments) of £0.61m (H1 2014: £0.74m)
- Pre-tax profit of £0.57m (H1 2014: £0.65m) – reflecting stated investment strategy
- Basic EPS of 0.71p (H1 2014: 0.86p)
- Assets under management up 11% to £640m (as at 30 June 2014: £584m)
- Cash from operations of £0.41 (as at 30 June 2014: £0.27m)
- Net cash at the period end of £1.74m (as at 31 December 2014: £1.70m)
- Interim dividend of 0.19p per share (H1 2014: 0.17p)

**Operational Highlights**

- New offices opened in London, Birmingham, Cardiff, Leeds and Bristol
- Now have a total of 15 revenue generating fee earning consultants targeting a growing number of markets
- Renewed focus on expert witness work to establish good relationships pre-settlement
- Strengthened key relationships with injury claims handlers and lawyers
- Continued 99% client retention for investment management services

**David Southworth, Chairman of Frenkel Topping, commented:** *"This was a pivotal period for the Company as we developed our investment strategy with a view to delivering higher growth rates in order for operating profits, AUM and cash to grow significantly from 2016 onwards. We took the decision to build on traditionally consistent growth, which has been underpinned by 99% client retention for our investment management services. We are delighted by the calibre of fee earners we have added to our growing regional footprint and are well placed to further grow our reach.*

*"We are focused on further developing our core market expertise and also see scope to provide asset protection services to a growing number of other potential markets. We will continue to explore opportunities that will enable us to grow our assets under management as we build on our strong foundations for accelerated growth."*

**For further information:**

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**About Frenkel Topping:** [www.frenkeltopping.co.uk](http://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.

## Chairman's Statement

### Results

I am delighted to report that we firmly set the foundations for our accelerated growth strategy during the first half of the year, having expanded our geographic footprint and AUM. As expected, increasing the fee earning staff has impacted profitability for the period with profit before tax falling to £568,206 (H1 2014: £652,745; FY 2014 £1.57 million). Profit from operations, before share based compensation, fell to £608,379 (H1 2014: £740,215; FY 2014: £1.75 million).

However, with 15 revenue generating fee earners as at 30 June 2015, compared to 9 on 30 March 2014, AUM grew 9% to £640 million from £584 million as at 30 June 2014 while revenues increased 9% to £2.94 million (H1 2014: £2.71 million; FY 2014: £5.69 million).

The Group generated £553,688 of cash from its operating activities during the period (H1 2014: £423,340; FY: 2014 £1.41 million). The closing cash balance at the period end was £1,742,114 (H1 2014: £1,282,506, FY 2014: £1,703,715). The closing cash balance is after paying £327,833 to shareholders by way of final dividend in respect of FY14.

The net asset value of the Group, before non-controlling interests, at 30 June 2014 was £8,354,764 (H1 2014: £7,651,969; FY 2014: £8,215,878).

The Group's gross profit margin for the period was 61% (H1 2014: 68%; FY 2014: 68%) and the profit before tax margin was 19% (H1 2014: 24%; FY 2014: 28%).

### Dividend

In June 2015 the Company paid a final dividend in respect of FY14 of £327,833. This represents a total dividend for 2014 of 0.71 pence per share (2014: 0.58 pence) to shareholders. The Company is pleased to announce that it will be paying an interim dividend of £115,347 representing 0.19 pence per share (2014: 0.17 pence). The interim dividend will be paid on 14 August 2015 to shareholders on the register at close of business on 3 August 2015 and the shares will trade on an ex-dividend basis from 31 July 2015.

### Operations

As stated at the year-end, we see this as an inflexion point for the Company and we are focusing on increasing expert witness fee income and building relationships with Private Client Departments, with a view to underpinning the pipeline for further AUM growth (currently £640 million). The key drivers here are increasing the number of revenue generating fee earners, expanding our geographic footprint and strengthening key relationships with injury claims handlers and lawyers.

Having opened offices in London, Birmingham, Cardiff, Leeds and Bristol during the period, we now have 15 revenue generating fee earners. The nature of our model, which is driven by each fee earner's relationships and their ability to generate expert witness fee income, means that the new offices are effectively virtual and have relatively low overheads. We also increased marketing and branding initiatives during the period. As a result of our expansion there was a 31% increase in costs of sales to £1.14 million (H1 2014 £861,961) during the period while administrative expenses increased 10% to £1.2 million (H1 2014: £1.1 million).

During the period we continued to host events aimed at further strengthening our relationships with advisers and we see this as an integral part of our growth strategy. As a result of our efforts we increased the value of higher claims represented while strengthening our position as preferred supplier for expert witness, personal injury trust and investment advice.

### Outlook

This was a pivotal period for the Company as we developed our investment strategy with a view to delivering higher growth rates in order for operating profits, AUM and cash to grow significantly from 2016 onwards. We took the decision to build on traditionally consistent growth, which has been underpinned by 99% client retention for our investment management services. We are delighted by the calibre of fee earners we have added to our growing regional footprint and are well placed to further grow our reach.

We are focused on further developing our core market expertise and also see scope to provide asset protection services to a growing number of other potential markets. We will continue to explore opportunities that will enable us to grow our assets under management as we build on our strong foundations for accelerated growth.

I would like to thank all of our staff and shareholders for their continued support and look forward to providing further updates.

**David Southworth**  
**Chairman**  
**13 July 2015**

<b>Frenkel Topping Group plc</b> <b>Group income statement</b>		<b>6 Months</b> <b>ended</b> <b>30-Jun-15</b> <b>Unaudited</b> <b>£</b>	<b>6 Months</b> <b>ended</b> <b>30-Jun-14</b> <b>Unaudited</b> <b>£</b>	<b>Year</b> <b>ended</b> <b>31-Dec- 14</b> <b>Audited</b> <b>£</b>
	<b>Note</b>			
REVENUE		2,942,861	2,705,946	5,693,266
Direct staff costs		(1,142,071)	(861,961)	(1,796,734)
Gross Profit		<u>1,800,790</u>	<u>1,843,985</u>	<u>3,896,532</u>
ADMINISTRATIVE EXPENSES				
Share based compensation		(38,772)	(84,571)	(174,142)
Other		(1,192,411)	(1,103,770)	(2,146,721)
TOTAL ADMINISTRATIVE EXPENSES		<u>(1,231,183)</u>	<u>(1,188,341)</u>	<u>(2,320,863)</u>
Profit from operations before share based compensation		608,379	740,215	1,749,811
Share based compensation		(38,772)	(84,571)	(174,142)
PROFIT FROM OPERATIONS		569,607	655,644	1,575,669
Finance costs		(1,401)	(2,899)	(6,972)
PROFIT BEFORE TAXATION		<u>568,206</u>	<u>652,745</u>	<u>1,568,697</u>
Income tax expense		(140,259)	(129,967)	(203,646)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>427,947</u></u>	<u><u>522,778</u></u>	<u><u>1,365,051</u></u>
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent undertakings		427,947	522,778	1,365,051
Non controlling interest		-	-	-
		<u>427,947</u>	<u>522,778</u>	<u>1,365,051</u>
Earnings per share - basic (pence)	3	0.71	0.86	2.269
Earnings per share - diluted (pence)	3	0.68	0.83	2.190

The results for the period are derived from continuing activities.

**Frenkel Topping Group plc**  
**Group Statement of Financial Position**  
**As at 30 June 2015**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>	<b>31-Dec-14</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Goodwill	5,095,287	5,095,287	5,095,287
Property, Plant and equipment	9,566	32,427	12,990
Deferred tax	202,627	61,610	202,627
	<u>5,307,480</u>	<u>5,189,324</u>	<u>5,310,904</u>
<b>CURRENT ASSETS</b>			
Accrued income	937,225	856,522	933,428
Short term investments	40,000	-	-
Trade receivables	968,669	993,080	882,249
Other receivables	198,500	186,071	158,634
Cash at bank and in hand	2,392,233	1,735,131	1,959,556
	<u>4,536,627</u>	<u>3,770,804</u>	<u>3,933,867</u>
<b>TOTAL ASSETS</b>	<u><u>9,844,107</u></u>	<u><u>8,960,128</u></u>	<u><u>9,244,771</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	319,186	319,186	319,186
Merger reserve	929,577	929,577	929,577
Own share reserve	(774,197)	(515,549)	(774,197)
Other reserve	(341,174)	(341,174)	(341,174)
Retained earnings	8,221,372	7,259,929	8,082,486
<b>EQUITY ATTRIBUTABLE TO HOLDER OF PARENT</b>	<u>8,354,764</u>	<u>7,651,969</u>	<u>8,215,878</u>
Non controlling Interests	490	490	490
<b>TOTAL EQUITY</b>	<u>8,355,254</u>	<u>7,652,459</u>	<u>8,216,368</u>
<b>NON CURRENT LIABILITIES</b>			
Obligations under finance lease	-	12,310	-
	<u>-</u>	<u>12,310</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>			
Bank overdraft	650,119	452,625	255,841
Current taxation	240,677	115,261	140,252
Trade and other payables	598,057	727,473	632,310
Provisions	-	-	-
	<u>1,488,853</u>	<u>1,295,359</u>	<u>1,028,403</u>
<b>TOTAL LIABILITIES</b>	<u>1,488,853</u>	<u>1,307,669</u>	<u>1,028,403</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>9,844,107</u></u>	<u><u>8,960,128</u></u>	<u><u>9,244,771</u></u>



with owners recognised in equity	319,186	929,577	(341,174)	(774,197)	7,245,213	7,378,605	490	7,379,095
Profit and total comprehensive income for the period	-	-	-	-	837,273	837,273	-	837,273
<b>Balance 31 December 2014</b>	<b>319,186</b>	<b>929,577</b>	<b>(341,174)</b>	<b>(774,197)</b>	<b>8,082,486</b>	<b>8,215,878</b>	<b>490</b>	<b>8,216,368</b>
Share based compensation	-	-	-	-	38,772	38,772	-	38,772
Dividend paid to shareholders	-	-	-	-	(327,833)	(327,833)	-	(327,833)
Total transaction with owners recognised in equity	319,186	929,577	(341,174)	(774,197)	7,793,425	7,926,817	490	7,927,307
Profit and total comprehensive income for the period	-	-	-	-	427,947	427,947	-	427,947
<b>Balance 30 June 2015</b>	<b>319,186</b>	<b>929,577</b>	<b>(341,174)</b>	<b>(774,197)</b>	<b>8,221,372</b>	<b>8,354,764</b>	<b>490</b>	<b>8,355,254</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 3,128,016 (2014: 2,490,541) shares held by an employee benefit trust. The open market value of the shares held at 30 June 2015 was £1,219,926 (2014: £996,216).
- 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 2015	6 Months ended 30-Jun-15 Unaudited £	6 Months ended 30-Jun-14 Unaudited £	Year ended 31-Dec -14 Audited £
<b>Profit before tax</b>	568,206	652,745	1,568,697
Adjustments to reconcile profit for the year to cash generated from operating activities			
Finance cost	1,401	2,899	6,972
Share based compensation	38,772	84,571	174,142
Depreciation	3,424	7,172	13,936
Subsidiary share award	-	-	2,500
(Increase)/decrease in accrued income, trade and other receivables	(129,889)	157,023	210,396
Increase/(decrease) in trade and other payables	71,774	(481,070)	(570,411)
<b>Cash generated (used in)/from operations</b>	<b>553,688</b>	<b>423,340</b>	<b>1,406,232</b>
Income Tax paid	(146,056)	(156,104)	(346,424)
<b>Cash generated (used in)/from operating activities</b>	<b>407,632</b>	<b>267,236</b>	<b>1,059,808</b>
Acquisition of property, plant and equipment	-	(2,521)	(5,948)
<b>Cash used in investing activities</b>	<b>-</b>	<b>(2,521)</b>	<b>(5,948)</b>
Financing activities			
Shares issued	-	3,025	3,025
Investments	(40,000)	-	-
Dividend paid	(327,833)	(354,444)	(458,731)
Purchase own shares	-	(148,424)	(407,072)
Finance lease payments	-	(4,018)	(8,035)
Interest on loans and borrowings	(1,400)	(2,899)	(3,883)
<b>Cash used in financing</b>	<b>(369,233)</b>	<b>(506,760)</b>	<b>(874,696)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>38,399</b>	<b>(242,045)</b>	<b>179,164</b>
<b>Opening cash and cash equivalents</b>	<b>1,703,715</b>	<b>1,524,551</b>	<b>1,524,551</b>
<b>Closing cash and cash equivalents</b>	<b>1,742,114</b>	<b>1,282,506</b>	<b>1,703,715</b>
<b>Reconciliation of cash and cash equivalent</b>			
Cash at bank and in hand	2,392,233	1,735,131	1,959,556
Overdraft	(650,119)	(452,625)	(255,841)
<b>Closing cash and cash equivalent</b>	<b>1,742,114</b>	<b>1,282,506</b>	<b>1,703,715</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 up to 30 June 2015. 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 2014 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 2015 is also unaudited.

The Group's statutory accounts for the year ended 31 December 2014 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 2015 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 2014.

### 2. Revenue Segmental Reporting

All of the Group's 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 2015	6 months June 2014	Year ending December 2014
<i>Earnings</i>			
Earning for the purpose of basic earnings per share (net profit for the year attributable to equity holder of the parent)	£427,947	£522,778	£1,365,051
	£427,947	£522,778	£1,365,051
Earning for the purpose of diluted earnings per share			
<i>Number of shares</i>			
Purpose for basic earnings per share	63,837,067	63,281,887	63,281,887
Less: own shares held	(3,128,016)	(2,490,541)	(3,128,016)
	60,709,051	60,791,346	60,153,871
Effect of dilutive potential ordinary shares – share options	2,260,000	2,255,979	2,294,873
Purpose of diluted earnings per share	62,969,051	63,047,325	62,373,744

4. Dividend

A dividend of £327,833 representing 0.54 pence per share was approved by the Shareholders at the AGM on 19 May 2015 and has not been included as a liability as at 31 December 2014. The dividend was paid on 12 June 2015.

5. The Board of Directors approved the interim report on 10 July 2015.

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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