

5 September 2018

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

Interim Results

Frenkel Topping (AIM: FEN), a specialist independent financial advisor and asset manager focused on asset protection for vulnerable clients, announces its interim results for the six months ended 30 June 2018.

The first six months of the year was a period of stable trading following team changes in 2017. Significant investment in developing staff will begin to contribute to earnings in the second half and following years. Important investment in marketing helps maintain relationships and will add to future earnings. Current trading is in line with expectations and the Board remains confident of the Company's growth prospects.

Financial Highlights

- Revenue £3.6m (H1 2017: £3.6m)
- Recurring revenue of £2.9m (H1 2017: £2.9m), representing 81% of total revenue
- Gross profit of £2.1m (H1 2017: £2.3m)
- Profit from Operations (before share based compensation and reorganisation costs) of £0.9m (H1 2017 £1.1m)
- Statutory pre-tax profit of £0.3m (H1 2017: £1.0m), reflecting investment in trainee consultants, the graduate academy and marketing.
- Basic EPS of 0.32p (H1 2017: 1.02p)
- Cash from its operating activities during the period of £0.5m (H1 2017: £1.0m; FY 2017: £2.0m)
- Net cash and cash equivalents at the period end of £1.8m (as at 31 December 2017: £1.9m), after payment of final dividend £0.6m.
- Interim dividend of 0.32p per share (H1 2017: 0.2969p), reflecting Board's confidence in the Company's growth trajectory

Operational Highlights

- Continued momentum in core business with new AUM added ahead of management expectations, particularly those under a DFM mandate
- Assets under management £759m (as at 1 June 2017: £752m)
- Assets on a DFM Mandate £312m (as at 31 December 2017: £291m)
- All model portfolio strategies in Investment Management division have achieved positive returns.

Board Changes and Composition

- New independent non-executive director, Tim Linacre, appointed on 19 June 2018, replacing Mark Richards
- Paul Richardson today moving from Executive Chairman to Non-Executive Chairman
- Board now consists of two non-executive directors, Paul Richardson and Tim Linacre and three executive directors, Richard Fraser, Stephen Bentley and Mark Holt

Paul Richardson, Non-Executive Chairman of Frenkel Topping, commented: "The Board is confident that, following a significant period of investment in the Company's systems and personnel, the Company will return to growth in the coming quarters. This will be delivered through the three arms of our business: our core activities in Frenkel Topping; our general advice business, Obiter Wealth Management and our investment management arm, Ascencia. Despite these significant levels of investment, Frenkel Topping has retained strong operating margins and cash flow, demonstrating the strength of the established underlying business. We remain focused on reaching AUM of £1bn and expect that a combination of organic growth and focused acquisition strategy will accelerate the growth of the business and strengthen the existing platform."

“I joined the Board almost 12 months ago after it had decided that selling the business was not in the best interest of shareholders and after my predecessor had decided to step down. Once on board, the executive team worked together to develop and implement the strategy and culture for growing the business as I have explained in my previous reports, and significant progress has been made with the implementation of those plans. Having achieved this, it is now appropriate that I step back from the role of Executive Chairman and into the more traditional role of Non-Executive Chairman. This change is made with immediate effect.”

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

For further information:

Frenkel Topping Group plc

Paul Richardson, Non-Executive Chairman
Richard Fraser, Chief Executive Officer
Stephen Bentley, Chief Finance Officer
Mark Holt, Commercial Director

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About Frenkel Topping: 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, personal and corporate financial advice and tax planning. It is focused on increasing its assets under management by continued growth of the business by an increase in the number of highly qualified fee earners for the provision of its industry leading specialisms.

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

When I reported on our 2017 annual results in early 2018, I outlined a programme of investment for 2018 of developing talent and new sales and marketing channels. The aim of this programme is to create growth and value for the medium term and with the client at the centre of everything we do.

Progress on investment strategy

We have invested in the region of £450k during the period which has increased the Group's cost base in the short term, but the return from these new investments has been slower to materialise than anticipated, which has led to slower revenue growth and profit progression than anticipated at the start of this year. In addition, the well documented changes in the Ogden rate, which has resulted in larger amounts paid out in personal injury and clinical negligence cases, has impacted the Group's performance. The increase in case sizes, has resulted in both the Company's sales cycles taking longer and the fee structures being altered. Also, there are smaller upfront payments to the Company on appointment. Despite these alterations, the Board reiterates that it believes the Company is outperforming most of its direct peers and continues to win a steady stream of new mandates.

We are now also starting to see the benefit of the Frenkel Topping Training Academy. Our Trainee Consultants are now becoming authorised individuals, so we will see some new revenue generators and asset gatherers deployed in H2 2018. Additionally, our first Graduates are approaching the end of their first year, the majority of whom have taken and passed the requisite benchmark qualifications and are all on track to complete the two-year scheme on schedule. We have also offered and had accepted a number of training contracts to new Graduates who will start their training scheme in October.

Notwithstanding this, our PBT before restructuring and share based compensation adjustments is £0.9m for H1 and as the new consultants develop their expertise and as clients respond to the increased marketing communications made in 2018 we anticipate revenues will increase. In the meantime, tight control of costs will be maintained so that the full benefit of the investments is enjoyed by the Group.

Our core business

Although in Q1 we saw some client and asset attrition due to the activities of former consultants, new AUM added in 2018 is ahead of expectations and Expert Witness revenues are ahead of the same period in 2017 which is extremely promising as it is a very important barometer for the future as this is our pipeline for AUM growth as we go into 2019 and 2020.

Our investment management arm, Ascencia Investment Management, has started 2018 well, enjoying positive fund flows in 2018. Ascencia Investment Management's innovative investment proposition, characterised by competitive fee structures with a capital preservation focus, has been well received by clients. All model portfolio strategies have achieved positive returns to 30 June against a backdrop of elevated geo-political risk and economic uncertainty.

Our fledgling general advice business, Obiter Wealth Management Limited, has seen some good traction in the first half of 2018 generating a number of law firms as clients advising both employees and partners on pensions and other general advice.

Dividend

In June 2018 the Company paid a final dividend in respect of FY17 of £0.6m. This represents a total dividend for 2017 of 1.2203 pence per share (2016: 1.1094 pence) to shareholders. The Company is pleased to announce that it will be paying an interim dividend of 0.32 pence per share (2017 Interim Dividend: 0.2969 pence), an 8% increase on the interim paid in 2017. The interim dividend will be paid on 28 September 2018 to shareholders on the register at close of business on 14 September 2018 and the shares will trade on an ex-dividend basis from 13 September 2018.

The Company will continue with its progressive dividend policy that is supported by the growth prospects of the Company.

Outlook

I am pleased to say that the underlying fundamentals remain strong and sales are in line with 2017. Frenkel Topping is a strong business with a number of clear commercial advantages which we are intent on capitalising on as we continue to grow our business. The Board is positive about the Company's growth prospects which will be delivered through the three arms of our business: our core activities in Frenkel Topping; our general advice business, Obiter Wealth Management and our investment management arm, Ascencia. We remain focused on reaching AUM of £1bn and expect that that a combination of organic growth and focused acquisition strategy acquisitions will accelerate the growth of the business and strengthen the existing platform.

The Board expects the growth in our business pipeline and AUM added during the period to continue over H2 and confirms that it is trading in line with market expectations.

With respect to the Board, I was pleased during the period to welcome Tim Linacre to the Board as a non-executive director, who brings a strong blend of corporate finance, business communications and plc board expertise. In addition, today, I have moved to non-executive Chairman, as I feel this is more appropriate for the Company now that we have developed and implemented the strategy and culture for growing the business.

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

Paul Richardson
Non-Executive Chairman
5 September 2018

Frenkel Topping Group plc Group income statement		6 Months ended 30-Jun-18 Unaudited £'000	6 Months ended 30-Jun-17 Unaudited £'000	Year ended 31-Dec-17 Audited £'000
	Note			
REVENUE		3,624	3,627	7,322
Direct staff costs		<u>(1,560)</u>	<u>(1,337)</u>	<u>(2,561)</u>
Gross Profit		2,064	2,290	4,761
ADMINISTRATIVE EXPENSES				
Share based compensation		(159)	(212)	(417)
Development and reorganisation costs		(449)	(25)	(300)
Formal sale and reorganisation costs		-	(116)	(122)
Other		<u>(1,209)</u>	<u>(1,219)</u>	<u>(2,409)</u>
TOTAL ADMINISTRATIVE EXPENSES		<u>(1,817)</u>	<u>(1,572)</u>	<u>(3,248)</u>
Profit from operations before share based compensation and reorganisation costs		855	1,071	2,352
- share based compensation		(159)	(212)	(417)
- development and reorganisation costs		(449)	(25)	(300)
- formal sale			(116)	(122)
PROFIT FROM OPERATIONS		247	718	1,513
Other gains and losses		-	150	150
Finance Income		24	135	234
Share of profit of investments accounted for using the equity method		<u>11</u>	<u>-</u>	<u>14</u>
PROFIT BEFORE TAXATION		282	1,003	1,911
Income tax expense		<u>(60)</u>	<u>(248)</u>	<u>(379)</u>
PROFIT FOR PERIOD		222	755	1,532
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT AND LOSS:				
Gains on property revaluation arising net of tax		-	-	80
TOTAL COMPREHENSIVE INCOME FOR PERIOD		<u>222</u>	<u>755</u>	<u>1,612</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent undertakings		<u>222</u>	<u>755</u>	<u>1,612</u>
Earnings per share - basic (pence)	3	0.32	1.02	2.24
Earnings per share - diluted (pence)	3	<u>0.32</u>	<u>0.96</u>	<u>2.24</u>

The results for the period are derived from continuing activities.

Frenkel Topping Group plc
Group Statement of Financial Position
As at 30 June 2018

	30-Jun-18	30-Jun-17	31-Dec-17
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
ASSETS			
NON CURRENT ASSETS			
Goodwill	7,020	7,020	7,020
Property, Plant and equipment	1,402	1,263	1,406
Investments	25	-	14
Deferred tax	<u>53</u>	<u>179</u>	<u>31</u>
	8,500	8,462	8,471
CURRENT ASSETS			
Accrued income	822	664	731
Trade receivables	1,358	1,202	1,330
Other receivables	210	392	275
Investments	1,202	1,000	118
Cash at bank and in hand	<u>558</u>	<u>3,847</u>	<u>1,816</u>
	<u>4,150</u>	<u>7,105</u>	<u>4,270</u>
TOTAL ASSETS	<u>12,650</u>	<u>15,567</u>	<u>12,741</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	393	385	393
Share Premium	400	361	400
Merger reserve	5,315	5,315	5,315
Revaluation reserve	151	71	151
Own share reserve	(4,449)	(774)	(4,449)
Other reserve	(341)	(341)	(341)
Retained earnings	<u>9,989</u>	<u>9,669</u>	<u>10,253</u>
TOTAL EQUITY	11,458	14,686	11,722
CURRENT LIABILITIES			
Current taxation	223	275	139
Trade and other payables	<u>969</u>	<u>606</u>	<u>880</u>
TOTAL LIABILITIES	<u>1,192</u>	<u>881</u>	<u>1,019</u>
TOTAL EQUITY AND LIABILITIES	<u>12,650</u>	<u>15,567</u>	<u>12,741</u>

Consolidated Statement of Changes in Equity For the period to 30 June 2018

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Other Reserve £'000	Own share Reserve £'000	Retained Earnings £'000	Revaluation reserve £'000	Total Equity £'000
Balance 1 January 2017	385	361	5,315	(341)	(774)	9,347	71	14,363
Share based payments	-	-	-	-	-	212	-	212
Dividend Paid	-	-	-	-	-	(644)	-	(644)
Total transactions with owners recognised in equity	-	-	-	-	-	(432)	-	(432)
Profit for the period	-	-	-	-	-	755	-	755
Balance 30 June 2017	385	361	5,315	(341)	(774)	9,669	71	14,686
New shares issued	8	39	-	-	-	-	-	47
Purchase of own shares	-	-	-	-	(3,675)	-	-	(3,675)
Share based payments	-	-	-	-	-	20	-	20
Tax credit relating to share option scheme	-	-	-	-	-	11	-	11
Dividend paid to shareholders	-	-	-	-	-	(224)	-	(224)
Total transactions with owners recognised in equity	8	39	-	-	(3,675)	(193)	-	(3,821)
Profit and total comprehensive income for the period	-	-	-	-	-	777	-	777
Other comprehensive income	-	-	-	-	-	-	80	80
Balance 31 December 2017	393	400	5,315	(341)	(4,449)	10,253	151	11,722
Share based compensation	-	-	-	-	-	159	-	159
Dividend paid to shareholders	-	-	-	-	-	(640)	-	(640)
Tax charge relating to the Share option scheme	-	-	-	-	-	(5)	-	(5)
Total transaction with owners recognised in equity	-	-	-	-	-	(486)	-	(486)
Profit and total comprehensive income for the period	-	-	-	-	-	222	-	222
Balance 30 June 2018	393	400	5,315	(341)	(4,449)	9,989	151	11,458

- 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 (formerly Frenkel Topping Investment Management Limited.)
- 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 3,040,000 (31 December 2017: 3,040,000) shares held by the company and the 6,348,016 (31 December 2017: 6,348,016) held by the Frenkel Topping Group Employee Benefit Trust. The open market value of the shares held at 30 June 2018 was £4,331,442 (31 December 2017: £5,069,529).
- Retained earnings represents the profit generated by the Company since trading commenced, together with dividends paid, share premium cancelled and share based payment and credits.
- The Company 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 2018

	6 Months ended 30-Jun-18 Unaudited £'000	6 Months ended 30-Jun-17 Unaudited £'000	Year ended 31-Dec -17 Audited £'000
Profit before tax	282	1,003	1,911
Adjustments to reconcile profit for the period to cash generated from operating activities			
Finance Income	(24)	(135)	(234)
Other gains	-	(150)	(150)
Share based compensation	159	212	231
Depreciation	36	23	71
Share of profit of investments accounted for using the equity method	(11)	-	(14)
Decrease in accrued income, trade and other receivables	83	80	40
(Decrease)/increase in trade and other payables	<u>(51)</u>	<u>61</u>	<u>210</u>
Cash generated from operations	474	1,094	2,065
Income Tax paid	<u>-</u>	<u>(112)</u>	<u>(112)</u>
Cash generated from operating activities	474	982	1,953
Investing Activities			
Acquisition of property, plant and equipment	(31)	(39)	(132)
Acquisition of shares in joint ventures	-	-	-
Investment Purchases	(1,061)	-	(4,468)
Investment Disposals	-	2,235	7,511
Disposal of shares in investment	<u>-</u>	<u>150</u>	<u>150</u>
Cash (used) / generated in investing activities	(1,092)	2,346	3,061
Financing activities			
Shares issued	-	-	47
Own shares purchased	-	-	(3,675)
Dividend paid	(640)	(644)	(868)
Interest received on loans	<u>-</u>	<u>-</u>	<u>135</u>
Cash used in financing	<u>(640)</u>	<u>(644)</u>	<u>(4,361)</u>
(Decrease)/ increase in cash	(1,258)	2,684	653
Opening cash	<u>1,816</u>	<u>1,163</u>	<u>1,163</u>
Closing cash	<u>558</u>	<u>3,847</u>	<u>1,816</u>
 Closing Cash and Cash Equivalents			
Cash	558	3,847	1,816
Cash equivalents	<u>1,202</u>	<u>1,000</u>	<u>118</u>
Closing cash and cash equivalents	<u>1,760</u>	<u>4,847</u>	<u>1,934</u>

Cash is held at National Westminster Bank Plc.
Cash equivalents are held in liquid investments.

Notes to the Interim Financial Statements

1. Basis of preparation and accounting policies

Basis of preparation

The Company's interim result consolidates the results of the Frenkel Topping and its subsidiary undertakings up to 30 June 2018. 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 Company's annual financial statements as at 31 December 2017 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 2018 is also unaudited.

The Company's statutory accounts for the year ended 31 December 2017 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 Company has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Companies, in the preparation of these interim financial statements.

The Company has also considered the provisions of IFRS 9 Financial Instruments and has concluded that it has no effect on the valuation of its assets and its liabilities shown in its balance sheet.

The Company has also considered the provisions of IFRS 15 Revenue from Contracts with Customers and has concluded that it has no significant effect on the Company's approach to revenue recognition.

Significant accounting policies

The accounting policies used in the preparation of the financial information for the six months ended 30 June 2018 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 2018.

2. Revenue Segmental Reporting

All of the Company'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

To be updated by ECG	6 months June 2018	6 months June 2017	Year ending December 2017
<i>Earnings</i>			
Earning for the purpose of basic earnings per share (net profit for the period attributable to equity holder of the parent)	£222,186	£754,686	£1,531,837
Earning for the purpose of diluted earnings per share	£222,186	£754,686	£1,531,837
<i>Number of shares</i>			
Purpose for basic earnings per share	77,785,203	76,990,683	77,785,203
Less: own shares held	(9,388,016)	(3,128,016)	(9,388,016)
	-----	-----	-----
	68,397,187	73,862,667	68,397,187
Effect of dilutive potential ordinary shares – share options	-	4,565,322	-
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Purpose of diluted earnings per share	68,397,187	78,427,989	68,397,187
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Basic EPS pence	<u>0.32</u>	<u>1.02</u>	<u>2.24</u>
Diluted EPS	<u>0.32</u>	<u>0.96</u>	<u>2.24</u>

4. Dividend

A dividend of £639,632 representing 0.9234 pence per share was approved by the Shareholders at the AGM on 30th May 2018. The dividend was paid on 29th June 2018.

5. The Board of Directors approved the interim report on 4th September 2018.

6. Copies of this report are available from the company website on www.frenkeltopping.co.uk

7. The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014

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