



## **Record plc**

### **PRESS RELEASE**

24 November 2015

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

Record plc, the specialist currency manager, today announces its unaudited results for the six months ended 30 September 2015.

#### **Financial headlines:**

- AUME<sup>1</sup> fell to \$53.3bn / £35.2bn (\$55.4bn / £37.3bn at 31 March 2015)
- Revenue increased by 3% to £10.4m compared to the six months ended 30 September 2014 (£10.1m)
- Profit before tax decreased by 8% to £3.3m (six months ended 30 September 2014: £3.6m)
- Underlying<sup>2</sup> profit before tax increased by 9% to £3.7m (six months ended 30 September 2014: £3.4m)
- Client numbers decreased from 55 to 54 over the six month period
- Underlying operating margin of 33% (six months to 30 September 2014: 34%)
- Basic EPS of 1.36 pence (six months to 30 September 2014: 1.23 pence)
- Financial position is strong with shareholders' equity increased to £33.3m (30 September 2014: £30.4m)
- Interim dividend of 0.825p per share will be paid on 23 December 2015 (0.75p per share for the six months ended 30 September 2014)

#### **Key developments:**

- The general backdrop of the scope for monetary policy divergence, as well as the specifics of the United States Federal Reserve likely leading rate tightening, continues to generate interest in currency management in particular from US investors.

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<sup>1</sup> As a currency manager Record manages only the impact of foreign exchange and not the underlying assets, therefore its "assets under management" are notional rather than real. To distinguish this from the AUM of conventional asset managers, Record uses the concept of assets under management equivalents "AUME" and by convention this is quoted in US dollars.

<sup>2</sup> The underlying results are those before consolidating the non-controlling interests in the seed funds, and reflect internal management reporting of the revenues and costs driving future cash flows of the business.

- Volatility has also increased attention on currency management strategies, although market conditions have led to underperformance in some return-seeking strategies.
- Jane Tufnell joined the Board as an independent non-executive director on 14 September 2015.

Commenting on the results, James Wood-Collins, Chief Executive of Record plc, said:

“The first half of the financial year has seen continued debate on the prospects for monetary policy divergence, although the pace at which interest rate divergence is expected to emerge has been slowed by global concerns over deflation and financial market volatility. Such uncertainty and volatility has supported the high level of interest shown in currency management strategies over the period, despite adversely affecting the performance of some of our return-seeking strategies.

“Against this backdrop, we’ve seen growth in management fees compared to the same period last year from both Currency for Return and Passive Hedging mandates, although much of the growth in the Currency for Return revenue is from the marked increase in a tactical bespoke mandate shortly before the beginning of the period, which subsequently reduced at the end of August.

“Despite the growth in management fees and our continued commitment to control costs, our profitability was affected by the decision to increase salaries during the period, in order to remain competitive in light of the trend towards higher fixed remuneration in financial services. The underlying profit before tax increased by 3% to £3.7m compared to the six months ended 30 September 2014 (£3.6m) although the underlying operating profit margin reduced marginally to 33% when compared to the six months ended 30 September 2014 (34%).

“During a challenging period across the financial services sector, the Group has achieved growth in management fees whilst broadly maintaining underlying profitability and increasing the interim dividend. The diversity of the Group’s product range in conjunction with the uncertain and volatile currency landscape continues to provide opportunities to engage with a wide range of potential clients, across diverse locations and product strategies. Our focus is to ensure the Group is well placed to take advantage of such opportunities.”

## **Analyst briefing**

There will be a presentation for analysts at 11.00am on Tuesday 24 November 2015 at Cenkos plc offices: 6-8 Tokenhouse Yard, London, EC2R 7AS. A copy of the presentation will be made available on the Group’s website at [www.recordcm.com](http://www.recordcm.com).

### **For further information, please contact:**

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## **Chief Executive Officer's statement**

The first half of the financial year has seen growth in management fees compared to the same period last year, although much of this growth came about from the marked increase in a tactical bespoke mandate shortly before the beginning of the period, which subsequently reduced at the end of August.

Beyond the variability in size of this particular mandate, we have had some success in gaining further new hedging mandates, and continue to be well-positioned to respond to a broad and diverse range of interest from current and potential clients.

### ***Market and performance overview***

Predominant market themes over the six months have continued to be monetary policy divergence and volatility, although the prospects, pace and outcome of the former are less clear-cut than they appeared at the start of the year.

With respect to monetary policy divergence, although the direction of travel continues to be for central banks to be influenced more by domestic objectives than by global imperatives, the pace at which this will result in interest rate divergence is less clear than might have appeared earlier, due to concerns on global deflation and financial market volatility. This is illustrated, for example, by the United States Federal Reserve choosing not to increase interest rates at its September meeting, as had been expected earlier in the summer, and by a similar debate over the pace of tightening by the Bank of England.

Volatility over the six month period has been driven both by distinct events, and by a generally rising level of day-to-day exchange rate volatility. The predominant series of events over the first half of the period revolved around the resurgence of the Greek bail-out, restructuring and debt negotiations, which served to keep Eurozone structural viability under review, although with only a modest impact on Euro exchange rates.

During the latter three months, the predominant topic was the effect US interest rate rises and a strengthening Dollar may have on emerging market growth. The modest but unexpected devaluation of the Chinese Renminbi sent an unwelcome message on the prospects for growth in China and emerging markets more broadly, and triggered widespread equity market volatility, depreciation of commodity exporting currencies, and marked spikes in major developed market exchange rates.

The impact of these movements on Record's strategies was varied. Following pronounced appreciation towards the end of 2014 and the first quarter of 2015, the US Dollar generally weakened against developed market currencies in the first three months of the period, before substantially recovering in the second three months. As a result Dynamic Hedging controlled losses for US clients in the first three months, and generated positive returns in the second. UK clients experienced the inverse performance, with hedging gains in the first half, and losses controlled in the second.

Record's return-seeking strategies were affected by the underperformance of higher interest rate currencies, commodity currencies, and in particular emerging market currencies. Forward Rate Bias strategies, both active and index-tracking, underperformed in particular due to weakness in the New Zealand and Australian Dollars, and the Emerging Market strategy's underperformance was particularly pronounced in the second three months. Value and Momentum generated negative returns in the first three months and positive returns in the second, although not sufficient to generate positive performance across the Multi-Strategy product.

### ***Regulation***

Regulatory change continues apace in foreign exchange markets. Whilst we naturally support regulation to maintain the fair, effective and open functioning of these markets, we are concerned that the increase in market fragility seen throughout 2015 may in part be attributable to unintended consequences of some reforms. We strongly support regulators in engaging with market users to mitigate these effects.

Record's long-standing ethos of putting our clients' interests first was affirmed by our position as one of the first 25 investment management firms to register as a signatory to the Investment Association's Statement of Principles.

## ***Financial highlights***

Management fees grew by 13% over the period to £11.0m compared to £9.7m for the six months ended 30 September 2014, largely driven by a temporary increase in a tactical bespoke mandate. Revenues grew more modestly by 3% to £10.4m compared to £10.1m for the six months ended 30 September 2014, as consolidating external investors' returns in certain seed funds reduced revenues. Cost control continued to be a priority, although the need to remain competitive in fixed remuneration through a firm-wide 10% salary increase from 1 May 2015 caused the underlying operating profit margin to reduce to 33% compared to 34% for the six months ended 30 September 2014. Profit before tax declined by 8% to £3.3m compared to £3.6m for the six months ended 30 September 2014. Shareholders' funds increased to £33.3m against £31.9m as at 31 March 2015.

## ***Asset flows***

AUME decreased modestly over the period, by 4% in US Dollar terms to \$53.3bn, and by 6% in Sterling terms to £35.2bn. This was largely driven by the reduction in a tactical bespoke mandate, which is not reflective of the performance of Record's core strategies. Since the end of the period we have commenced a new dynamic hedging mandate of approximately \$600m, and converted an approximately £900m dynamic hedging mandate into a passive hedging mandate on a somewhat reduced scale.

## ***Products and distribution***

The prospects of interest rate divergence and increased currency volatility have continued to generate a diversified range of new business enquiries.

Interest in currency management has continued to grow in the United States, although we expect further growth to be at least somewhat dependent on the path of the US Dollar. Our role as an independent specialist continues to generate interest in Passive Hedging in Switzerland, as does our strategy of continually enhancing our product offering, which includes helping clients address the challenges of a negative interest rate environment. In the UK, we continue to benefit from interest particularly in more specialist hedging opportunities.

The recent performance of return-seeking strategies has created a more challenging backdrop for further growth of the Multi-Strategy product following its third anniversary, although its long-term performance remains in line with expectations.

Our approach to distribution remains focused on building long-term relationships with institutional investors and consultants in our core markets of North America, continental Europe and in particular Switzerland, and the UK, as well as exploring opportunities in growing markets such as Australia.

## ***Board changes and dividend***

We were delighted to welcome Jane Tufnell to the Board as an independent non-executive director during the six month period. Jane co-founded the investment management firm Ruffer in 1994 and served on its management board until June 2014. We are looking forward to the benefit of her relevant market experience and business insight.

An interim dividend of 0.825p per share will be paid on 23 December 2015 to shareholders on the register at 4 December 2015.

The Board's intention for the financial year, subject to business conditions, is to maintain the overall dividend at 1.65p per share. However in setting the dividend, the Board will be mindful of achieving a level which it expects to be at least covered by earnings and which allows for future sustainable dividend growth in line with the trend in profitability, such that the total dividend may be more or less than 1.65p per share.

## ***Outlook***

The market environment over the six month period has presented challenges in volatility, and in the performance of some of our strategies. Despite this, and in part helped by some of these challenges, we remain engaged with a wide range of potential clients, across diverse locations and product strategies.

All of the Group's management and staff are working hard to convert this engagement into new mandates, and we are optimistic about further progress in the current financial year. On behalf of the Board, I would like to thank our clients for their continued confidence, and our staff for their continued commitment.

*James Wood-Collins*

*Chief Executive Officer*

*23 November 2015*

# Interim management review

## ***Business review***

During a busy six month period, AUME, expressed in US Dollars, and client numbers have shown small decreases compared to those at the end of the prior financial year. AUME decreased by 4% to \$53.3bn (\$55.4bn at 31 March 2015) and client numbers were down 2% to 54 (55 at 31 March 2015). The decrease in AUME was predominantly due to the outflow of \$2.8bn from a bespoke tactical mandate announced on 25 August, partially offset from inflows mainly from existing Passive Hedging clients totalling \$1.8bn in the period.

Management fees for the six month period increased to £11.0m, 13% higher than the equivalent period in the prior year (£9.7m) and 4% higher than the management fees reported for the second half of the financial year ended 31 March 2015 (£10.6m). This growth in management fees was attributable mainly to the inflows totalling \$1.75bn reported in March 2015 to the aforementioned tactical mandate and, to a lesser extent, organic growth attributable to existing passive mandates during the period.

Revenues for the six month period of £10.4m are 3% higher than the comparable period last year (six months ended 30 September 2014: £10.1m) and 5% lower than the £11.0m reported for the second half of the prior financial year, although this latter period includes a performance fee of £0.5m.

Personnel costs increased in the period by 17% (£0.5m) over both the preceding six month periods ended 30 September 2014 and 31 March 2015 respectively, predominantly as a consequence of the increase in salaries from 1 May 2015. Non-personnel costs totalled £2.1m having been closely controlled, remaining at levels equivalent to the preceding two six month periods.

When compared to the corresponding period last year, profit before tax of £3.3m has decreased by 8% (six months ended 30 September 2014: £3.6m) and operating profit margin has decreased from 35% to 31%, mainly as a consequence of consolidating the gain or loss experienced by the non-controlling interests of -£0.4m (six months ended 30 September 2014: +£0.2m) and also the increase to personnel costs.

The Group's balance sheet is strong. Shareholders' funds stood at £33.3m at the balance sheet date, compared to £31.9m at 31 March 2015.

## ***Product investment performance***

During the period, US-based Dynamic Hedging clients experienced an overall marginal weakening of the US Dollar against developed market currencies, particularly against the Euro in the first three months of the period, as US interest rate hike expectations began to slip and longer-term rates partially converged. The Dynamic Hedging programmes responded as expected, with hedge ratios falling systematically in response to the Dollar weakening against the weighted basket of currencies, thus limiting the losses although at the expense of hedge ratio adjustment costs. Some offsetting gains came from hedging the Australian and Canadian Dollars, which both weakened over the period.

As Sterling range-traded and showed mixed performance against the weighted basket of currencies in the programmes over the last six months, UK-based Dynamic Hedging clients experienced negative hedging returns due to the costs associated with varying hedge ratios. The largest losses came from hedging the US Dollar, where these costs were highest. Hedging the Euro, which appreciated over the period, produced further negative returns; however, hedge ratios fell in August and September as the Euro rallied against Sterling, thus limiting losses.

Within Currency for Return products, the Momentum and Value strategies performed positively over the period, while the Forward Rate Bias and Emerging Market products underperformed.

The FTSE Currency FRB10 Index outperformed in April but returns for the subsequent five months were negative. This underperformance was largely attributable to long positions in the New Zealand and Australian Dollars, which depreciated over the period. Further losses came from short allocations to the Swedish Krona and Euro, which strengthened. The performance of Record's established Active Forward Rate Bias product was also negative, but to a much lesser extent. This variance was mainly the result of differences in the allocations of these two strategies to some of the weaker-performing currencies (mostly New Zealand Dollar) in the period as well as risk control mechanisms employed in the Active Forward Rate Bias product.

The Emerging Market strategy underperformed as part of a widespread decline in emerging market asset prices over the summer, driven by expectations of an imminent rise in US interest rates by the Federal Reserve, as well as increasing fears of a rapid deceleration of growth in China. This resulted in a sharp decline in commodity prices over the period and therefore of commodity-linked currencies such as the Brazilian Real and South African Rand. As a result, Record's Emerging Market strategy underperformed over the period as positive returns in April and May were outweighed by losses in the following months.

Investment performance in the Multi-Strategy product that uses the Active FRB strategy was negative during the period as gains from the Value and Momentum strategies were overcome by negative returns from the Active FRB and Emerging Market components. Similarly, the version of the Multi-Strategy product which started earlier this year and uses the FTSE Currency FRB10 index strategy instead of the Active FRB product, produced negative returns over the period.

Fund name	Gearing	Half year return	Return since inception (p.a.)	Volatility since inception (p.a.)
FTSE FRB 10 Index Fund <sup>3</sup>	1.8	(9.24%)	(0.03%)	7.76%
Emerging Market Currency Fund <sup>4</sup>	1	(7.18%)	(0.97%)	6.69%

Index/composite returns	Half year return	Return since inception (p.a.)	Volatility since inception (p.a.)
Alpha composite <sup>5</sup>	(0.91%)	(0.04%)	3.04%
FTSE Currency FRB10 GBP excess return	(5.33%)	2.20%	4.69%
Currency Value	3.36%	3.99%	3.31%
Currency Momentum	1.66%	2.74%	3.05%
Record Multi-Strategy <sup>6</sup>	(1.67%)	1.00%	2.18%
Record Multi-Strategy (with FRB10) <sup>7</sup>	(2.07%)	(1.36%)	n/a

## ***AUME development***

AUME has fallen to \$53.3bn, a decrease of \$2.1bn (4%) in the period, which can be attributed as follows:

### **AUME movement in the six months to 30 September 2015**

	\$bn
AUME at 1 April 2015	55.4
Net client flows	(0.6)
Equity and other market impact	(1.5)
Foreign exchange impact	-
<b>AUME at 30 September 2015</b>	<b>53.3</b>

## **Net client flows and numbers**

The net outflow of \$0.6bn comprises net outflows from Currency for Return products of \$2.4bn and net inflows to Passive Hedging of \$1.8bn.

The net outflow from Currency for Return included a flow of \$2.8bn from a standalone tactical bespoke mandate (announced on 25 August 2015) which was a consequence of currency market movements, with a subsequent reinvestment of \$0.5bn from the same client. The net inflows in Passive Hedging were principally from existing clients

<sup>3</sup> FTSE FRB10 Index Fund return data is since inception in December 2010.

<sup>4</sup> Emerging Market Currency Fund return data is since inception in December 2010

<sup>5</sup> An investment return track record generated by the aggregation of all standard segregated track records for Record's active forward rate bias Currency for Return product. The Currency Alpha composite is asset weighted, based on AUME for each account.

<sup>6</sup> Multi-Strategy return data is since inception in August 2012.

<sup>7</sup> Multi-Strategy with FRB10 return data is since inception in February 2015.

increasing their mandate sizes. Flows to and from Dynamic Hedging and Cash during the period were minor, and netted to zero.

Client numbers decreased from 55 to 54 in the six month period to 30 September 2015 (49 clients at 30 September 2014).

## Equity and other market performance

Record's AUME is affected by movements in equity and other market levels because substantially all the Passive and Dynamic Hedging, and some of the Currency for Return mandates, are linked to equity and other market levels. Market performance detracted from AUME by \$1.5bn in the six months to 30 September 2015.

We have provided additional detail on the composition of assets underlying our Hedging mandates to help illustrate more clearly the impact of equity and fixed income market movements on these mandate sizes.

## Class of assets underlying hedging mandates by product as at 30 September 2015

	Equity %	Fixed income %	Other %
Dynamic Hedging	75	-	25
Passive Hedging	28	53	19

## Forex

As 92% of the Group's AUME is non-US Dollar denominated, foreign exchange movements may have an impact on AUME when expressing non-US Dollar AUME in US Dollars, but there was no significant impact in the six months to 30 September 2015.

## Product mix

The change in product mix during the six month period has been driven by the outflow from the Currency for Return product and increases in Passive Hedging mandate sizes predominantly from existing clients. Consequently, hedging now represents 95% of total AUME, up from the 91% at 31 March 2015. Dynamic Hedging represents \$8.7bn and 16% of total AUME, falling from \$9.2bn (17%) at 31 March 2015. Passive Hedging represents 79% of total AUME, a slight increase versus 74% of total AUME at 31 March 2015.

## AUME composition by product

	30 Sep 15		30 Sep 14		31 Mar 15	
	\$bn	%	\$bn	%	\$bn	%
Dynamic Hedging	8.7	16	10.6	20	9.2	17
Passive Hedging	42.1	79	39.1	74	41.2	74
Currency for Return	2.3	4	2.6	5	4.8	9
Cash	0.2	1	0.3	1	0.2	-
<b>Total</b>	<b>53.3</b>	<b>100</b>	<b>52.6</b>	<b>100</b>	<b>55.4</b>	<b>100</b>

## Revenue

Record's revenue is principally management fees earned from the provision of currency management services.

Management fee income for the six months to 30 September 2015 was £11.0m, an increase of 13% over the six months ended 30 September 2014 (£9.7m).

Dynamic Hedging management fees decreased by £0.3m (6%) when compared to the same period last year, due predominantly to the impact of the decrease in mandate sizes of existing clients due to movements in underlying markets. In the six months ended 30 September 2015 Dynamic Hedging generated 40% of management fee income (six months ended 30 September 2014: 48%).

Passive Hedging accounted for 41% of management fee income in the period (six months ended 30 September 2014: 39%), increasing by £0.7m compared to the six months ended 30 September 2014. This increase in fees reflects the steady growth in AUME shown over the last 18 months, principally from existing clients.



Management fees from Currency for Return products in the period increased by £0.9m when compared to the six months ended 30 September 2014, and represented 19% of management fees for the period (six months ended 30 September 2014: 12%). The increase was driven by significant inflows to a bespoke tactical mandate in the second half of the previous financial year, although this mandate decreased significantly in August 2015 as a result of currency market movements.

### Revenue analysis (£m)

	Six months ended 30 Sep 15	Six months ended 30 Sep 14	Year ended 31 Mar 15
<b>Management fees</b>			
Dynamic Hedging	4.4	4.7	9.4
Passive Hedging	4.5	3.8	8.1
Currency for Return	2.1	1.2	2.8
<b>Total management fees</b>	<b>11.0</b>	<b>9.7</b>	<b>20.3</b>
<b>Performance fees</b>	-	-	0.5
Other income	(0.6)	0.4	0.3
<b>Total revenue</b>	<b>10.4</b>	<b>10.1</b>	<b>21.1</b>

The average management fee rates for all product lines have remained broadly constant over the six months ended 30 September 2015.

### Average management fee rates (bps p.a.)

Product	Six months ended 30 Sep 15	Six months ended 30 Sep 14	Year ended 31 Mar 15
Dynamic Hedging	15	14	15
Passive Hedging	3	3	3
Currency for Return	15	16	16

Other income consists principally of gains or losses made on derivative financial instruments employed by the funds seeded by the Group, which are consolidated in full. It also includes gains or losses on hedging revenues denominated in currencies other than Sterling, and other foreign exchange gains or losses. The aggregate loss from investments in seed funds and derivative financial instruments held by seed funds was £0.6m in the six months ended 30 September 2015 (six months ended 30 September 2014: gain of £0.3m; year ended 31 March 2015: gain of £0.2m).

## **Expenditure**

### **Expenditure analysis (£m)**

	<b>Six months ended 30 Sep 15</b>	<b>Six months ended 30 Sep 14</b>	<b>Year ended 31 Mar 15</b>
Personnel costs	3.5	3.0	6.0
Non-personnel costs	2.1	2.1	4.2
<b>Administrative expenditure excluding Group Profit Share</b>	<b>5.6</b>	<b>5.1</b>	<b>10.2</b>
Group Profit Share	1.5	1.4	3.2
<b>Total administrative expenditure</b>	<b>7.1</b>	<b>6.5</b>	<b>13.4</b>

The total expenditure in the six months to 30 September 2015 was £7.1m, an increase of £0.6m (9%) when compared to the six months to 30 September 2014 (£6.5m). Personnel costs excluding Group Profit Share (GPS) of £3.5m for the six months ended 30 September 2015 have increased by £0.5m versus the six months ended 30 September 2014, reflecting the firm wide salary increase of 10% implemented in May 2015, outside of the normal salary review.

Non-personnel costs have been closely controlled and remain at historic levels.

### **Group Profit Share (GPS) Scheme**

The cost of the GPS scheme for the six months to 30 September 2015 of £1.5m increased by £0.1m compared to the six months to 30 September 2014 (£1.4m), and in line with the increase in underlying operating profit. The GPS continues to be calculated at 30% of pre-GPS underlying operating profit in the period.

### **Operating profit and margins**

The operating profit for the six months ended 30 September 2015 of £3.2m was 9% lower than the six month period ended 30 September 2014 (£3.5m). Operating profit margin for the six months ended 30 September 2015 was 31%, down on that for the six months ended 30 September 2014 (35%) on a fully consolidated basis.

Management also considers profit before tax and operating profit on an underlying basis, which excludes the impact of the income and expenditure attributable to non-controlling interests i.e. gains and losses attributable to other investors in the seed funds which are consolidated into the Group's financial statements on a line-by-line basis under IFRS. The underlying profit before tax for the six months ended 30 September 2015 was £3.7m (six months to 30 September 2014: £3.4m) and underlying operating profit margin for the six month period ending 30 September 2015 was 33% (six months to 30 September 2014: 34% and year to 31 March 2015: 35%).

### **Cash flow**

The Group generated £2.5m of cash from operating activities after tax during the six month period ended 30 September 2015 (six months ended 30 September 2014: £2.6m). Taxation paid during the period was £0.9m compared to £0.8m for the six months ended 30 September 2014. On 29 July 2014 the Group paid a final dividend of 0.90p per share in respect of the year ended 31 March 2015 which equated to a distribution of £2.0m (during the six months ended 30 September 2014 the Group paid a final dividend of 0.75p per share in respect of the year ended 31 March 2014, a distribution of £1.6m).

### **Dividends**

The Group will pay an interim dividend of 0.825p per share in respect of the six months ended 30 September 2015. The dividend will be paid on 23 December 2015 to shareholders on the register on 4 December 2015.

Subject to business conditions in the second half of the financial year and a satisfactory outlook, the Group currently intends to pay a final dividend of 0.825p for the financial year ending 31 March 2016. The dividend policy will be further reviewed at the year end.

### **Capital management**

The Board's intention is to retain sufficient capital within the business to meet continuing obligations, to sustain future growth and to provide a buffer against adverse market conditions. The Group has no debt and shareholders' funds were £33.3m at 30 September 2015 (30 September 2014: £30.4m).

The dividend payment on 23 December 2015 will equate to a distribution of £1.8m, following which the business will retain cash and money market instruments on the balance sheet which are significantly in excess of financial resource requirements required for regulatory purposes.

### ***Principal risks and uncertainties***

The principal risks and uncertainties documented in the Annual Report for the year ended 31 March 2015 remain relevant to Record.

Account concentration risk has continued during the six months to 30 September 2015. The proportion of management fee income generated from the largest client was 15% for the six months ended 30 September 2015 (year ended 31 March 2015: 15%). The proportion of income for the six months ended 30 September 2015 generated from the largest five clients was 61% and from the largest ten clients was 81% (year ended 31 March 2015: 58% and 80% respectively).

## Statement of Directors' responsibilities

The half-yearly financial report is the responsibility of the Directors who confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed and adopted by the EU;
- the interim management review includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the 2015 Annual Report that could do so.

The Directors of Record plc are listed on the Record plc website at [ir.recordcm.com/board-of-directors](http://ir.recordcm.com/board-of-directors).

*Neil Record*

*Steve Cullen*

*Chairman*

*Chief Financial Officer*

*23 November 2015*

*23 November 2015*

# Independent review report to the members of Record plc

## ***Introduction***

We have reviewed the condensed set of financial statements in the half-yearly financial report of Record plc for the six months ended 30 September 2015 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company's members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our review work, for this report, or for the conclusion we have formed.

## ***Directors' responsibilities***

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

## ***Our responsibility***

Our responsibility is to express a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## ***Scope of review***

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

***Grant Thornton UK LLP***

***Auditor***

***23 November 2015***

# Financial statements

## Consolidated statement of comprehensive income

	Note	Unaudited Six months ended 30 Sep 15 £'000	Unaudited Six months ended 30 Sep 14 £'000	Audited Year ended 31 Mar 15 £'000
<b>Revenue</b>	3	<b>10,384</b>	10,058	21,057
Cost of sales		(98)	(64)	(148)
<b>Gross profit</b>		<b>10,286</b>	9,994	20,909
Administrative expenses		(7,071)	(6,497)	(13,373)
<b>Operating profit</b>		<b>3,215</b>	3,497	7,536
Finance income		76	70	146
<b>Profit before tax</b>		<b>3,291</b>	3,567	7,682
Taxation		(706)	(717)	(1,708)
<b>Profit after tax and total comprehensive income for the period</b>		<b>2,585</b>	2,850	5,974
Profit and total comprehensive income for the period attributable to:				
Non-controlling interests		(381)	158	192
Owners of the parent		2,966	2,692	5,782
<b>Earnings per share for profit attributable to the equity holders of the parent during the period (expressed in pence per share)</b>				
Basic earnings per share	4	<b>1.36p</b>	1.23p	2.66p
Diluted earnings per share	4	<b>1.35p</b>	1.23p	2.65p

## Consolidated statement of financial position

	Note	Unaudited As at 30 Sep 15 £'000	Unaudited As at 30 Sep 14 £'000	Audited As at 31 Mar 15 £'000
<b>Non-current assets</b>				
Property, plant and equipment		116	94	129
Intangible assets		389	618	504
Investments	6	-	2,877	2,567
Deferred tax assets		103	158	73
<b>Total non-current assets</b>		<b>608</b>	<b>3,747</b>	<b>3,273</b>
<b>Current assets</b>				
Trade and other receivables		5,913	5,986	6,324
Derivative financial assets		23	375	619
Money market instruments with maturity > 3 months	7	14,181	15,442	18,100
Cash and cash equivalents	7	19,241	12,335	12,010
<b>Total current assets</b>		<b>39,358</b>	<b>34,138</b>	<b>37,053</b>
<b>Total assets</b>		<b>39,966</b>	<b>37,885</b>	<b>40,326</b>
<b>Current liabilities</b>				
Trade and other payables		(2,460)	(2,517)	(2,949)
Corporation tax liabilities		(729)	(707)	(893)
Derivative financial liabilities		(139)	(314)	(680)
<b>Total current liabilities</b>		<b>(3,328)</b>	<b>(3,538)</b>	<b>(4,522)</b>
<b>Total net assets</b>		<b>36,638</b>	<b>34,347</b>	<b>35,804</b>
<b>Equity</b>				
Issued share capital	8	55	55	55
Share premium account		1,902	1,838	1,847
Capital redemption reserve		20	20	20
Retained earnings		31,333	28,499	30,006
<b>Equity attributable to owners of the parent</b>		<b>33,310</b>	<b>30,412</b>	<b>31,928</b>
Non-controlling interests	9	3,328	3,935	3,876
<b>Total equity</b>		<b>36,638</b>	<b>34,347</b>	<b>35,804</b>

Approved by the Board on 23 November 2015 and signed on its behalf by:

*Neil Record*  
Chairman

*Steve Cullen*  
Chief Financial Officer

## Consolidated statement of changes in equity (unaudited)

		Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total attributable to equity holders of the parent	Non- controlling interests	Total equity
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2014		55	1,838	20	27,327	29,240	3,667	32,907
Profit and total comprehensive income for the period		-	-	-	2,692	2,692	158	2,850
Dividends paid	5	-	-	-	(1,635)	(1,635)	-	(1,635)
Own shares acquired by EBT		-	-	-	(150)	(150)	-	(150)
Release of shares held by EBT		-	-	-	170	170	-	170
<b>Transactions with shareholders</b>		-	-	-	<b>(1,615)</b>	<b>(1,615)</b>	-	<b>(1,615)</b>
Issue of units in funds		-	-	-	-	-	110	110
Share-based payments		-	-	-	95	95	-	95
<b>As at 30 September 2014</b>		<b>55</b>	<b>1,838</b>	<b>20</b>	<b>28,499</b>	<b>30,412</b>	<b>3,935</b>	<b>34,347</b>
Profit and total comprehensive income for the period		-	-	-	3,090	3,090	34	3,124
Dividends paid	5	-	-	-	(1,631)	(1,631)	-	(1,631)
Own shares acquired by EBT		-	-	-	(168)	(168)	-	(168)
Release of shares held by EBT		-	9	-	144	153	-	153
<b>Transactions with shareholders</b>		-	<b>9</b>	-	<b>(1,655)</b>	<b>(1,646)</b>	-	<b>(1,646)</b>
Redemption of units in funds		-	-	-	-	-	(93)	(93)
Share-based payments		-	-	-	72	72	-	72
<b>As at 31 March 2015</b>		<b>55</b>	<b>1,847</b>	<b>20</b>	<b>30,006</b>	<b>31,928</b>	<b>3,876</b>	<b>35,804</b>
Profit and total comprehensive income for the period		-	-	-	2,966	2,966	(381)	2,585
Dividends paid	5	-	-	-	(1,962)	(1,962)	-	(1,962)
Own shares acquired by EBT		-	-	-	(337)	(337)	-	(337)
Release of shares held by EBT	8	-	55	-	300	355	-	355
<b>Transactions with shareholders</b>		-	<b>55</b>	-	<b>(1,999)</b>	<b>(1,944)</b>	-	<b>(1,944)</b>
Change in non-controlling interests on initial consolidation of seed fund		-	-	-	-	-	417	417
Redemption of units in funds		-	-	-	-	-	(584)	(584)
Share-based payments		-	-	-	360	360	-	360
<b>As at 30 September 2015</b>		<b>55</b>	<b>1,902</b>	<b>20</b>	<b>31,333</b>	<b>33,310</b>	<b>3,328</b>	<b>36,638</b>



## Consolidated statement of cash flows

	Note	Unaudited Six months ended 30 Sep 15 £'000	Unaudited Six months ended 30 Sep 14 £'000	Audited Year ended 31 Mar 15 £'000
<b>Operating profit</b>		<b>3,215</b>	3,497	7,536
Adjustments for:				
Depreciation of property, plant and equipment		51	40	85
Amortisation of intangible assets		115	116	230
Share-based payments		360	95	167
Release of shares held by EBT	8	200	170	308
		<b>3,941</b>	3,918	8,326
<b>Changes in working capital</b>				
Decrease/(increase) in receivables		405	(345)	(672)
(Decrease)/increase in payables		(513)	(189)	243
Decrease/(increase) in other financial assets		1,164	(177)	(421)
(Decrease)/increase in other financial liabilities		(1,633)	192	558
<b>Cash inflow from operating activities</b>		<b>3,364</b>	3,399	8,034
Corporation taxes paid		(899)	(845)	(1,562)
<b>Net cash inflow from operating activities</b>		<b>2,465</b>	2,554	6,472
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment		(38)	(48)	(128)
Sale/(purchase) of securities		1,564	(120)	186
Sale/(purchase) of money market instruments with maturity > 3 months	7	3,919	46	(2,612)
Increase in cash due to accounting treatment of funds previously not consolidated on line by line basis		1,967	-	-
Interest received		83	75	141
<b>Net cash inflow/(outflow) from investing activities</b>		<b>7,495</b>	(47)	(2,413)
<b>Cash flow from financing activities</b>				
Cash (outflow)/inflow from redemption/issue of units in funds		(584)	110	17
Cash inflow from exercise of share options		-	-	15
Purchase of own shares		(183)	(150)	(318)
Dividends paid to equity shareholders	5	(1,962)	(1,635)	(3,266)
<b>Cash outflow from financing activities</b>		<b>(2,729)</b>	(1,675)	(3,552)
<b>Net increase in cash and cash equivalents in the period</b>		<b>7,231</b>	832	507
Cash and cash equivalents at the beginning of the period		12,010	11,503	11,503
<b>Cash and cash equivalents at the end of the period</b>		<b>19,241</b>	12,335	12,010
<b>Closing cash and cash equivalents consists of:</b>				
Cash	7	4,604	3,863	2,730
Cash equivalents	7	14,637	8,472	9,280
<b>Cash and cash equivalents</b>		<b>19,241</b>	12,335	12,010

# Notes to the financial statements for the six months ended 30 September 2015

These financial statements exclude disclosures that are immaterial and judged to be unnecessary to understand our results and financial position.

## 1. Basis of preparation

The condensed set of financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2015 (which were prepared in accordance with IFRSs as adopted by the European Union) have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

### *Going concern*

The Directors are satisfied that the Group has adequate resources with which to continue to operate for the foreseeable future, and therefore these financial statements have been prepared on a going concern basis.

### *Consolidation*

The accounting policies adopted in these interim financial statements are identical to those adopted in the Group's most recent annual financial statements for the year ended 31 March 2015.

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and entities controlled by the Company (its subsidiaries) drawn up to 30 September 2015. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group controls an entity, but does not own all the share capital of that entity, the interests of the other shareholders are stated within equity as non-controlling interests, being the share of changes in equity since the date of consolidation.

An Employee Benefit Trust ("EBT") has been established for the purposes of satisfying certain share-based awards. The Group has 'de facto' control over this entity. This trust is fully consolidated within the financial statements.

At the beginning of the period, the Group had investments in two funds where it was in a position to be able to control those funds, and during the period gained control of another fund in which it has invested. These fund investments are held by Record plc and represent seed capital investments by the Group. The funds are consolidated on a line by line basis from the time that the Group gains control over the fund.

## 2. Critical accounting estimates and judgements

The accounting policies, presentation and methods of computation applied in the interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2015.

## 3. Revenue

### *Segmental analysis*

The Executive Committee (comprising the Executive Directors together with two senior managers) which is the entity's Chief Operating Decision Maker, considers that its services comprise one operating segment (being the provision of currency management services) and that it operates in a market that is not bound by geographical constraints. The Group provides management with revenue information disaggregated by product, whilst operating costs, assets and liabilities are presented on an aggregated basis. This reflects the unified basis on which the products are marketed, delivered and supported.

## a) Product revenues

The Group has split its currency management revenues by product. Revenue attributable to the non-controlling interests' (NCI) holding in seed funds and other income arises mainly from gains/losses on derivative financial instruments.

	Six months ended 30 Sep 15 £'000	Six months ended 30 Sep 14 £'000	Year ended 31 Mar 15 £'000
<b>Revenue by product type</b>			
<b>Management fees</b>			
Dynamic Hedging	4,397	4,722	9,376
Passive Hedging	4,493	3,825	8,105
Currency for Return	2,066	1,160	2,774
<b>Total management fee income</b>	<b>10,956</b>	<b>9,707</b>	<b>20,255</b>
Performance fee income	-	-	480
Other income	(199)	186	130
<b>Underlying revenue</b>	<b>10,757</b>	<b>9,893</b>	<b>20,865</b>
Revenue attributable to NCI holding in seed funds	(373)	165	192
<b>Total revenue</b>	<b>10,384</b>	<b>10,058</b>	<b>21,057</b>

## b) Geographical analysis

The geographical analysis of revenue is based on the destination i.e. the location of the client to whom the services are provided. All revenue originated in the UK.

	Six months ended 30 Sep 15 £'000	Six months ended 30 Sep 14 £'000	Year ended 31 Mar 15 £'000
<b>Revenue by geographical region</b>			
<b>Currency management income</b>			
UK	2,343	2,434	5,501
US	1,758	1,910	3,660
Switzerland	6,329	4,761	10,352
Other	526	602	1,222
<b>Total currency management income</b>	<b>10,956</b>	<b>9,707</b>	<b>20,735</b>
Other income	(199)	186	130
<b>Underlying revenue</b>	<b>10,757</b>	<b>9,893</b>	<b>20,865</b>
Revenue attributable to NCI holding in seed funds	(373)	165	192
<b>Total revenue</b>	<b>10,384</b>	<b>10,058</b>	<b>21,057</b>

Revenue attributable to NCI holding in seed funds and other income are not analysed by geographical region.

## c) Major clients

During the six months ended 30 September 2015, five clients individually accounted for more than 10% of the Group's revenue during the period. In aggregate the five largest clients generated revenues of £6.6m in the period.

## 4. Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated as for the basic earnings per share with a further adjustment to the weighted average number of ordinary shares to reflect the effects of all potential dilution.

There is no difference between the profit for the financial period attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

	Six months ended 30 Sep 15	Six months ended 30 Sep 14	Year ended 31 Mar 15
Weighted average number of shares used in calculation of basic earnings per share	217,807,851	218,530,962	217,501,040
Effect of potential dilutive ordinary shares – share options	1,266,237	962,518	892,093
Weighted average number of shares used in calculation of diluted earnings per share	219,074,088	219,493,480	218,393,133
Basic earnings per share	1.36p	1.23p	2.66p
Diluted earnings per share	1.35p	1.23p	2.65p

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme. At the beginning of the period, there were share options in place over 9,910,750 shares. During the six months ended 30 September 2015, options over 453,750 shares were exercised, and options over 50,000 shares were forfeited.

## 5. Dividends

The dividends paid during the six months ended 30 September 2015 totalled £1,962,261 (0.90p per share), which was the final dividend paid in respect of the year ended 31 March 2015. An interim dividend of £1,631,496 (0.75p per share) was paid in the six months ended 31 March 2015, thus the full dividend in respect of the year ended 31 March 2015 was 1.65p per share. The dividend paid by the Group during the six months ended 30 September 2014 totalled £1,634,833 (0.75p per share), which was the final dividend paid in respect of the year ended 31 March 2014.

The interim dividend proposed in respect of the six months ended 30 September 2015 is 0.825p per share.

## 6. Investments

The Group may hold certain securities through its seeded fund vehicles. The Group has held US government treasury inflation protected securities (TIPS), which are designated as fair value through profit or loss, and the fair value is determined by reference to quoted market price. These securities are classified as a Level 1 investment.

Investments in funds which are not consolidated on a line-by-line basis are designated as fair value through profit or loss. Record Currency FTSE FRB10 Index Fund was consolidated on a line-by-line basis from 1 September 2015 until the end of the period, but prior to this, the Group's investment in the fund was designated as fair value through profit or loss.

	As at 30 Sep 15 £'000	As at 30 Sep 14 £'000	As at 31 Mar 15 £'000
TIPS	-	1,753	1,462
Investments in funds	-	1,124	1,105
<b>Investments</b>	-	2,877	2,567

## 7. Cash management

The Group's cash management strategy employs a variety of treasury management instruments including cash, money market deposits and treasury bills with maturities of up to one year. Whilst the Group manages and considers all of these instruments as cash, which are subject to its own internal cash management process, not all of these instruments are classified as cash or cash equivalents under IFRS.

IFRS defines cash and cash equivalents as cash in hand, on demand and collateral deposits held with banks, and other short-term highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Moreover, instruments can only generally be classified as cash and cash equivalents where they are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

In the Group's judgement, bank deposits and treasury bills with maturities in excess of three months do not meet the definition of short-term or highly-liquid and are held for purposes other than meeting short-term commitments. In accordance with IFRS, these instruments are not categorised as cash or cash equivalents and are disclosed as money market instruments with maturities greater than three months.

The table below summarises the instruments managed by the Group as cash, and their IFRS classification:

	As at 30 Sep 15 £'000	As at 30 Sep 14 £'000	As at 31 Mar 15 £'000
Bank deposits with maturities > 3 months	14,181	14,843	17,500
Treasury bills with maturities > 3 months	-	599	600
<b>Money market instruments with maturities &gt; 3 months</b>	<b>14,181</b>	<b>15,442</b>	<b>18,100</b>
Cash	4,604	3,863	2,730
Bank deposits with maturities <= 3 months	14,637	8,472	9,280
<b>Cash and cash equivalents</b>	<b>19,241</b>	<b>12,335</b>	<b>12,010</b>
<b>Total assets managed as cash by the Group</b>	<b>33,422</b>	<b>27,777</b>	<b>30,110</b>

## 8. Called up share capital

The share capital of Record plc consists only of fully paid ordinary shares with a par value of 0.025p. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

	Unaudited as at 30 Sep 15		Unaudited as at 30 Sep 14		Audited as at 31 Mar 15	
	£'000	Number	£'000	Number	£'000	Number
<b>Authorised</b>						
Ordinary shares of 0.025p each	100	400,000,000	100	400,000,000	100	400,000,000
<b>Called up, allotted and fully paid</b>						
Ordinary shares of 0.025p each	55	221,380,800	55	221,380,800	55	221,380,800

### *Movement in Record plc shares held by the Record plc Employee Benefit Trust (EBT)*

The EBT was formed to hold shares acquired under the Record plc share-based compensation plans. Under IFRS the EBT is considered to be under de facto control of the Group, and has therefore been consolidated into the Group financial statements.

Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group statement of comprehensive income, any such gains or losses are recognised directly in equity.

	Number
<b>Record plc shares held by EBT as at 31 March 2014</b>	<b>3,873,983</b>
Net change in holding of own shares by EBT in period	(54,135)
<b>Record plc shares held by EBT as at 30 September 2014</b>	<b>3,819,848</b>
Net change in holding of own shares by EBT in period	28,214
<b>Record plc shares held by EBT as at 31 March 2015</b>	<b>3,848,062</b>
Net change in holding of own shares by EBT in period	(59,257)
<b>Record plc shares held by EBT as at 30 September 2015</b>	<b>3,788,805</b>

The EBT holds shares in Record plc which are used to meet the Group's obligations to employees under the Group Profit Share Scheme and the Record plc Share Scheme. Own shares are recorded at cost and are deducted from retained earnings.

On 17 June 2015, the EBT released 496,255 shares with a market value of £181,375 to settle obligations under the Group Profit Share Scheme, and on 27 July 2015 453,750 shares with a market value of £172,471 were released on exercise of options, and 404,348 shares with a market value of £153,693 were acquired.

## 9. Non-controlling interests

Record plc has made investments in a number of funds where it is in a position to be able to control those funds by virtue of the size of its holding. Non-controlling interests occur when Record plc is not the only investor in such funds. The non-controlling interests are measured at cost plus movement in value of the third party investment in the fund.

Record has seeded three funds which have been active during the period ended 30 September 2015.

The Record Currency - Emerging Market Currency Fund was considered to be under control of the Group as the combined holding of Record plc and its Directors constituted a majority interest throughout the period. Similarly, the Record Currency - Global Alpha Fund is considered to be under control of the Group as the combined holding of Record plc and its Directors has constituted a majority interest since inception.

The Record Currency - FTSE FRB10 Index Fund was not under the control of the Group at the beginning of the period, but the redemption of units by two external investors meant that Record could control the fund as the combined holding of

Record plc and its Directors constituted a majority interest from 1 September 2015 onwards. This fund has therefore been consolidated into the Group's accounts from 1 September 2015 onwards.

The mark to market value of units held by investors in these funds other than Record plc are shown as non-controlling interests in the Group financial statements, in accordance with IFRS. There were no other non-controlling interests in the Group financial statements.

*Mark to market value of external holding in seeded funds consolidated into the accounts of the Record Group*

	As at 30 Sep 15 £'000	As at 30 Sep 14 £'000	As at 31 Mar 15 £'000
Record Currency - FTSE FRB10 Index Fund	413	-	-
Record Currency - Emerging Market Currency Fund	2,434	2,626	2,687
Record Currency - Global Alpha Fund	481	1,309	1,189
	<b>3,328</b>	<b>3,935</b>	<b>3,876</b>

## 10. Fair value measurement

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
<b>As at 30 September 2015</b>				
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts used for seed funds	23	-	23	-
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts used for seed funds	(53)	-	(53)	-
Forward foreign exchange contracts used for hedging	(86)	-	(86)	-
	<b>(116)</b>	<b>-</b>	<b>(116)</b>	<b>-</b>

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>As at 31 March 2015</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets at fair value through profit or loss</b>				
TIPS	1,462	1,462	-	-
Investment in seed fund	1,105	1,105	-	-
Forward foreign exchange contracts used for seed funds	35	-	35	-
Options used for seed funds	576	-	576	-
Forward foreign exchange contracts used for hedging	8	-	8	-
<b>Financial liabilities at fair value through profit or loss</b>				
Options used for seed funds	(680)	-	(680)	-
	<b>2,506</b>	<b>2,567</b>	<b>(61)</b>	<b>-</b>

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>As at 30 September 2014</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets at fair value through profit or loss</b>				
TIPS	1,753	1,753	-	-
Investment in seed fund	1,124	1,124	-	-
Forward foreign exchange contracts used for seed funds	203	-	203	-
Options used for seed funds	170	-	170	-
Forward foreign exchange contracts used for hedging	2	-	2	-
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts used for seed funds	(189)	-	(189)	-
Options used for seed funds	(115)	-	(115)	-
Forward foreign exchange contracts used for hedging	(10)	-	(10)	-
	<b>2,938</b>	<b>2,877</b>	<b>61</b>	<b>-</b>

There have been no transfers between levels in any of the reported periods.

*Basis for classification of financial instruments classified as Level 2 within the fair value hierarchy*

Both forward foreign exchange contracts and options are classified as Level 2. Both of these instruments are traded on an active market. Options are valued using an industry standard model with inputs based on observable market data whilst the fair value of forward foreign exchange contracts may be established using interpolation of observable market data rather than from a quoted price.

## 11. Related parties

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, the EBT and the seed funds.



## Key management personnel

The compensation given to key management personnel is as follows:

	Six months ended 30 Sep 15 £'000	Six months ended 30 Sep 14 £'000	Year ended 31 Mar 15 £'000
Short-term employee benefits	1,938	1,695	3,568
Post-employment benefits	139	117	229
Share-based payments	555	411	940
	2,632	2,223	4,737

The dividends paid to key management personnel in the six months ended 30 September 2015 totalled £1,019,193 (year ended 31 March 2015: £1,677,173; six months ended 30 September 2014: £835,321).

## 12. Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of approval.

### Notes to Editors

This announcement includes information with respect to Record's financial condition, its results of operations and business, strategy, plans and objectives. All statements in this document, other than statements of historical fact, including words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", "continue", "project" and similar expressions, are forward-looking statements.

These forward-looking statements are not guarantees of the Company's future performance and are subject to risks, uncertainties and assumptions that could cause the actual future results, performance or achievements of the Company to differ materially from those expressed in or implied by such forward-looking statements.

The forward-looking statements contained in this document are based on numerous assumptions regarding Record's present and future business and strategy and speak only as at the date of this announcement.

The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement whether as a result of new information, future events or otherwise.