



Record plc

Annual results

Year ended 31 March 2012

12 June 2012



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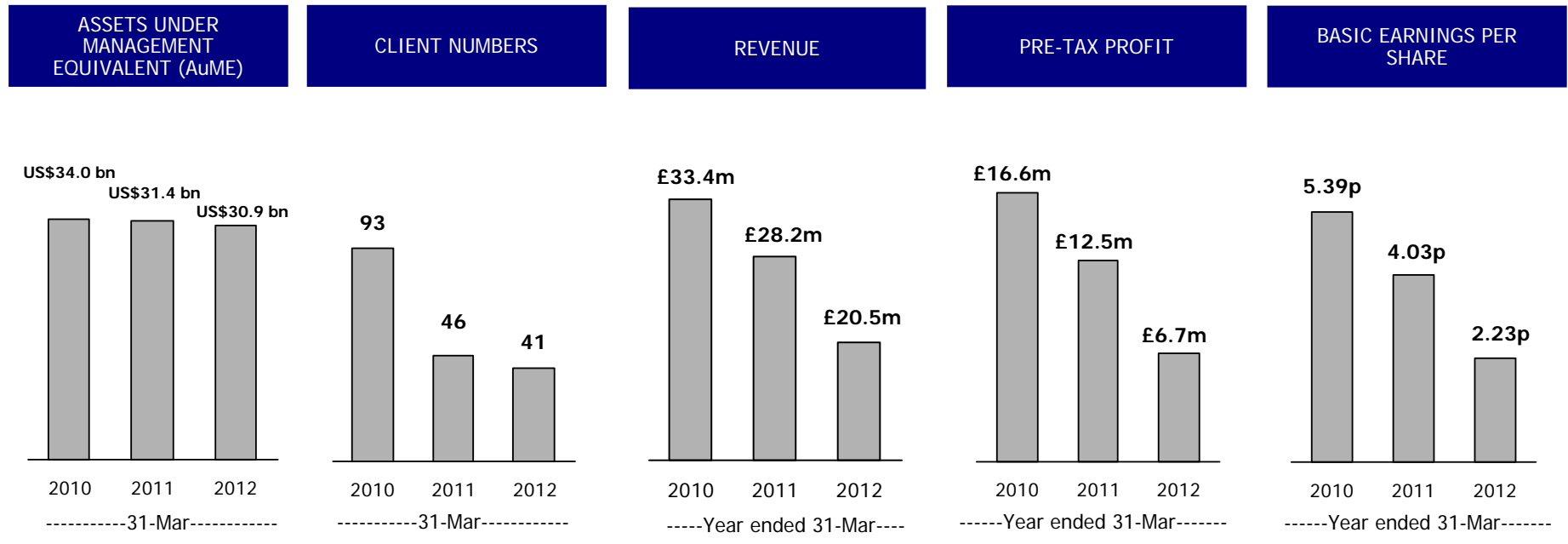
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Headlines

- Pre-tax profit £6.7m (down 46%)
- Revenue of £20.5m (down 27%)
- Cash reserves £24.6m (unchanged)
- AuME \$30.9bn at 31 March 2012 was 2% lower than the prior year
- AuME £19.3bn at 31 March 2012 was 2% lower than the prior year
- Operating profit margin to 31 March 2012 of 32% compared to 44% for year ended 31 March 2011
- Basic EPS 2.23 pence per share (2011: 4.03 pence per share, down 45%)
- Proposed final dividend for the year to 31 March 2012 is 0.75p per share giving a total dividend for the year of 1.50p per share





Business strategy



Strategy

- **Focus on sales from expanded product range in FY13**
- **Deliver diversification benefits from expanded product offering**
- **Increased focus on the US through dedicated sales resource**
- **Increase focus on Switzerland through dedicated sales resource**

Expanded product offering

■ Current products range

□ Hedging

- Passive Hedging
- Dynamic Hedging

□ Currency for Return

- Active FRB
- FRB Index
- Emerging Markets
- Euro Stress
- Currency Momentum
- Currency Value
- Multi-Strategy

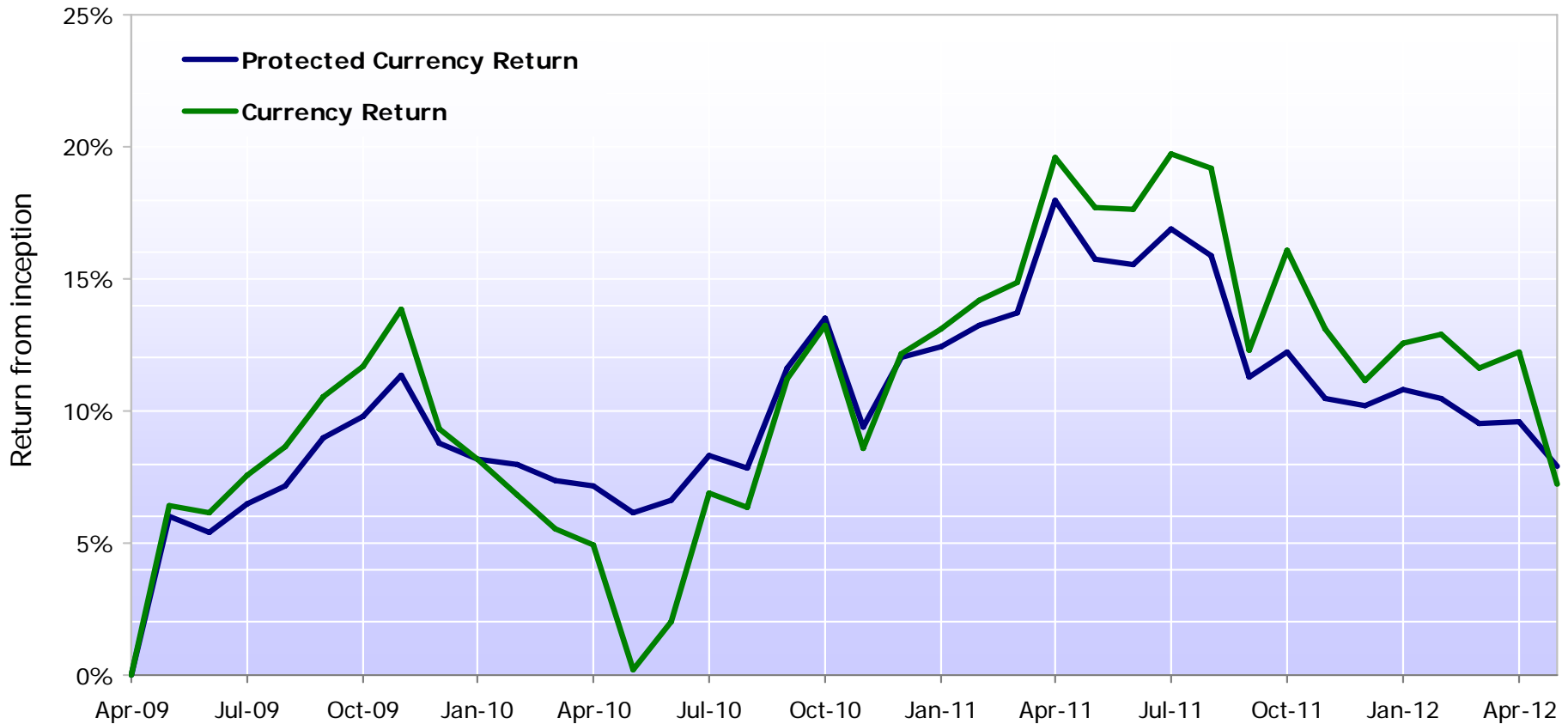


Product Performance



Performance of US Dynamic Hedging Client

30 Apr 2009 to 31 May 2012

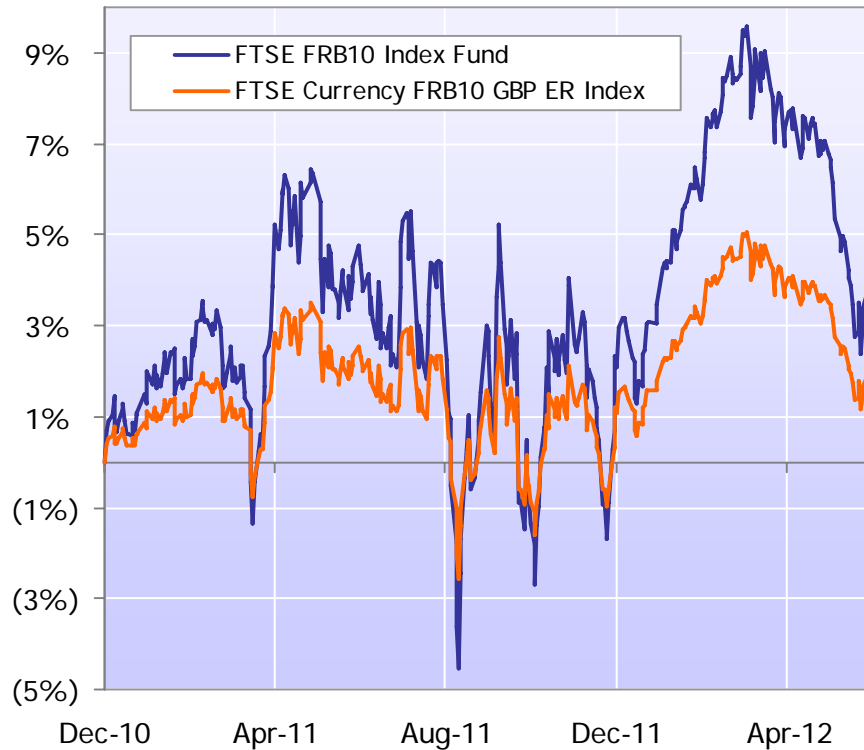


Source: Record Currency Management, WM/Reuters. Protected currency return is calculated as the weighted average currency return plus the contribution from hedging. Results are for combined portfolios. Data is cumulative from 30 Apr 2009.

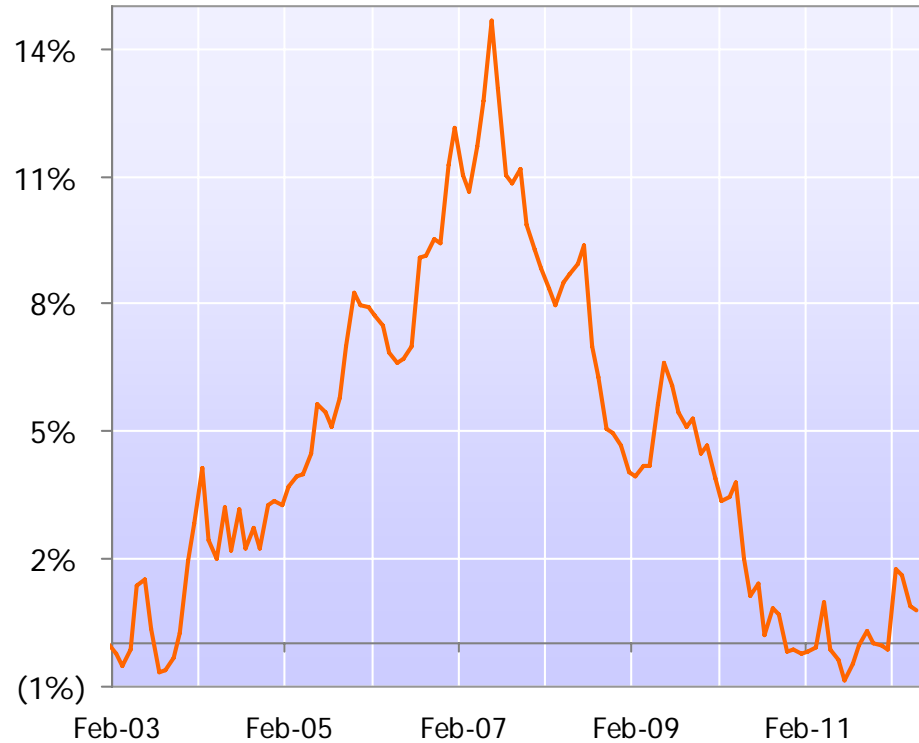
RECORD plc

FRB10 Fund and Alpha Composite Performance

FRB10 - inception 01 Dec 2010



Alpha Composite - inception 01 Feb 2003



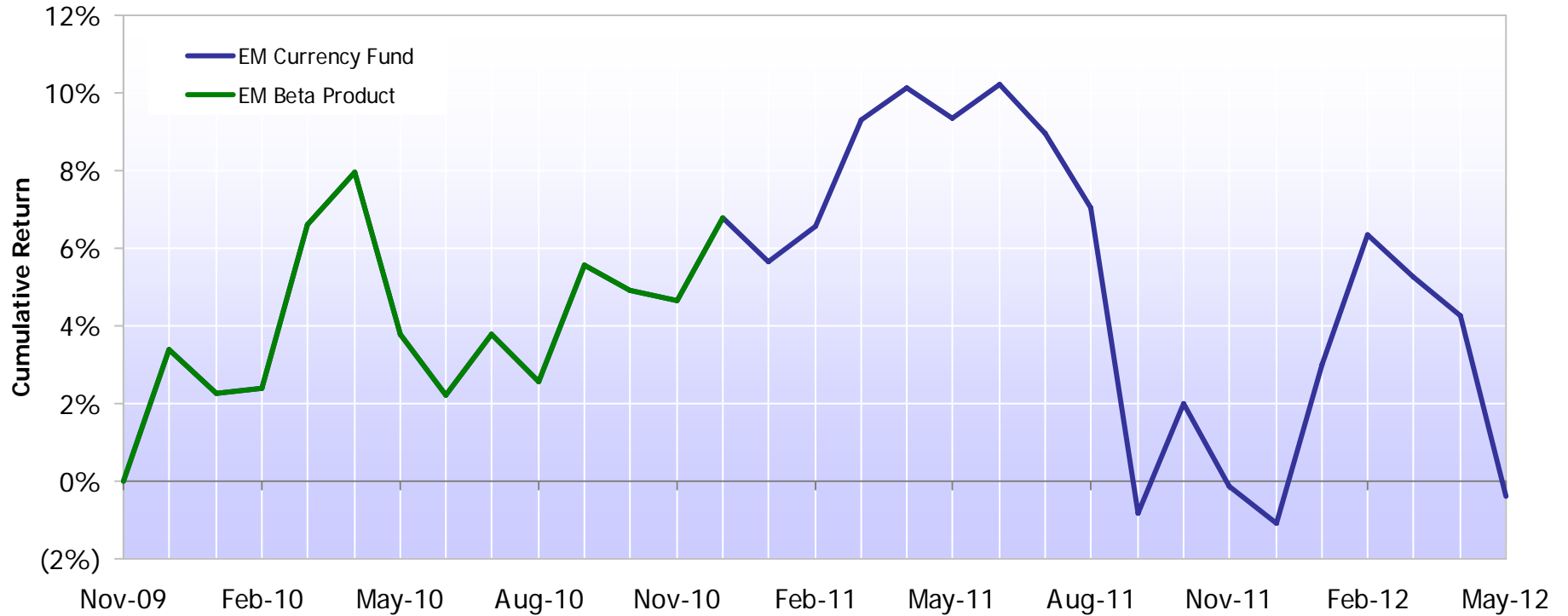
As at 31 May 2012	FTSE FRB10 Index Fund (x1.8)
ITD (cum.)	2.79%
ITD (ann.)	1.85% p.a.

As at 31 May 2012	Alpha Composite
ITD (cum.)	0.80%
ITD (ann.)	0.09% p.a.

Source: Record Currency Management, FTSE International Ltd. Returns to 31 May 2012. Returns of all clients in the Alpha composite are weighted in US dollars and scaled to a gearing ratio of one. The volatility of returns will be greater if higher leverage is applied.



Record's Emerging Market Currency Strategy



As at 31 May 2012	Emerging Currency Strategy
ITD (cum.)	(0.40%)
ITD (ann.)	(0.16%) p.a.

Source: Record Currency Management. Total returns based on EM Beta product from 30 Nov 2009 to 31 Dec 2010, EM currency fund from 01 Jan 2011 to 31 May 2012.

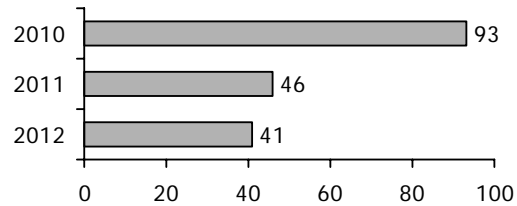


Financial Performance

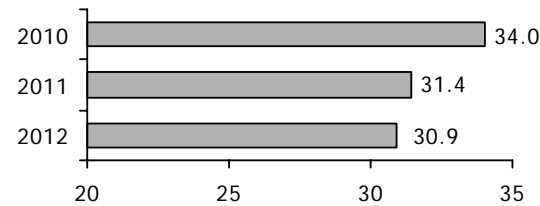


Financial KPIs – Year ended 31 March 2012

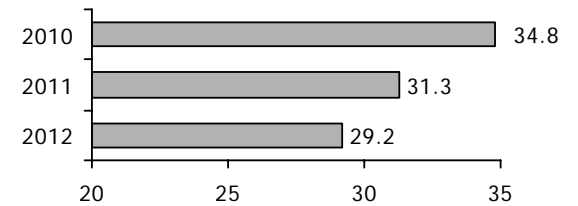
Client numbers



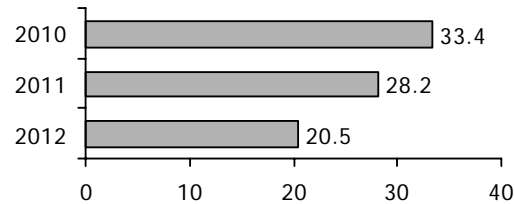
AuME \$bn



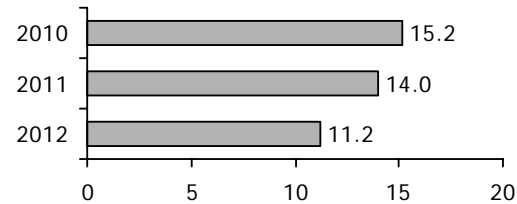
Average AuME \$bn



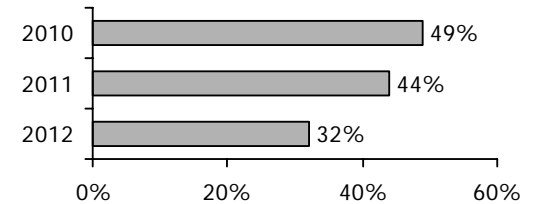
Revenue £m



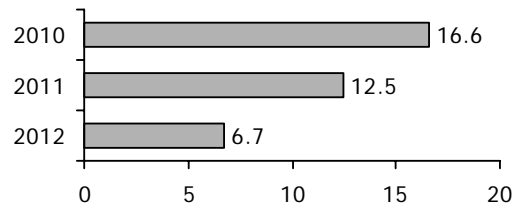
Average management fee rates bps



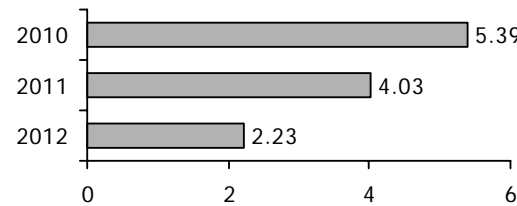
Operating margin %



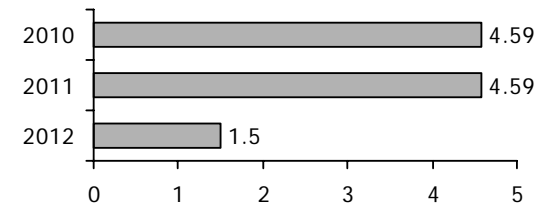
Profit before tax £m



EPS (pence per share)



Dividend (pence per share)





Financials – client numbers

Client numbers

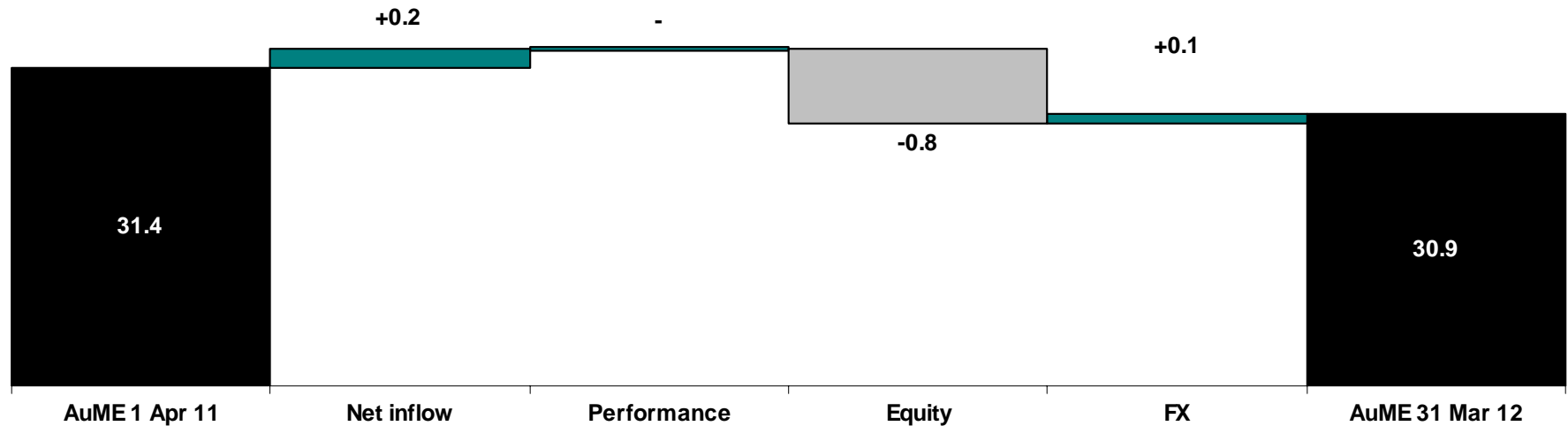
	31 Mar 11	31 Mar 12
Dynamic Hedging	10	9
Passive Hedging	24	22
Hedging	34	31
Currency for Return - segregated	8	5
Currency for Return - pooled funds	13	9
Currency for Return	21	14
Other currency management services	-	1
Less clients with >1 product	(9)	(5)
Total	46	41

Note: total of client numbers by product type is greater than total client numbers due to some clients having more than one account; for pooled fund client numbers look through pooled funds to individual investor level.



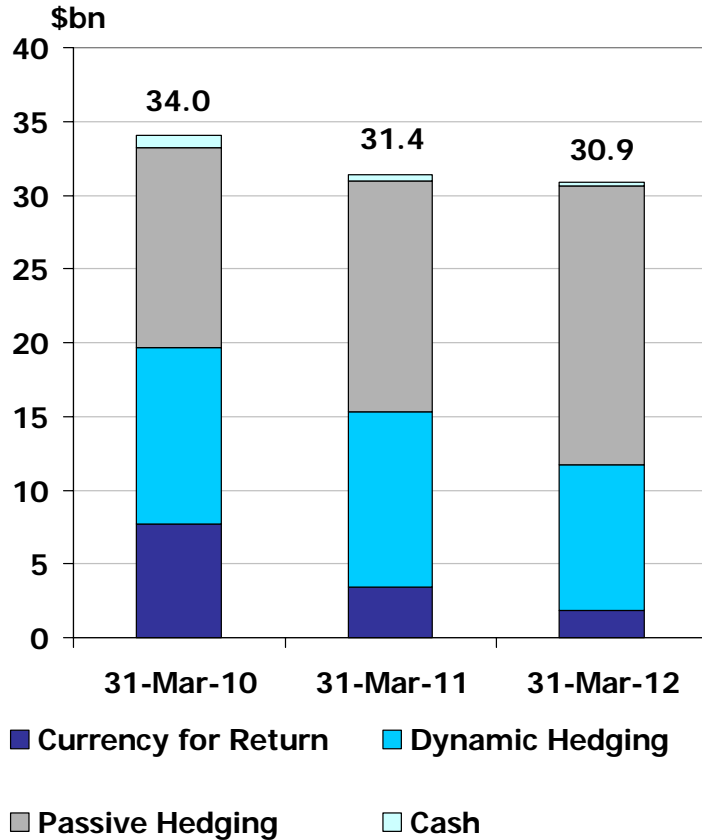
Financials – AuME movement

AuME bridge for the year ended 31 March 2012 (\$billion)

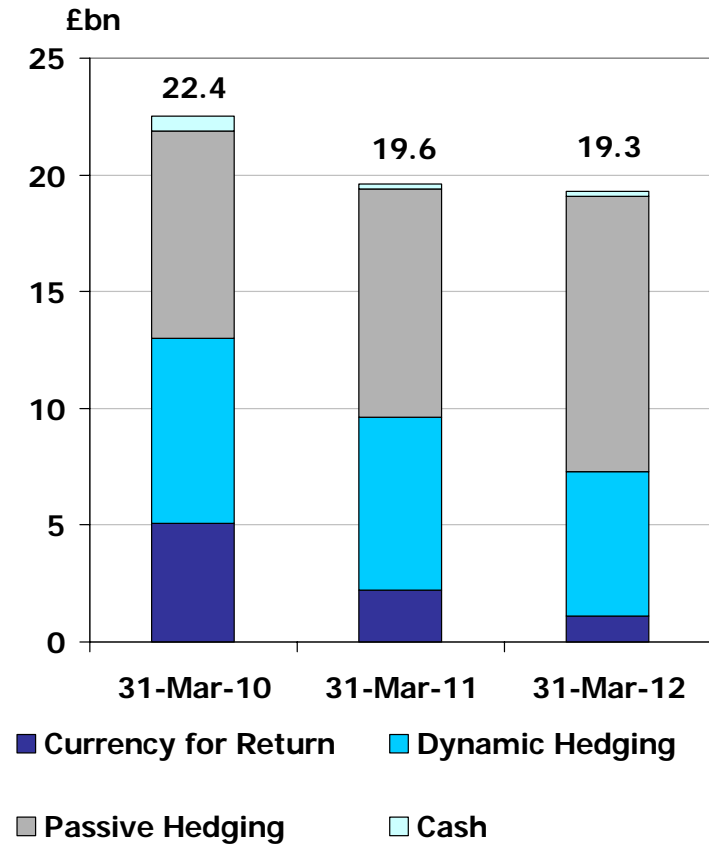


AuME analysis

AuME by product (\$bn)

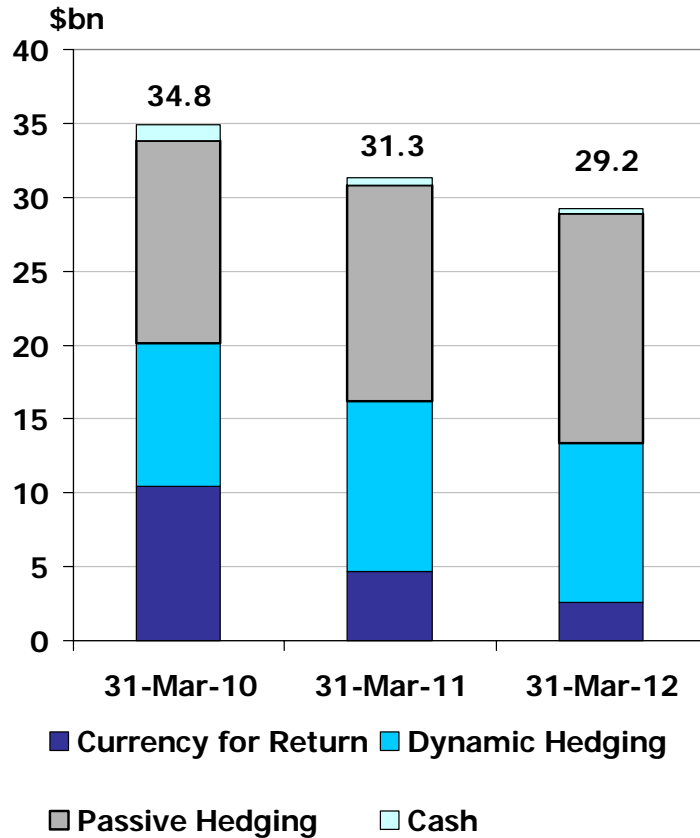


AuME by product (£bn)

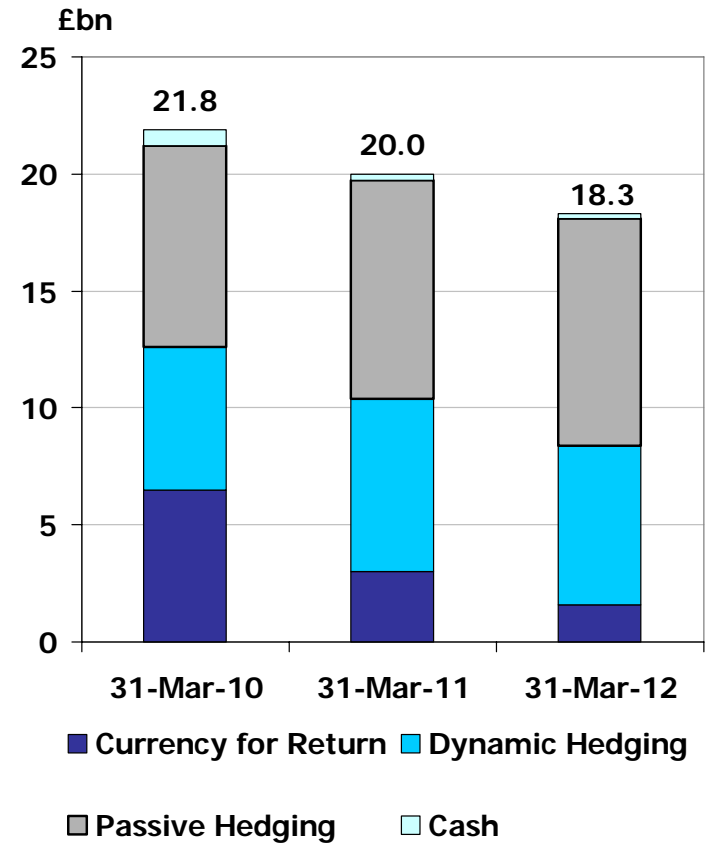


Average AuME analysis

Average AuME by product (\$bn)



Average AuME by product (£bn)



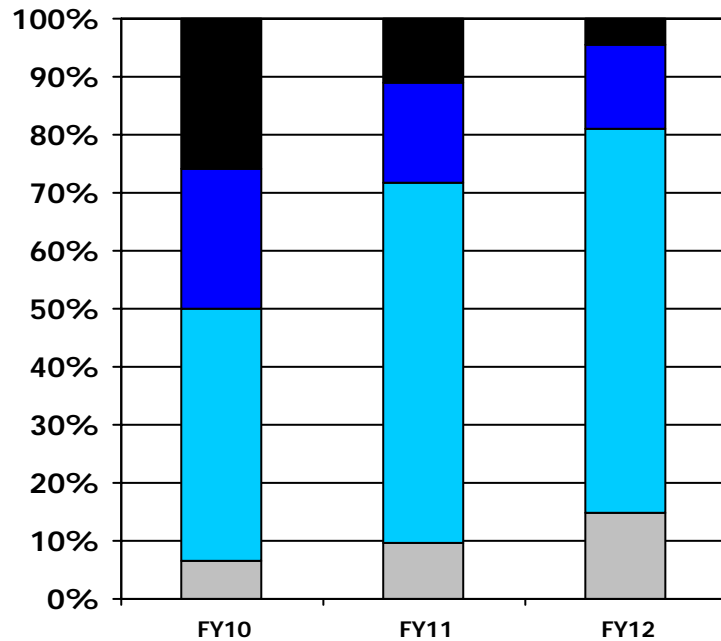


Financials – Average AuME, management fee rates & fees

	Year ended 31 March 2011			Year ended 31 March 2012		
	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)
Currency for Return:						
Segregated funds	2.6	28.3	4.8	1.8	26.1	3.0
Pooled funds	2.1	23.4	3.1	0.8	18.4	0.9
Total Currency for Return	4.7	26.1	7.9	2.6	23.8	3.9
Dynamic Hedging	11.5	23.9	17.5	10.8	20.0	13.5
Passive Hedging	14.6	2.9	2.7	15.5	3.1	3.0
Cash	0.5	-	-	0.3	-	-
Combined average	31.3	14.0	28.1	29.2	11.2	20.4

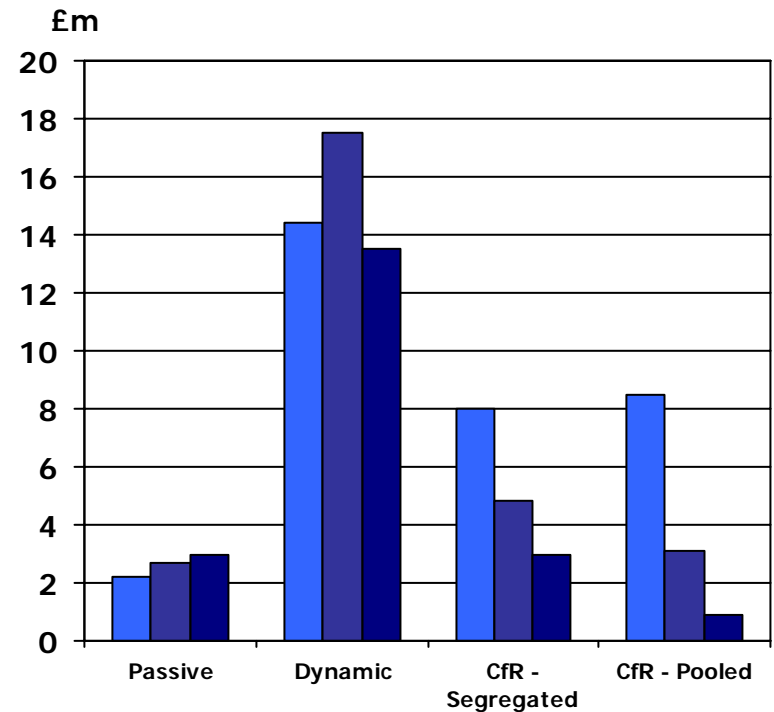
Financials – revenue analysis

Management fees by product



Passive
 Dynamic
 CfR Segregated
 CfR Pooled

Management fees by product



FY10
 FY11
 FY12



Financials – income statement

	FY11	FY12
AuME at period end	\$31.4bn	\$30.9bn
Clients at period end	46	41
Income:	£m	£m
Management fees	28.1	20.4
Other income	0.1	0.1
Total Income	28.2	20.5
Cost of sales	(0.1)	(0.2)
Gross Profit	28.1	20.3
Expenditure:		
Operating costs	(10.4)	(10.6)
Variable remuneration	(5.3)	(2.8)
Loss on financial instruments held as part of disposal group	-	(0.3)
Total expenditure	(15.7)	(13.7)
Operating profit	12.4	6.6
Operating Profit Margin	44%	32%
Finance income	0.1	0.1
Profit before tax	12.5	6.7



Group profit share

- **Group Profit Share Scheme subject to minor changes in the current financial year**
- **Group Profit Share Scheme being split into a 27% 'core' Group Profit Share Scheme and a 3% Matching Scheme – no change from a shareholder perspective to the current 30% Operating Profit over the medium term**
- **US Sales incentives being paid for as a cost of sales – under most reasonable scenarios this keeps the Group Profit Share Scheme, Matching Scheme and sales incentives below the 35% of Operating Profit level. Paid 75% in shares that are subject to 3 year 'lock in'**
- **Group Profit Share Scheme is shared amongst all staff based on 'profit share units'**
- **For all senior employees including Board Directors:**
 - 1/3rd Shares
 - 1/3rd Cash
 - 1/3rd Cash or Shares. Shares attract a matching award (funded from the Matching Scheme)
 - Shares subject to 'lock up' for up to 3 years
- **Options scheme for a small group of employees that does not include main Board Directors being repeated**



Financials - earnings

Shareholders earnings

	FY11	FY12
	£m	£m
Profit before tax	12.5	6.7
Tax	(3.6)	(1.8)
Profit after tax	8.9	4.9
eps – basic	4.03p	2.23p
eps – diluted	4.03p	2.23p
Interim dividend per share	2.00p	0.75p
Proposed final dividend per share	2.59p	0.75p
Total dividend per share	4.59p	1.50p
Dividend cover	0.9x	1.5x

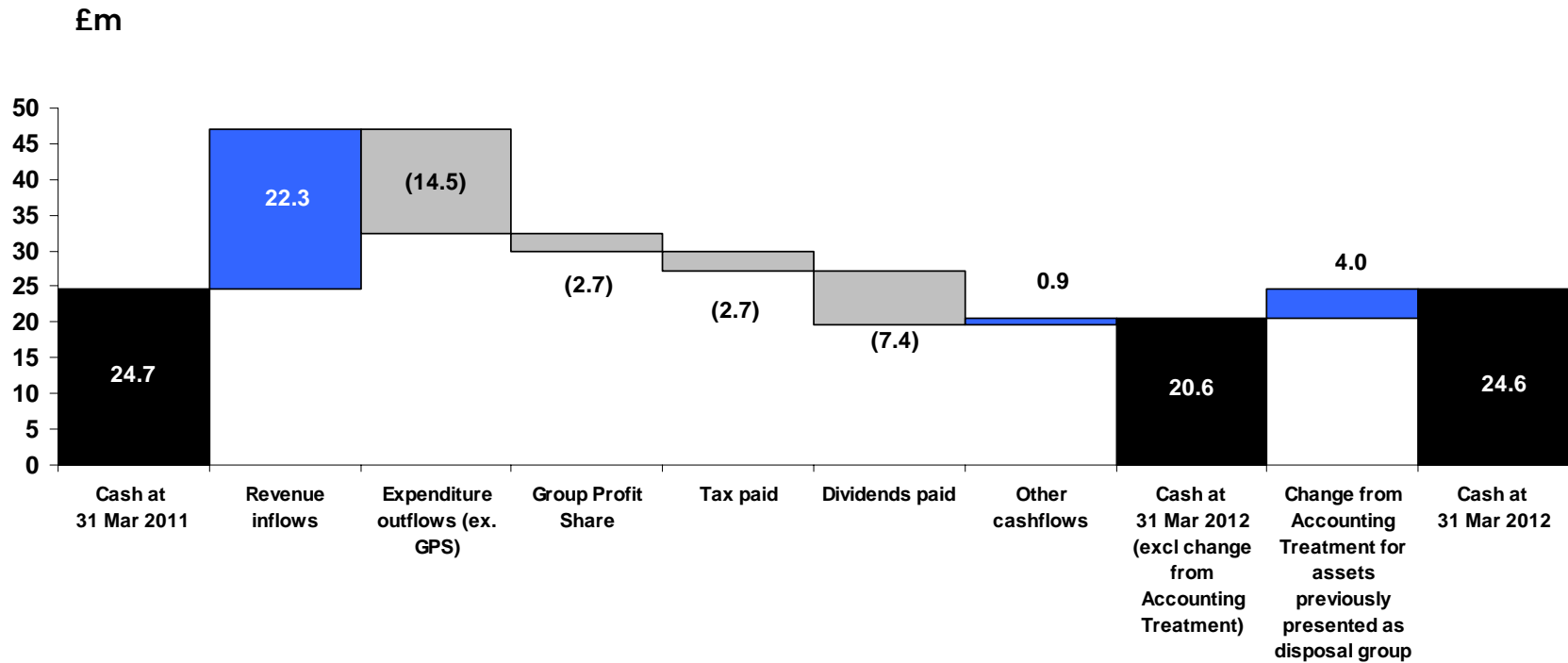
Financials – balance sheet

Balance sheet as at period end

	FY11	FY12
	£m	£m
Non-current assets	1.4	1.3
Current assets		
Trade debtors and other receivables	6.9	5.1
Derivative financial assets	-	-
Cash and cash equivalents	24.7	24.6
Current assets held for sale	3.0	1.0
Total current assets	34.6	30.7
Current liabilities	(5.9)	(3.4)
Net assets	30.1	28.6
Equity attributable to owners of the parent	29.1	26.4
Non-controlling interest	1.0	2.2
Total equity	30.1	28.6

Financials - cash

CASH BRIDGE FOR THE YEAR ENDED 31 MARCH 2012





Appendix



Management and Board

Executive Management

Name	Position	Experience
Neil Record	Chairman	<ul style="list-style-type: none">■ Founded Record in 1983. Principal shareholder and Executive Chairman ever since■ Acknowledged as one of the leading figures in the currency investment management industry
James Wood-Collins	Chief Executive Officer	<ul style="list-style-type: none">■ Joined Record in 2008. Previously a Managing Director at JP Morgan Cazenove advising financial institutions on M&A, IPOs and related corporate finance transactions
Bob Noyen	Chief Investment Officer	<ul style="list-style-type: none">■ Joined Record in 1999 with responsibility for Investment & Research■ Previously worked as Assistant Treasurer for Minorco (now part of Anglo American plc)
Leslie Hill	Head of Client Team	<ul style="list-style-type: none">■ Joined Record in 1992 and was appointed Head of Sales and Marketing in 1999■ Prior experience includes working at Lloyds Bank and Merrill Lynch, where she was Director and Head of Corporate Foreign Exchange Sales worldwide
Paul Sheriff	Chief Operating Officer / Chief Financial Officer	<ul style="list-style-type: none">■ Joined Record in 2008. Previously Group Finance Director for Arbutnot Banking Group PLC and prior to that Commercial Finance Director of the Prudential's UK and European business

Non-Executive Directors

Name	Position	Experience
Cees Schrauwers	Senior Independent Director	<ul style="list-style-type: none">■ Formerly Managing Director, Aviva International; Managing Director, CGU Insurance; Partner, Coopers & Lybrand; Senior Independent Director Brit Insurance Holdings and Chairman Drive Assist Holdings Ltd■ Currently Chairman of the Guernsey Financial Services Commission and a Non-executive Director of Scottish Widows Group Limited
Andrew Sykes	Non-Executive Director	<ul style="list-style-type: none">■ Formerly director, Schroders plc■ Currently non-executive director, Gulf International Bank (UK); Smith & Williamson Holdings; SVG Capital plc; Chairman Absolute Return Trust Limited and Schroders Real Estate Investment Trust Limited
David Morrison	Non-Executive Director	<ul style="list-style-type: none">■ A director of PayPoint plc, several private companies and a Non-executive director of N P Record plc between 1987 - 1996■ Founder and Chief Executive of Prospect Investment Management



AuME

- **Currency for Return mandates:**

- = the maximum aggregate nominal amount of outstanding forward contracts for each client, plus

- **Dynamic hedging mandates:**

- = total amount of clients' investment portfolios denominated in liquid foreign currencies, and hence capable (under the terms of the relevant mandate) of being hedged, plus

- **Passive hedging mandates:**

- = the aggregate nominal amount of passive hedges actually outstanding in respect of each client, plus

- **Cash:**

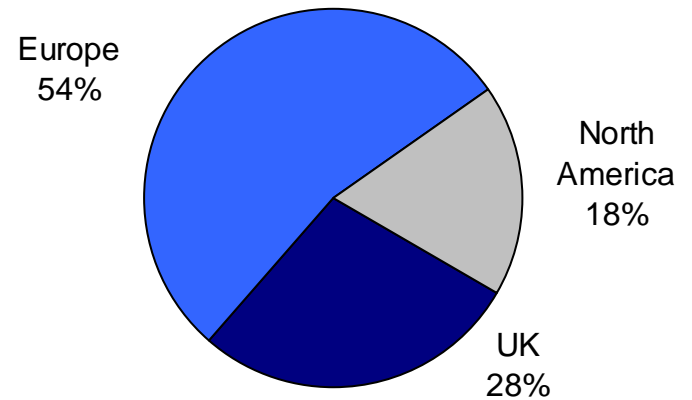
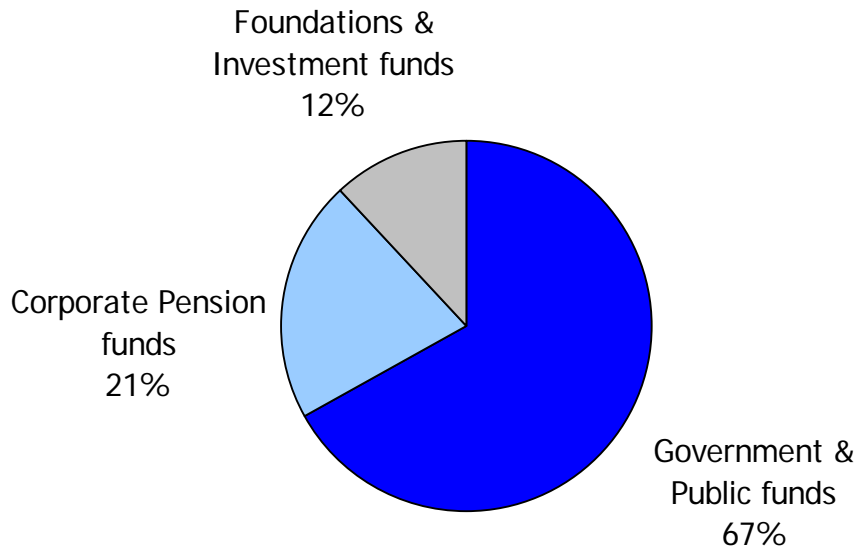
- = the total set aside by clients and managed and/or 'equitised' using futures by Record



AuME analysis

Split of AuME by client type — 31 March 2012

Split of AuME by country/region — 31 March 2012



Total: US\$30.9 billion

Total: US\$30.9 billion

Note: both pie charts look through pooled funds to individual investor level



Financials – cost analysis

Emphasis on cost control

	FY11	FY12
	£m	£m
Personnel (excluding Group Profit Share)	6.1	6.4
Non-personnel cost	4.3	4.2
Loss on financial instruments held as part of disposal group	-	0.3
Expenditure before Group Profit Share	10.4	10.9
Group Profit Share Scheme	5.3	2.8
Total expenditure	15.7	13.7



Financials – concentration

Largest clients by FY12 revenue

	AuME	Revenue	
	\$bn	£m	%
Clients 1-10	19.3	16.7	81%
Clients 11-20	5.7	2.7	14%
Other clients	5.9	1.1	5%
Total	30.9	20.5	100%