

9 April 2018

**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 2017.

**Financial Highlights**

- Revenue £7.3m (2016: £6.4m)
- Recurring revenue of £5.9m (2016: £5.1m)
- Gross profit £4.8m (2016: £3.7m)
- Profit from operations (before share based payments, formal sale and reorganisation costs) £2.3m (2016: £1.4m)
- Profit before share based payments, formal sale and reorganisation costs and tax £2.6m (2016: £1.4m)
- Basic EPS before share based payments and formal sale and reorganisation costs, both adjusted for the Company's tax rate, of 3.03p (2016: 1.48p)
- Basic EPS 2.24p (2016: 0.96p)
- Cash generated from operations of £2.1m (2016: £1.6m)
- Net cash and liquid investments of £1.9m (as at 31 December 2016: £4.2m)
- Total dividends (paid and proposed) up 10% to 1.2203p per share (2016: 1.1094p)

**Operational Highlights**

- Ninth consecutive year of high client retention (95%) for investment management services
- Assets under management ("AUM") increased to £752m (as at 31 December 2016: £745m), despite slowdown in settlements following Ogden Rate review
- Assets on a discretionary mandate £303m (as at 31 December 2016: £253m)
- Successful launch of new business Obiter Wealth Management Limited
- Establishment of graduate programme and introduction of the Frenkel Topping Training Academy

**Paul Richardson, Executive Chairman, said:**

*"We have been incredibly busy this year building a platform to drive shareholder value through 2018 and the next three to five years. 2018 will be a further year of investment whilst bedding in the changes from 2017. This will not be without its challenges, but we remain totally focussed on putting the client at the centre of everything we do and executing our three to five year plan. We expect the size of the vulnerable client market to increase in 2018 and beyond which, coupled with the changes to the Ogden Discount Rate and our early work in cases with our expert witness team, we expect to ensure that we grow our revenues at least in line with this market, with the opportunity to outperform substantially.*

*"As described later, additional initiatives such as Obiter, the Frenkel Topping Training Academy and a focus on quality, recurring earnings, will allow the Group to accelerate its growth both in the short and medium term, whilst retaining quality earnings and strong margins. We look to the future with confidence and are excited about the opportunities that lie ahead."*

**For further information:**

**Frenkel Topping Group plc**

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Stephen Bentley, Finance Director  
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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 in Manchester, Birmingham, Cardiff, London and Leeds and has relationships and infrastructure in place to further grow its reach and target markets.

## **Chairman's Statement**

I am delighted to be writing my first Chairman's Statement for Frenkel Topping in a year that has seen significant progress in the strategic evolution of Frenkel Topping Group. This has been reflected in particular through a 116% growth in Profit Before Tax for 2017. We have delivered this increase while making substantial improvements in our infrastructure during the second half of the year to lay the platform to unlock accelerated growth across a wider range of clients. All of this progress has been made against a backdrop of a Formal Sales Process ("FSP"), and substantial changes in the market dynamics of the business following the Ogden Review. Our performance in 2017 is a tremendous credit to the commitment and passion of everybody at Frenkel Topping.

## **Strategic opportunity and challenges**

The year started with the Board exploring opportunities to find a strategic partner in order to grow the business further. This resulted in the Company putting itself up for sale through a FSP. During the FSP there were a number of learnings which culminated in the Board terminating the FSP in favour of an organic growth strategy, to be supplemented by targeted acquisitions, based around a revised growth plan over a three to five year period. Several changes were made to the Board following the FSP and the Board is fully committed to executing the new growth plan.

The Frenkel Topping mission has not changed. We still strive to be a major manager of wealth for vulnerable clients in the UK, as well as being an innovator and employer of choice. 2017 saw the profit from operations (before share based compensation, formal sale and reorganisation costs) increase by 62% from £1.43m to £2.33m and Profit Before Tax increase by 116% from £0.9m to £1.9m. This is a remarkable achievement and this step change has been brought about by our discretionary fund manager, Ascencia Investment Management (formerly Frenkel Topping Investment Management) having had a full year of operation. This ability to now offer discretionary as well as advisory services gives us both the confidence and ability to continue the momentum and grow our Assets Under Management ("AUM"), and therefore continue to grow the Group at pace. During the course of 2017, we have increased the amount of AUM managed through Ascencia by 19.7% from £253m to £303m. Being able to offer discretionary fund management is expected to further increase the retention of AUM and increase the profitability of the Group in 2018 and beyond.

We have also instigated a number of strategic initiatives which will help grow our AUM. Our core business under the Frenkel Topping Limited brand continues to be at the heart of what we do and we continue to offer expert witness and independent financial advice to clients who have suffered personal injury or medical negligence claims, and we continue to enjoy our position as market leader in this field. Finding Consultants who have both the technical ability and the inter-personal skills to deal with vulnerable clients is no easy task, which is why we have invested in growing our own Consultants in this area and at the same time growing our market share of personal injury and clinical negligence. Although we lost some Consultants during 2017, we added new Consultants and our retained team increased the assets they added. Furthermore, the new Consultants are now more experienced and are expected to win more business in 2018. In addition, we have received more expert witness instructions which increases the likelihood that we will be asked to manage the funds when the case settles

We additionally announced in December the launch of a new business, Obiter Wealth Management Limited ("Obiter"). This division will offer financial advice to clients who are in receipt of large lump sums that they need to invest and, like our core clients, need it to last them a lifetime. The operational gearing we have built during 2017 allows us to introduce significant scale and target analogous markets which will in turn help to accelerate the growth and the AUM and the profitability of the Group. In December, we began the recruitment of a new Senior Consultant for Obiter to have in place for early 2018, and I am pleased that we have now appointed a highly appropriate individual to lead Obiter and we expect this to really drive benefits to the Group in 2018 and more significantly thereafter.

The third strategic initiative we took last year was to rename our asset management business to Ascencia Investment Management and at the same time introduce a significant research partner to give Ascencia a much broader and deeper offering, so that we can expand Ascencia's services to a wider audience and at the same time support the evolution of both Frenkel Topping Limited and Obiter. We were delighted to introduce Wellian Investment Management as our new research partner. Using their robust, qualitative and quantitative research

processes we can provide our clients with a much broader range of products to suit their needs. At the same time, by forming our own investment committee within Ascencia we were able to cost effectively fill the gap following the departure of our CIO, Jason Granite, at the end of 2017.

October 2017 saw us introduce a very important pillar to our future longer term growth, which was the establishment of our graduate programme and the introduction of the Frenkel Topping Training Academy. At a time of increasing competition for skilled Consultants, the programme is a two year programme during which the graduates will receive both internal and external training while at the same time being supported by us to complete their necessary benchmark qualifications, so that in twenty-four months' time we will have a new cohort of paraplanners who will be able to support our Advisors. We have also introduced a new level of trainee advisors in the form of paraplanners. The paraplanner's role is to support our front line advisors and again, over a two year period, they in turn will become our advisors of the future, trained and home grown to understand the nuances and complexities of looking after vulnerable clients. A new cohort of graduates will start in October 2018 so that we have a steady stream of well trained high quality advisors coming into our salesforce to support our future growth. We will continue to seek to attract quality external Consultants to the Group, but this truly lays the foundations to ensure we deliver such Consultants regardless of market conditions.

### **Behind the Scenes**

The past year has seen some fundamental changes to our infrastructure which supports our operational gearing and future growth plans. This has seen the investment in, and introduction of a new CRM system which is now fully implemented in the business, staff are fully trained in its use and during 2018 we expect to see significant efficiencies being achieved which will see an improvement in our processes and overall service to our clients.

Additionally, the Financial Services industry constantly faces changes and increasing regulation, which is a subject we take extremely seriously at Frenkel Topping. 2017 saw the announcement of the introduction in 2018 of both GDPR and MIFID II. I am delighted to report that the Board is confident that all necessary steps have been taken and we are fully prepared for the forthcoming changes.

In addition, with the change of CIO, the Group has decided to use its cash resources to directly finance corporate strategy, as opposed to generating above market returns from specific investments. Whilst this strategy has been successful to date, we believe that shareholders in Frenkel Topping want to see the cash resources of the Group utilised to grow the core business and to generate recurring income streams. We have utilised a large portion of our liquid assets in 2017 to assist the EBT in purchasing shares, as well as buying back shares into treasury. The cash balance remains healthy at approximately £1.8m (2016: £1.2m), which will be used to fund a mixture of organic and inorganic growth initiatives,

### **Our people and culture**

To support all the infrastructural changes that we have brought in during 2017, a vital part to support our growth aspirations is, of course, our people.

The importance of culture is fundamental to this. At Board level, the importance of culture is increasingly being focused upon governance. In my view, no matter how many rules or guidelines we create, they are only as good as the culture the Board and management foster and the example they set. I am extremely pleased and proud of how quickly the newly formed Executive Management team has come together with complementary skills to drive the growth of the Group. The Board can influence culture in many ways but through its work the Board also demonstrates what its expectations are and what it believes to be important. Creating a culture that is built on excellence, an ethical approach and a rewarding and happy working environment will engender success for our people and success for the Group.

It is for this reason that during 2017 we established a vision for our colleagues, which is to "have employees who feel empowered, valued, trusted, recognised and equipped". This initiative was started by our employee survey, which I am delighted to say had a 90% take-up rate with an overall satisfaction score of 55%. Acting on some of the findings from the survey, as well as introducing the opportunity for training across all Group employees, we have introduced clear and measurable Key Performance Indicators for staff so it is clear to them how their careers

can progress. We have also introduced a company-wide Share Option scheme for all levels of employees who have been employed for a qualifying period, with the Options vesting after a three year period. It was for this reason that we effected a buy-back of three million shares into the EBT in December to provide us with the headroom to satisfy the Options. This is a significant commitment to our people as we further align all employees' interests with those of our clients and shareholders alike.

A company going through a transition process at the speed at which we are progressing does not, I am afraid, always run smoothly and regrettably we lost some of our Advisors at the end of 2016 who have during 2017 targeted some of our clients, once their restrictive covenants were lapsed. Needless to say, we have a programme in place to counter those advances and any further departures.

2017 also saw the departure of two Board members, firstly Julie Dean as Finance Director in June 2017 and latterly Jason Granite as the Executive Chairman and CIO. I would like to thank both Julie and Jason for their commitment and efforts to Frenkel Topping during their respective tenures and I am delighted that we have engaged the extremely able services of Stephen Bentley as our new Chief Financial Officer with whom I am very much enjoying working. As for myself, I am thoroughly enjoying my role as Executive Chairman at Frenkel Topping and consider myself privileged to be working with such a talented group of people all round, in a dynamic environment.

We could not have had such a successful 2017 without the passionate, committed and talented people at Frenkel Topping, all working towards our goals and purpose. I would like to thank them on behalf of the Board and our shareholders for all they do. We know that we are asking people to raise their game significantly as we grow the business and we are extremely fortunate to have people who are engaged and energised by the challenge to continue to grow Frenkel Topping. We are working hard to create and maintain a unique and inclusive culture that encourages all to do the best they can and find their roles fulfilling and rewarding.

#### **Ogden Discount Rate changes**

On the 27th February 2017, the Lord Chancellor announced that the Discount Rate applied to awards received should be cut to -0.75% from the then rate of 2.5%, which has been in existence since 2001. As a consequence, there is a lengthy consultation process to establish the methodology of how the correct actuarial rate is calculated. I am delighted to report that personnel from Frenkel Topping are part of the Association of Personal Injury Lawyers Association working party committee on this, to ensure we are at the forefront of this change and reaffirming our position as market leader. Draft legislation suggested the rate would be based upon a basket of investment products as opposed to one asset class, as has been the case historically, but the actual methodology is a long way from being agreed. This is positive for Claimants and also for service providers such as ourselves, as the rate is unlikely to be altered now until 2019 at the earliest, meaning continued larger settlements for claimants for the foreseeable future. However, it should be noted that whilst the changes to the Ogden Discount Rate are likely to increase the size of settlements, in the initial months after the changes, the number of awards made was reduced, which impacted the levels of AUM gained during 2017. In addition, we have seen greater competition in the sector, as other advisers are attracted by the size of the awards being made. Whilst Frenkel Topping is still winning a good share of awards, we believe that our expert witness work will become even more critical as a differentiating factor against our competition. Overall, we continue to expect the changes to the Ogden Discount Rate to be beneficial to the Group, but these effects have taken longer to flow through than had previously been anticipated.

#### **Dividend Strategy**

The company intends to continue a progressive dividend strategy however, having increased dividends by 44.5% compound over the past five years, and given the board's plans to grow through carefully selected acquisitions, the board has concluded that the increase in relation to 2017 should be 10%.

Subject to shareholder approval at the Company's Annual General Meeting on 30 May 2018, the final dividend will be paid on 29 June 2018 to shareholders on the register at the close of business on 1 June 2018. The ex-dividend date is 31 May 2018.

**Outlook**

While 2017 has been an incredibly busy year in terms of putting all the necessary building blocks in place, we believe we are very well positioned to benefit from these as we progress into 2018 and over the next three to five year period, and we are looking to the future with confidence and are excited about the opportunities that lie ahead. 2018 will be a further year of investment whilst we bed-in all the changes from 2017. This will not be without its challenges, but we remain totally focussed on putting the client at the centre of everything we do and execute the three to five year plan that the Board has now put in place. We expect the size of the vulnerable client market to increase in 2018 and beyond given the changes to the Ogden Discount Rate and given our early work in cases with our expert witness team, we expect to grow at least in line with this market. As described above, additional initiatives such as Obiter, the Frenkel Topping Training Academy and a focus on quality, recurring earnings, will allow the Group to accelerate its growth both in the short and medium term, whilst retaining quality earnings and strong margins.

Paul Richardson

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2017

		Group 2017 £	Group 2016 £
	<i>Notes</i>		
REVENUE	2	7,321,509	6,398,511
Direct staff costs		(2,561,057)	(2,732,515)
<b>GROSS PROFIT</b>		<u>4,760,452</u>	<u>3,665,996</u>
ADMINISTRATIVE EXPENSES			
Share based compensation		(417,372)	(551,045)
Formal sale and reorganisation costs		(254,557)	-
Other		(2,576,099)	(2,231,198)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>		<u>(3,248,028)</u>	<u>(2,782,243)</u>
Other gains and losses		150,000	-
Profit from operations before share based compensation and reorganisation costs		2,334,353	1,434,798
- share based compensation		(417,372)	(551,045)
- formal sale and reorganisation costs		(254,557)	-
<b>PROFIT FROM OPERATIONS</b>		<u>1,662,424</u>	<u>883,753</u>
Finance income		234,284	-
Finance costs		-	(427)
Share of profit of investments accounted for using the equity method		13,925	-
<b>PROFIT BEFORE TAX</b>		<u>1,910,633</u>	<u>883,326</u>
Income tax expense	3	(378,796)	(189,322)
<b>PROFIT FOR THE YEAR</b>		<u>1,531,837</u>	<u>694,004</u>
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:			
		80,336	70,991
Gains on property revaluation arising net of tax			
<b>TOTAL COMPREHENSIVE INCOME FOR YEAR</b>		<u>1,612,173</u>	<u>764,995</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the parent undertaking		<u>1,612,173</u>	<u>764,995</u>
Earnings per ordinary share – basic (pence)	4	2.24p	0.96p
Earnings per ordinary share – diluted (pence)	4	2.24p	0.91p

## GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Group 2017 £	Group 2016 £
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Goodwill	7,020,287	7,020,287
Property, plant and equipment	1,405,750	1,247,401
Investments	13,975	-
Deferred taxation	31,306	178,500
	<u>8,471,318</u>	<u>8,446,188</u>
<b>CURRENT ASSETS</b>		
Accrued income	731,092	714,901
Trade receivables	1,329,826	1,170,969
Other receivables	274,839	490,518
Investments	117,916	3,061,980
Cash and cash equivalents	1,815,935	1,162,645
	<u>4,269,608</u>	<u>6,601,013</u>
<b>TOTAL ASSETS</b>	<u><u>12,740,926</u></u>	<u><u>15,047,201</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	393,287	384,954
Share Premium	400,194	361,028
Merger reserve	5,314,702	5,314,702
Revaluation reserve	151,327	70,991
Other reserve	(341,174)	(341,174)
Own shares reserve	(4,448,906)	(774,197)
Retained earnings	10,252,775	9,346,735
	<u>11,722,205</u>	<u>14,363,039</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF PARENT UNDERTAKING</b>	<u>11,722,205</u>	<u>14,363,039</u>
Non controlling interests	-	-
<b>TOTAL EQUITY</b>	<u>11,722,205</u>	<u>14,363,039</u>
<b>CURRENT LIABILITIES</b>		
Current taxation	138,592	13,816
Trade and other payables	880,129	670,346
	<u>1,018,721</u>	<u>684,162</u>
<b>TOTAL LIABILITIES</b>	<u>1,018,721</u>	<u>684,162</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>12,740,926</u></u>	<u><u>15,047,201</u></u>



**GROUP STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2017

	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 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 of minority interest	-	-	-	-	-	-	-	-	(490)	(490)
<b>Total transactions with owners recognised in equity</b>	<b>384,954</b>	<b>361,028</b>	<b>5,314,702</b>	<b>(341,174)</b>	<b>(774,197)</b>	<b>8,652,731</b>	<b>-</b>	<b>13,598,044</b>	<b>-</b>	<b>13,598,044</b>
Profit for year	-	-	-	-	-	694,004	-	694,004	-	694,004
Other comprehensive income	-	-	-	-	-	-	70,991	70,991	-	70,991
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>694,004</b>	<b>79,991</b>	<b>764,995</b>	<b>-</b>	<b>764,995</b>
Balance at 1 January 2017	384,954	361,028	5,314,702	(341,174)	(774,197)	9,346,735	70,991	14,363,039	-	14,363,039
New shares issued	8,333	39,166	-	-	-	-	-	47,499	-	47,499
Purchase of own shares	-	-	-	-	(3,674,709)	-	-	(3,674,709)	-	(3,674,709)
Share based payments (note 4)	-	-	-	-	-	231,521	-	231,521	-	231,521
Tax credit relating to share option scheme	-	-	-	-	-	10,936	-	10,936	-	10,936
Dividend paid	-	-	-	-	-	(868,254)	-	(868,254)	-	(868,254)
<b>Total transactions with owners recognised in equity</b>	<b>8,333</b>	<b>39,166</b>	<b>-</b>	<b>-</b>	<b>(3,674,709)</b>	<b>(625,797)</b>	<b>-</b>	<b>(4,253,007)</b>	<b>-</b>	<b>(4,253,007)</b>
Profit for year	-	-	-	-	-	1,531,837	-	1,531,837	-	1,531,837
Other comprehensive income	-	-	-	-	-	-	80,336	80,336	-	80,336
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,531,837</b>	<b>80,336</b>	<b>1,612,173</b>	<b>-</b>	<b>1,612,173</b>
Balance at 31 December 2017	393,287	400,194	5,314,702	(341,174)	(4,448,906)	10,252,775	151,327	11,722,205	-	11,722,205

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 Ascencia Investment Management Limited (formerly 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 freehold property to market value, net of deferred tax.

The own shares reserve represents the cost of the 3,040,000 shares (2016: Nil) held by the Company and the 6,348,016 (2016: 3,218,016) shares held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 31 December 2017 was £5,069,529 (2016: £1,713,915).

Retained earnings represents the profit generated by the Group since trading commenced, together with dividends paid, share premium cancelled and share based payment credits.

The removal on the minority interest reserve during the prior 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 2017

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
<b>Profit before tax</b>	1,910,633	883,326
Adjustments to reconcile profit for the year to cash (used in)/generated from operating activities:		
Finance income	(234,284)	-
Finance cost	-	427
Other gains and losses	(150,000)	-
Share based compensation	231,521	551,045
Depreciation and loss of on disposal	70,659	5,543
Share of profit of investments accounted for using the equity method	(13,925)	-
Decrease/(increase) in accrued income, trade and other receivables	40,631	129,583
Increase/(decrease) in trade and other payables	209,783	14,721
<b>Cash generated from operations</b>	<u>2,065,018</u>	<u>1,584,645</u>
<b>Income tax paid</b>	(112,345)	(430,849)
<b>Cash generated from operating activities</b>	<u>1,952,673</u>	<u>1,153,796</u>
<b>Investment activities</b>		
Acquisition of property, plant and equipment	(132,217)	(1,172,090)
Acquisition of shares in joint ventures	(50)	-
Investment purchase	(4,468,085)	(3,000,000)
Investment disposals	7,511,638	-
Disposal of shares in investment	150,000	-
<b>Cash generated from/(used in) investment activities</b>	<u>3,061,286</u>	<u>(4,172,090)</u>
<b>Financing activities</b>		
Shares issued	47,499	375,921
Own shares purchased	(3,674,709)	-
Dividend paid	(868,254)	(668,469)
Interest on loans and borrowings	-	(427)
Interest received on loans	134,795	-
Dividends received	-	-
<b>Cash used in financing</b>	<u>(4,360,669)</u>	<u>(292,975)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	653,290	(3,311,269)
<b>Opening cash and cash equivalents</b>	1,162,645	4,473,914
<b>Closing cash and cash equivalents</b>	<u>1,815,935</u>	<u>1,162,645</u>
<b>Reconciliation of cash and cash equivalents</b>		
Cash at bank and in hand	1,815,935	4,961,473
Overdraft	-	(487,559)
<b>Closing cash and cash equivalents</b>	<u>-</u>	<u>4,473,914</u>

## **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 2017 and 31 December 2016. The figures for the year ended 31 December 2017 are audited. The preliminary announcement is prepared on the same basis as set out in the statutory accounts for the year ended 31 December 2017. 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 2016 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.

### **1. 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.

## 2. TAXATION

	Group 2017 £	Group 2016 £
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	264,860	64,473
Adjustments in respect of previous periods	(27,741)	25,667
Total current tax charge	<u>237,119</u>	<u>90,140</u>
Deferred tax		
Temporary differences, origination and reversal	141,677	99,182
Total deferred tax charge	<u>141,677</u>	<u>99,182</u>
Tax on profit on ordinary activities	<u>378,796</u>	<u>189,322</u>

### FACTORS AFFECTING TAX CHARGE FOR YEAR

The standard rate of tax applied to reported profit on ordinary activities is 19.25 per cent (2016: 20 per cent). The applicable tax rate has changed following the substantive enactment of the Finance Act 2015. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 on 6 September 2016. These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

There is no expiry date on timing differences, unused tax losses or tax credits.

The charge for the year can be reconciled to the profit per the income statement as follows:

	Group 2017 £	Group 2016 £
Profit before taxation	1,910,633	883,326
Profit multiplied by main rate of corporation tax in the UK of 19.25% (2015: 20%)	367,797	176,750
EFFECTS OF:		
Expenses not deductible	83,705	12,559
Exercise of share options	(170,493)	(235,045)
Share based payments	80,344	209,391
Other charges/(deductions) in period	17,443	25,667
Total tax expense for year	<u>378,796</u>	<u>189,322</u>

#### 4. EARNINGS PER SHARE

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

	2017 £	2016 £
<i>Earnings</i>		
Earnings for the purposes of basic earnings per share (net profit for the year attributable to equity holders of the parent)	1,531,837	694,004
Earnings for the purposes of diluted earnings per share	1,531,837	694,004
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	77,785,203	75,294,625
Less: own shares held	(9,388,016)	(3,128,016)
Effect of dilutive potential ordinary shares:	<hr/> 68,397,187	<hr/> 72,166,609
- Share options	<hr/> -	<hr/> 4,366,476
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<hr/> <hr/> 68,397,187	<hr/> <hr/> 76,533,085

#### 5. BASIS OF THE PRELIMINARY ANNOUNCEMENT

The board of directors of Frenkel Topping Group Plc approved the Preliminary Results on 6 April 2018.

The statutory accounts for the year ended 31 December 2017 will be delivered to the Registrar of Companies following the Annual General Meeting. The statutory accounts will be posted to shareholders on 26 April 2018. 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](http://www.frenkeltopping.co.uk)

#### 6. ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 30 May 2018 at 12 noon at Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2SY.