Record plc

PRESS RELEASE

15 November 2013

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Record plc, the specialist currency manager, today announces its unaudited results for the six months ended 30 September 2013.

Financial headlines:

- AUME[1] increased by 8% to $37.7bn / £23.3bn ($34.8bn / £22.9bn at 31 March 2013)
- Net client inflows during the six months of $1.8bn (six months to 30 September 2012: net inflow of $1.2bn)
- Revenue increased 13% to £9.9m (six months ended 30 September 2012; £8.7m)
- Profit before tax increased 12% to £3.1m (six months ended 30 September 2012: £2.7m)
- Operating margin (underlying)[2] increased to 33% (six months to 30 September 2012: 31%)
- Interim dividend of 0.75p per share will be paid on 20 December 2013
- Basic EPS of 1.20 pence (six months to 30 September 2012: 0.94 pence)
- Financial position remains strong with shareholders' equity increased to £28.1m (30 September 2012: £26.9m)

Key developments:

- Client numbers increased over the six month period by 2 from 44 to 46
- 2 new Passive Hedging mandates (AUME: c$12bn) commenced since 30 September 2013

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

"The first half of the financial year has seen growing AUME and client numbers, with two further Passive Hedging mandates with combined AUME of approximately $12bn starting since the period end.

"We have also seen a welcome growth in revenue and underlying profit before tax, as the effects of mandate wins and increases in AUME during the previous financial year have been felt over the full six months. The clients and AUME added during this financial year will naturally contribute further to revenue and profitability in the future.

"We continue to invest in both enhancing each of our product offerings, and strengthening our middle- and back-office infrastructure. We expect to reap benefits from these investments as we proceed through prospective clients' selection processes generated through our expanded US and Swiss distribution capability.

"As anticipated, a higher level of new business enquiries and selection processes has been accompanied by increased competitive activity. We have taken the decision to recognise this in fee arrangements with existing clients, as well as with potential new clients. In doing so we are pursuing growth in volume that would more than compensate for reduced revenue margins.

---

[1] 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.

[2] Underlying figures are stated before consolidating non-controlling interests.

“Overall the Group continues to experience a higher level of new business enquiries than at any period in the years since the banking crisis and global downturn, and all of the Group’s management and staff are working hard to meet these and to look after the interests of existing clients.”

Analyst briefing

There will be a presentation for analysts at 9.30am on Friday 15 November 2013 in the Copperfield Room, Holborn Bars, 138-142 Holborn, London, EC1N 2NQ. A copy of the presentation will be made available on the Group's website at www.recordcm.com.

For further information, please contact:

Record plc	+44 1753 852222
Neil Record - Chairman	
James Wood-Collins - Chief Executive Officer	
Steve Cullen - Chief Financial Officer	
MHP Communications	+44 20 3128 8100
Nick Denton, John Olsen, Vicky Watkins	

Chief Executive Officer’s statement

In the first half of the financial year, we have seen a welcome growth in revenue and underlying profit before tax, as the effects of mandate wins and increases in AUME during the previous financial year have been felt over the full six months. We have also added clients and AUME during the period, which will naturally contribute further to revenue and profitability in the future. The Passive Hedging mandate announced in June has commenced since the end of the first half year (AUME $11.6bn), and we continue to experience an encouraging level of new business enquiries.

Market and performance overview

Major currency market themes over the half year predominantly relate to the monetary policy background and the outlook for interest rates.

The prospect of divergent monetary policy amongst major central banks, which has been largely absent for much of the last three years, was first raised in May, with US Federal Reserve Chairman Ben Bernanke mooting a slowing of asset purchases, or “tapering”, to start as early as September. The prospect of a precursor to interest rate tightening supported the US Dollar throughout the summer, in particular against emerging market currencies whose economies were seen as vulnerable to a tightening interest rate cycle.

When the Federal Open Market Committee elected not to start tapering at its 18 September meeting, choosing instead to “await more evidence that progress [in improvement in economic activity and labour market conditions] will be sustained”, markets were surprised. The appointment of Janet Yellen, widely characterised as “dovish”, as Chairman Bernanke’s successor contributed to a view that the US Dollar rate tightening cycle may be further away than people had expected, although speculation continues as to when tapering will commence. The European Central Bank’s cut in its refinancing rate since the end of the period reinforces the prospect of monetary policy divergence.

Against this backdrop, the US Dollar first strengthened against both developed and emerging market currencies for much of the summer, before broadly weakening towards the end of the period. Currency investment strategies that have become correlated with “risk-on” investments including the Forward Rate Bias and Emerging Markets strategies broadly underperformed over much of the summer, before staging a modest recovery towards the end of the period. In this environment, Record’s approach to implementing Emerging Market currency portfolios by going short of a diversified basket of developed market currencies, rather than just the US Dollar, proved its worth by limiting the extent of the underperformance. Our more diversifying strategies, Value and Momentum, also proved their worth, with Value in particular generating positive performance to offset losses in Forward Rate Bias and Emerging Markets, thereby reducing the underperformance of the Multi-Strategy product over the period.

Financial highlights

The financial performance of the Group has improved steadily, in line with growth in AUME. Revenue increased to £9.9m, an increase of 13% over revenue for the six months ended 30 September 2012 (£8.7m). In conjunction with a maintained focus on cost control, this resulted in a corresponding increase in “underlying” operating profit margin to 33%, increased from 31% for the previous two six month periods. Profit before tax increased by 12% to £3.1m compared to £2.7m for the six months ended 30 September 2012. Shareholders’ funds increased to £28.1m against £26.9m for the comparable period in the prior year.

Asset flows

AUME increased by 8% through the half year to $37.7bn. This was due principally to further wins in both Dynamic and Passive Hedging mandates driving net inflows of $1.8bn. External factors (e.g. equity and other market movements and the impact of exchange rates over the period) also contributed $1.1bn. Since the end of the first half year, Passive Hedging mandates totalling $12bn in AUME have also started.

Products and distribution

This period has seen a continuation of the key product and distribution themes on which we have focussed in recent years, and in particular, we have continued to grow our Swiss Passive Hedging business. This success is attributed to our approach as an independent expert, offering significant opportunities to save costs compared to a hedging benchmark, as well as a service tailored to each client’s specific requirements.

In the United States, we have seen an increase in new business enquiries, albeit from a low base, as the experience and prospect of a strengthening US Dollar has encouraged more investors to explore ways to mitigate their exposure to weakening foreign currencies. These enquiries, which often consider combinations of hedging (whether passive or dynamic) and return-seeking currency strategies, are still concentrated on ‘early adopters’ rather than representing mainstream participation.

In the United Kingdom and Canada, both important markets for the Group, we continue to commit resources to identifying and pursuing those new business opportunities that do arise, as well as maintaining our high levels of service for existing clients.

More broadly, both the experience of the last five years, and the nature of many current new business approaches, have confirmed the value to Record in being a capable, experienced and credible provider of both hedging services, passive and dynamic, as well as return-seeking currency strategies. We now have a little over a year’s experience of running a live Multi-Strategy mandate, and are increasingly confident that this transparent and disciplined approach to generating returns in currency markets will continue to prove its worth.

Dividend

An interim dividend of 0.75p per share will be paid on 20 December 2013 to shareholders on the register at 29 November 2013.

The Board’s intention for the financial year, subject to business conditions, is to maintain the overall dividend at 1.50p per share. In setting the dividend, the Board will be mindful of achieving a level which it expects to be covered by earnings.

Outlook

We continue to expect to reap the benefits of the investments made over the last three years, in particular in developing our US distribution as well as each of our product offerings, and in continuing to strengthen our middle- and back-office infrastructure, as we proceed through prospective clients’ selection processes.

In markets where this process is more advanced, including the UK, Switzerland and more recently the US, we have seen competitive fee pressures emerge as market activity has grown, and we expect this to continue. We announced an amendment to fee scales applied to existing Dynamic Hedging mandates on 7 November 2013, to align existing clients’ fees with those being proposed to potential new clients. Whilst the immediate effect of this decision is a reduction in annualised management fees of approximately £2.6m (and a corresponding reduction in pre-tax profits of approximately £1.8m), we are pursuing growth in volume that would more than compensate for reduced revenue margins going forward.

The Group’s approach, as far as possible, in seeking to preserve revenue margins going forward will be to continue to differentiate its services through product enhancement, bespoke applications, and a high level of service. All of these constrain to some extent the economies of scale and operating leverage that can be captured from continued growth.

Overall the Group continues to experience a higher level of new business enquiries than at any period in the years since the banking crisis and global downturn, and all of the Group’s management and staff are working hard to meet these and to look after the interests of existing clients. On behalf of the Board, I would like to thank them for their continued commitment.

James Wood-Collins
Chief Executive Officer
14 November 2013

Interim management review

Business review

The business has grown in terms of AUME, client numbers and underlying operating profit margin when compared to the six month period ended 30 September 2012.

Since the year end, AUME has grown by 8% and client numbers have increased by two. This growth in AUME reflects Dynamic Hedging increasing by 9% to $12.0bn and Passive Hedging growing by 4% to $22.9bn.

Revenues generated from management fees have increased to £10.3m, an increase of 18% over the comparable period last year (six months ended 30 September 2012: £8.8m) and an increase of 11% over the final six months of the year ended 31 March 2013 (£9.3m). When compared to the corresponding period last year, underlying profit before tax has increased by 21% and underlying profit margin has increased from 31% to 33%.

The blended average fee rate has been maintained throughout the six month period.

The Group's balance sheet remains strong, with no external debt and shareholders' funds at £28.1m at the end of the period.

Product investment performance

During the period, US-based Dynamic Hedging clients experienced an overall weakening of the US Dollar against developed counterparts, particularly towards the end of the period as the Federal Reserve surprised markets by deciding not to taper its asset purchases. These programmes responded as expected, making cumulative losses over the period which partially offset currency gains in the underlying portfolio. The systematic lowering of hedge ratios over the period helped to reduce the extent of hedging underperformance, particularly towards the end of the period.

UK-based Dynamic Hedging clients experienced a mix of modest positive and negative returns in the first five months of the period, with a larger positive return in September as Sterling appreciated against the US Dollar and other developed currencies, as the hedge ratios were systematically increased. As a result, cumulative performance over the period was positive.

Within Currency for Return products, the Forward Rate Bias and Emerging Market strategies, both risk premia, performed negatively over the period.

The FTSE Currency FRB10 Index outperformed in April, before negative returns in May, June and August, and flat performance in July. Strong positive returns in September were not enough to offset these losses, and cumulative performance over the period was negative. This is attributable in part to the equal weighting given to more risk-sensitive currencies such as the Australian Dollar and New Zealand Dollar – currencies which contributed substantially to the strong performance in September, but also to the losses in the preceding months. This equal weighting explains why the underperformance of Record's established Active Forward Rate Bias product, which has a lower allocation to these more risk-sensitive and less liquid currencies, as well as in-built risk management costs, was substantially smaller than that of the index.

Record's Emerging Market strategy showed a similar performance profile over the period as risk-averse sentiments in these markets prevailed. The positive returns in April and September bookended four months of negative performance in between, generating an overall underperformance over the six month period. Despite this, the cumulative performance of this strategy since its inception over three years ago has been positive.

The Multi-Strategy product, which combines Record's Active FRB, Emerging Market, Value and Momentum strategies, also underperformed over the period, but to a lesser extent than either the FRB or the Emerging Market strategies, as positive performance from both Value and Momentum offset losses from these risk premia.

Half year returns of Currency for Return products for the six months to 30 September 2013

Fund Name	Gearing	Half Year Return %	Volatility since inception % p.a.
FTSE FRB 10 Index Fund[1]	**1.8**	**(5.70%)**	**7.92%**
Emerging Market Currency[2]	**1.0**	**(3.87%)**	**7.56%**
Index / composite returns		**Half Year Return %**	**Volatility since inception % p.a.**
Alpha composite[3]		**(1.76%)**	**2.67%**
FTSE Currency FRB10 GBP Excess return		**(3.22%)**	**4.71%**
Record Multi-Strategy[4]		**(0.61%)**	**2.12%**

AUME development

The Group has seen an aggregate increase in AUME of $2.9bn (+8%) to finish the period at AUME of $37.7bn compared with $34.8bn at the end of the previous financial year.

AUME movement in the six months ended 30 September 2013

	$bn
AUME at 1 April 2013	**34.8**
Net client inflows	1.8
Equity market impact	(0.4)
Foreign exchange impact	1.5
AUME at 30 September 2013	**37.7**

Net client flows and numbers

During the six months to 30 September 2013 net client inflows were $1.8bn, predominantly due to the impact of new Hedging mandates which started in the period. There were net inflows of +$1.4bn in Dynamic Hedging and +$0.2bn in Passive Hedging. Client numbers increased by 5% (from 44 to 46) in the six month period to 30 September 2013 (43 clients at 30 September 2012).

[1] FTSE FRB10 Index Fund return data is since inception in December 2010.

[2] Emerging Market Currency Fund return data is since inception in December 2010.

[3] 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.

[4] Multi-Strategy return data is since inception in August 2012.

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 reduced AUME in the six months to 30 September 2013 by $0.4bn.

Forex

The foreign exchange impact of expressing non-US$ AUME in US$ had an impact on AUME. 80% of the Group's AUME is non-US$ denominated and expressing this in US$ increased AUME for the period by $1.5bn.

Product mix

Product mix continues on a stable path. Hedging represents 93% of total AUME, marginally lower than the 95% reported at 30 September 2012 and also at 31 March 2013. Dynamic Hedging represents $12.0bn and 32% of total AUME, having grown from $9.9bn (30%) at 30 September 2012 and $11.0bn (32%) at 31 March 2013. Passive Hedging represents $22.9bn (61%) of AUME, down from 65% at 30 September 2012 and 63% at 31 March 2013.

AUME composition by product

	30 Sep 13		**30 Sep 12**		**31 Mar 13**	
	$bn	**%**	$bn	%	$bn	%
Dynamic Hedging[1]	**12.0**	**32%**	9.9	30%	11.0	32%
Passive Hedging	**22.9**	**61%**	21.0	65%	22.1	63%
Currency for Return[1]	**2.6**	**7%**	1.5	5%	1.6	5%
Cash	**0.2**	**-%**	0.1	-%	0.1	-%
Total	**37.7**	**100%**	**32.5**	**100%**	**34.8**	**100%**

[1] Part of the AUME relating to a bespoke hybrid hedging and return-seeking mandate has been reclassified, resulting in a restatement to the AUME data provided in the quarterly trading update released on 18 October 2013. Consequently $1bn of AUME previously categorised under Dynamic Hedging has been reclassified as Currency for Return AUME, ensuring consistency of approach between AUME classification and the analysis of management fees.

AUME composition by base currency and product

	Dynamic Hedging		Passive Hedging		Currency for Return	
Base Currency	**30 Sep 13**	**31 Mar 13**	**30 Sep 13**	**31 Mar 13**	**30 Sep 13**	**31 Mar 13**
Sterling	**GBP 2.8bn**	GBP 1.8bn	**GBP 3.2bn**	GBP 3.6bn	**-**	-
US Dollar	**USD 5.8bn**	USD 6.5bn	**USD 0.2bn**	USD 0.1bn	**USD 1.5bn**	USD 0.6bn
Swiss Franc	**CHF 1.5bn**	CHF 1.4bn	**CHF 13.6bn**	CHF 14.1bn	**CHF 0.7bn**	CHF 0.6bn
Euro	**-**	-	**EUR 1.9bn**	EUR 1.4bn	**-**	-
Canadian Dollar	**-**	-	**-**	-	**CAD 0.3bn**	CAD 0.3bn
Total AUME (US Dollars)	**USD 12.0bn**	**USD 11.0bn**	**USD 22.9bn**	**USD 22.1bn**	**USD 2.6bn**	**USD 1.6bn**

Revenue

Management fee income for the six months to 30 September 2013 was £10.3m, an increase of 18% over the six months ended 30 September 2012 (£8.8m) driven by growth in Hedging and Currency for Return products.

In the six months ended 30 September 2013 Dynamic Hedging generated 63% (six months ended 30 September 2012: 67%) of management fee income, Passive Hedging generated 23% and Currency for Return 14% (six months ended 30 September 2012: 22% and 12% respectively).

Revenue analysis (£m)

	Six months ended 30 September 2013	Six months ended 30 September 2012	Year ended 31 March 2013
Management fees			
Dynamic Hedging	6.6	5.9	11.9
Passive Hedging	2.3	1.9	4.1
Currency for Return	1.4	1.0	2.1
Total management fees	**10.3**	**8.8**	**18.1**
Other income	(0.4)	(0.1)	0.5
Total revenue	**9.9**	**8.7**	**18.6**

Other income principally consists of gains / (losses) made on forward foreign exchange contracts employed by the funds seeded by the group, which are consolidated in full. It also includes gains / (losses) on hedging revenues denominated in currencies other than Sterling, and other foreign exchange gains / (losses).

The blended average management fee rate remained constant at 9bps. Whilst management fee rates for both Hedging products were unchanged, management fee rates for Currency for Return fell as AUME growth from increases to existing mandates attracted a lower marginal rate.

Average management fee rates by product (bps)

	Six months ended 30 September 2013	Six months ended 30 September 2012	Year ended 31 March 2013
Dynamic Hedging	18	19	18
Passive Hedging	3	3	3
Currency for Return	18	21	22
Weighted average	**9**	**9**	**9**

Expenditure

Expenditure analysis (£m)

	Six months ended 30 September 2013	Six months ended 30 September 2012	Year ended 31 March 2013
Personnel costs	3.3	3.0	6.0
Non-personnel costs	2.1	1.7	3.9
Administrative expenditure excluding Group Profit Share	**5.4**	**4.7**	**9.9**
Group Profit Share (GPS)	1.4	1.2	2.4
Total administrative expenditure	**6.8**	**5.9**	**12.3**
Loss on financial instruments held as part of disposal group	-	0.1	0.1
Total expenditure	**6.8**	**6.0**	**12.4**

Expenditure

The total expenditure in the six months to 30 September 2013 increased to £6.8m, an increase of £0.8m over the six months to 30 September 2012 (£6.0m). Administrative expenditure excluding Group Profit Share (GPS) for the six months ended 30 September 2013 (£5.4m) has increased by £0.7m over the six months ended 30 September 2012 as a result of increases to both personnel and non-personnel costs.

Group Profit Share (GPS) Scheme

The cost of the GPS scheme has increased to £1.4m, an increase of £0.2m over the six months to 30 September 2012 (£1.2m). This reflects the increase in operating profit for the six month period and continues to be calculated at 30% of pre-GPS underlying operating profit in the period.

Operating margins

The operating profit for the six months ended 30 September 2013 of £3.0m was 13% higher than the six month period ended 30 September 2012 (£2.6m). Operating profit margin for the six months ended 30 September 2013 was 30%, equal to that for the six months ended 30 September 2012 on a fully consolidated basis.

Management also consider "underlying" operating profit. Underlying operating profit 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 operating margin for the six month period ending 30 September 2013 was 33% (six months to 30 September 2012: 31% and 12 months to 31 March 2013: 31%).

Cash flow

The Group generated £2.1m of cash flow from operating activities after tax during the six month period ended 30 September 2013 (six months ended 30 September 2012: £2.4m). Taxation paid during the period was £0.7m compared to £0.9m for the six months ended 30 September 2012. On 31 July 2013 the Group paid a final dividend of 1.5p per share in respect of the year ended 31 March 2013. This equated to a distribution of £3.3m (six months ended 30 September 2012: £1.6m).

Dividends

The Group will pay an interim dividend of 0.75p per share in respect of the six months ended 30 September 2013. The dividend will be paid on 20 December 2013 to shareholders on the register on 29 November 2013.

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 0.75p for the financial year ending 31 March 2014. 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 £28.1m at 30 September 2013 (30 September 2012: £26.9m).

The dividend payment on 20 December will equate to a distribution of £1.6m, 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 and Accounts for the year ended 31 March 2013 are still relevant to Record.

Account concentration risk has continued during the six months to 30 September 2013. The proportion of management fee income generated from the largest client was 28% at 30 September 2013. For the same period, the proportion of income generated from the largest five clients was 67% and from the largest ten clients was 84%.

Cautionary statement

This interim report contains certain forward-looking statements with respect to the financial condition, results, operations and business of Record. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied in this interim report. Nothing in this interim report should be construed as a profit forecast.

Statement of Directors’ responsibilities

The Directors of Record plc confirm that, to the best of their knowledge, the condensed set of financial statements below have been prepared in accordance with IAS 34 “Interim Financial Reporting”, and that the interim management report above includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Neil Record	Steve Cullen
Chairman	Chief Financial Officer
14 November 2013	14 November 2013

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 2013 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 2013 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

London

14 November 2013

Consolidated statement of comprehensive income

	Note	Unaudited six months ended 30 Sep 13 £'000	Unaudited six months ended 30 Sep 12 £'000	Audited year ended 31 Mar 13 £'000
Revenue	3	**9,872**	8,714	18,552
Cost of sales		**(100)**	(136)	(221)
Gross profit		**9,772**	8,578	18,331
Administrative expenses		**(6,769)**	(5,864)	(12,343)
Loss on financial instruments held as part of disposal group		**-**	(67)	(68)
Operating profit		**3,003**	2,647	5,920
Finance income		**50**	80	158
Profit before tax		**3,053**	2,727	6,078
Taxation		**(781)**	(725)	(1,450)
Profit after tax and total comprehensive income for the period		**2,272**	2,002	4,628
Profit after tax and total comprehensive income for the period attributable to:				
Non-controlling interests		**(333)**	(69)	294
Owners of the parent		**2,605**	2,071	4,334

Earnings per share for profit attributable to the equity holders of the Group during the period				
Basic earnings per share	4	**1.20p**	0.94p	1.98p
Diluted earnings per share	4	**1.19p**	0.94p	1.98p

Consolidated statement of financial position

	Note	Unaudited as at 30 Sep 12 £'000	Unaudited as at 30 Sep 12 £'000	Audited as at 31 Mar 13 £'000
Non-current assets				
Property, plant and equipment		**111**	167	140
Intangible assets		**848**	1,078	963
Investments	6	**1,635**	-	-
Deferred tax assets		**5**	-	5
Total non-current assets		**2,599**	1,245	1,108
Current assets				
Trade and other receivables		**5,596**	5,919	5,569
Derivative financial assets		**173**	75	43
Money market instruments with maturity > 3 months	7	**12,154**	-	-
Cash and cash equivalents	7	**15,531**	25,575	29,025
Total current assets		**33,454**	31,569	34,637
Total assets		**36,053**	32,814	35,745
Current liabilities				
Trade and other payables		**(2,413)**	(2,814)	(2,672)
Corporation tax liabilities		**(800)**	(679)	(760)
Derivative financial liabilities		**(74)**	-	(25)
Total current liabilities		**(3,287)**	(3,493)	(3,457)
Deferred tax liabilities		**-**	(29)	-
Total net assets		**32,766**	29,292	32,288
Equity				
Issued share capital	8	**55**	55	55
Share premium account		**1,838**	1,809	1,838
Capital redemption reserve		**20**	20	20
Retained earnings		**26,227**	25,053	26,729
Equity attributable to owners of the parent		**28,140**	26,937	28,642
Non-controlling interests	10	**4,626**	2,355	3,646
Total equity		**32,766**	29,292	32,288

Consolidated statement of changes in equity

Six months ended 30 September 2012

Unaudited	Note	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
As at 1 April 2012		55	1,809	20	24,469	26,353	2,263	28,616
Profit and total comprehensive income for the period		-	-	-	2,071	2,071	(69)	2,002
Dividends paid	5	-	-	-	(1,645)	(1,645)	-	(1,645)
Release of shares held by EBT		-	-	-	134	134	-	134
Issue of units in funds to non-controlling interests		-	-	-	-	-	161	161
Share option reserve movement		-	-	-	24	24	-	24
As at 30 September 2012		**55**	**1,809**	**20**	**25,053**	**26,937**	**2,355**	**29,292**

Six months ended 31 March 2013

Unaudited	Note	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
As at 30 September 2012		55	1,809	20	25,053	26,937	2,355	29,292
Profit and total comprehensive income for the period		-	-	-	2,263	2,263	363	2,626
Own shares purchased by EBT		-	-	-	(685)	(685)	-	(685)
Release of shares held by EBT		-	29	-	62	91	-	91
Issue of units in funds to non-controlling interests		-	-	-	-	-	928	928
Share option reserve movement		-	-	-	36	36	-	36
As at 31 March 2013		**55**	**1,838**	**20**	**26,729**	**28,642**	**3,646**	**32,288**

Six months ended 30 September 2013

Unaudited	Note	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
As at 31 March 2013		55	1,838	20	26,729	28,642	3,646	32,288
Profit and total comprehensive income for the period		-	-	-	2,605	2,605	(333)	2,272
Dividends paid	5	-	-	-	(3,264)	(3,264)	-	(3,264)
Release of shares held by EBT		-	-	-	104	104	-	104
Issue of units in funds to non-controlling interests		-	-	-	-	-	1,313	1,313
Share option reserve movement		-	-	-	53	53	-	53
As at 30 September 2013		**55**	**1,838**	**20**	**26,227**	**28,140**	**4,626**	**32,766**

Consolidated statement of cash flows

	Note	Unaudited six months ended 30 Sep 13 £'000	Unaudited six months ended 30 Sep 12 £'000	Audited year ended 31 Mar 13 £'000
Operating profit		**3,003**	2,647	5,920
Adjustments for:				
Profit on disposal of property, plant and equipment		**(1)**	-	-
Depreciation of property, plant and equipment		**41**	50	106
Amortisation of intangible assets		**115**	62	177
Share option expense		**53**	24	60
Share settled transactions		**-**	134	226
		3,211	2,917	6,489
Changes in working capital				
Increase in receivables		**(47)**	(851)	(485)
(Decrease) / Increase in payables		**(259)**	320	173
(Increase) / Decrease in other financial assets		**(130)**	1,033	1,065
Increase / (Decrease) in other financial liabilities		**49**	(48)	(23)
CASH INFLOW FROM OPERATING ACTIVITIES		**2,824**	3,371	7,219
Corporation taxes paid		**(740)**	(932)	(1,610)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**2,084**	2,439	5,609
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		**(13)**	(34)	(63)
Purchase of securities		**(1,114)**	-	-
Purchase of money market instruments with maturity > 3 months	7	**(12,154)**	-	-
Interest received		**70**	82	149
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES		**(13,211)**	48	86
CASH FLOW FROM FINANCING ACTIVITIES				
Cash inflow from issue of units in funds		**793**	161	1,089
Cash inflow from exercise of share options		**104**	-	-
Purchase of own shares		**-**	-	(686)
Dividends paid to equity shareholders	5	**(3,264)**	(1,645)	(1,645)
CASH OUTFLOW FROM FINANCING ACTIVITIES		**(2,367)**	(1,484)	(1,242)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		**(13,494)**	1,003	4,453
Cash and cash equivalents at the beginning of the period		**29,025**	24,572	24,572
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**7**	**15,531**	25,575	29,025

Closing cash and cash equivalents consists of:			
Cash	**2,645**	5,075	1,863
Cash equivalents	**12,886**	20,500	27,162
Cash and cash equivalents	**15,531**	25,575	29,025

Notes to the financial statements for the six months ended 30 September 2013

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 half-yearly 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 2013 (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 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 2013. 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 is stated within equity as a non-controlling interest, being the share of changes in equity since the date of consolidation.

An Employee Benefit Trust 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 accounts.

The Group has investments in a number of funds where it is currently in a position to be able to control those funds. 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.

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 2013.

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. Other Group activities principally includes gains / losses on derivative financial instruments and also includes consultancy. No performance fee was earned in the reported periods.

Revenue by product type

	Six months ended 30 Sep 13 £'000	Six months ended 30 Sep 12 £'000	Year ended 31 Mar 13 £'000
Management fees			
Dynamic Hedging	6,558	5,855	11,834
Passive Hedging	2,357	1,888	4,093
Currency for Return	1,425	1,010	2,134
Total management fee income	**10,340**	**8,753**	**18,061**
Other Group activities	(468)	(39)	491
Total revenue	**9,872**	**8,714**	**18,552**

(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 turnover originated in the UK.

Revenue by geographical region

	Six months ended 30 Sep 13 £'000	Six months ended 30 Sep 12 £'000	Year ended 31 Mar 13 £'000
Management fee income			
UK	2,662	2,334	4,628
US	3,422	3,280	6,631
Switzerland	3,542	2,670	5,688
Other	714	469	1,114
Total management fee income	**10,340**	**8,753**	**18,061**
Other Group activities	(468)	(39)	491
Total revenue	**9,872**	**8,714**	**18,552**

Other Group activities are not analysed by geographical region.

(c) Major clients

During the six months ended 30 September 2013, three clients individually accounted for more than 10% of the Group's revenue during the period. The three largest clients generated revenues of £2.9m, £1.2m and £1.1m 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 13	Six months ended 30 Sep 12	Year ended 31 Mar 13
Weighted average number of shares used in calculation of basic earnings per share	217,670,894	219,382,105	218,867,407
Effect of dilutive potential ordinary shares – share options	612,263	158,695	273,830
Weighted average number of shares used in calculation of diluted earnings per share	218,283,157	219,540,800	219,141,237
	pence	**pence**	**pence**
Basic earnings per share	1.20	0.94	1.98
Diluted earnings per share	1.19	0.94	1.98

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 4,120,000 shares. During the six months ended 30 September 2013 options were exercised over 325,000 shares, and options over 400,000 shares were forfeited. The Group granted 2,160,000 share options with a potentially dilutive effect during the period.

5. Dividends

The dividends paid during the six months ended 30 September 2013 totalled £3,263,625 (1.50p per share), which was the final dividend paid in respect of the year ended 31 March 2013. No dividend was paid in the six months ended 31 March 2013. The dividend paid by the Group during the six months ended 30 September 2012 totalled £1,645,143 (0.75p per share), which was the final dividend paid in respect of the year ended 31 March 2012.

The interim dividend proposed in respect of the six months ended 30 September 2013 is 0.75p per share.

6. Investments

The Group holds certain securities through its seeded fund vehicles. As at 30 September 2013, the Group held US government treasury inflation protected securities (TIPS), with a fair value of £1,634,760 (31 March 2013: nil; 30 September 2012: nil). These securities are designated as fair value through profit and loss and the fair value is determined by reference to quoted market prices. In the year end risk disclosures, these securities will be classified as a Level 1 investment.

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 1 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 3 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 > 3 months.

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

	As at 30 Sep 13 £'000	As at 30 Sep 12 £'000	As at 31 Mar 13 £'000
Bank deposits with maturities > 3 months	11,655	-	-
Treasury bills with maturity > 3 months	499	-	-
Money market instruments with maturities > 3 months	**12,154**	**-**	**-**
Cash	2,645	5,075	1,863
Bank deposits with maturities <= 3 months	12,886	20,500	27,162
Cash and cash equivalents	**15,531**	**25,575**	**29,025**
Total assets managed as cash by the Group	**27,685**	**25,575**	**29,025**

The IFRS classification of these instruments has a material impact on the cash flow statement which indicates a £12,154,198 cash outflow as a result of purchasing money market instruments with maturities greater than 3 months.

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 13		Unaudited as at 30 Sep 12		Audited as at 31 Mar 13	
	£'000	Number	£'000	Number	£'000	Number
Authorised						
Ordinary shares of 0.025p each	100	400,000,000	100	400,000,000	100	400,000,000
Called up, allotted and fully paid						
Ordinary shares of 0.025p each	55	221,380,800	55	221,380,800	55	221,380,800

Changes to the issued share capital

	£'000	Number
Ordinary shares of 0.025p each	55	221,380,800
Adjustment for net purchases by EBT	-	(2,028,432)
As at 31 March 2012	55	219,352,368
Adjustment for net sales by EBT	-	128,432
As at 30 September 2012	55	219,480,800
Adjustment for net purchases by EBT	-	(1,905,808)
As at 31 March 2013	55	217,574,992
Adjustment for net sales by EBT	-	325,000
As at 30 September 2013	**55**	**217,899,992**

The Record plc Employee Benefit Trust (EBT) was formed to hold shares acquired under the Record plc share-based compensation plans. A total of 3,480,808 (31 March 2013: 3,805,808; 30 September 2012: 1,900,000) ordinary shares were held in the EBT at the reporting date. The holding of the EBT comprises own shares that have not vested unconditionally to employees of the Group. Own shares are recorded at cost and are deducted from retained earnings.

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.

9. Seeded funds

The Group has investments in a number of funds where it is currently in a position to be able to control those funds. These fund investments are held by Record plc and represent seed capital investments by the Group. Other investors may also subscribe into these funds, and their holdings represent non-controlling interests in the Group.

	As at 30 Sep 13 £'000	As at 30 Sep 12 £'000	As at 31 Mar 13 £'000
Net asset value of Group holding in seeded funds	3,055	2,071	2,215
Net asset value of other holdings in seeded funds	4,626	2,355	3,646
Net asset value of seeded funds	**7,681**	**4,426**	**5,861**

The funds are consolidated into the Group's financial statements on a line by line basis.

10. Non-controlling interest

Three Directors of Record plc and seven other investors have purchased units in the funds currently seeded by Record plc. The mark to market value of these holdings represents the only non-controlling interests in the Group.

11. Related parties transactions

Transactions or balances between Group entities have been eliminated on consolidation and in accordance with IAS 24, are not disclosed in this note.

The compensation given to key management personnel is as follows:

	Six months ended 30 Sep 13 £'000	Six months ended 30 Sep 12 £'000	Year ended 31 Mar 13 £'000
Short-term employee benefits	1,991	1,757	3,435
Post-employment benefits	136	147	289
Share-based payments	543	424	901
Dividends	1,758	863	863
	4,428	**3,191**	**5,488**

12. Post reporting date events

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

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.