



Record plc

Annual results

Year ended 31 March 2011

14 June 2011



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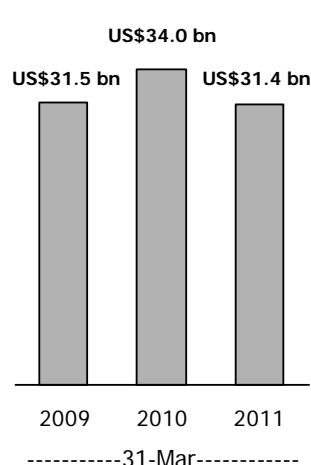
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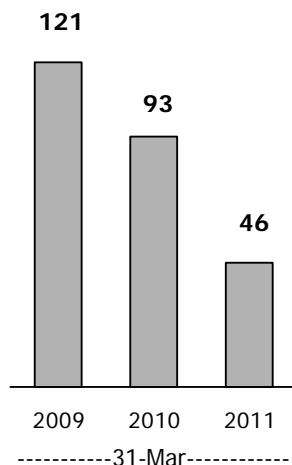
Headlines

- Pre tax profit £12.5m (down 25%)
- Management fee income of £28.1m (down 15%)
- Cash reserves £24.7m (up 13%)
- AuME \$31.4bn at 31 March 2011 was 8% lower than the prior year
- AuME £19.6bn at 31 March 2011 was 13% lower than the prior year
- Operating profit margin to 31 March 2011 of 44% compared to 49% for year ended 31 March 2010
- Basic EPS 4.03 pence per share (2010: 5.39 pence per share, down 25%)
- Proposed final dividend for the year to 31 March 2011 is 2.59p per share giving a total dividend for the year unchanged at 4.59p per share
- Intention to rebase Interim Dividend (subject to business conditions) to 0.75p per share

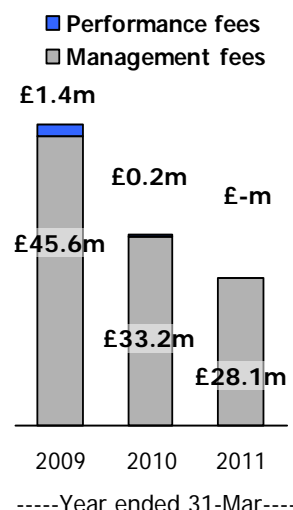
ASSETS UNDER MANAGEMENT EQUIVALENT (AuME)



CLIENT NUMBERS



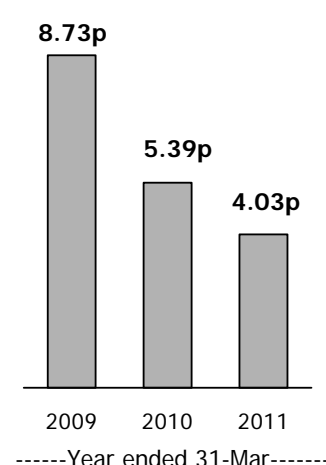
REVENUE



PRE-TAX PROFIT



BASIC EARNINGS PER SHARE





Business strategy

Strategy

- Focus on sales from expanded product range in FY12
- Deliver diversification benefits from expanded product offering
- Increased focus on the US through dedicated sales resource
- Development of further currency products particularly in Currency Momentum and Currency Value
- Continued investment in people and infrastructure

Expanded product offering

■ Current products range

☐ Hedging

- Passive Hedging
- Dynamic Hedging

☐ Currency for Return

- FRB Alpha
- FRB Beta
- Emerging Markets
- Euro Stress

■ New products for FY12

☐ Currency for Return

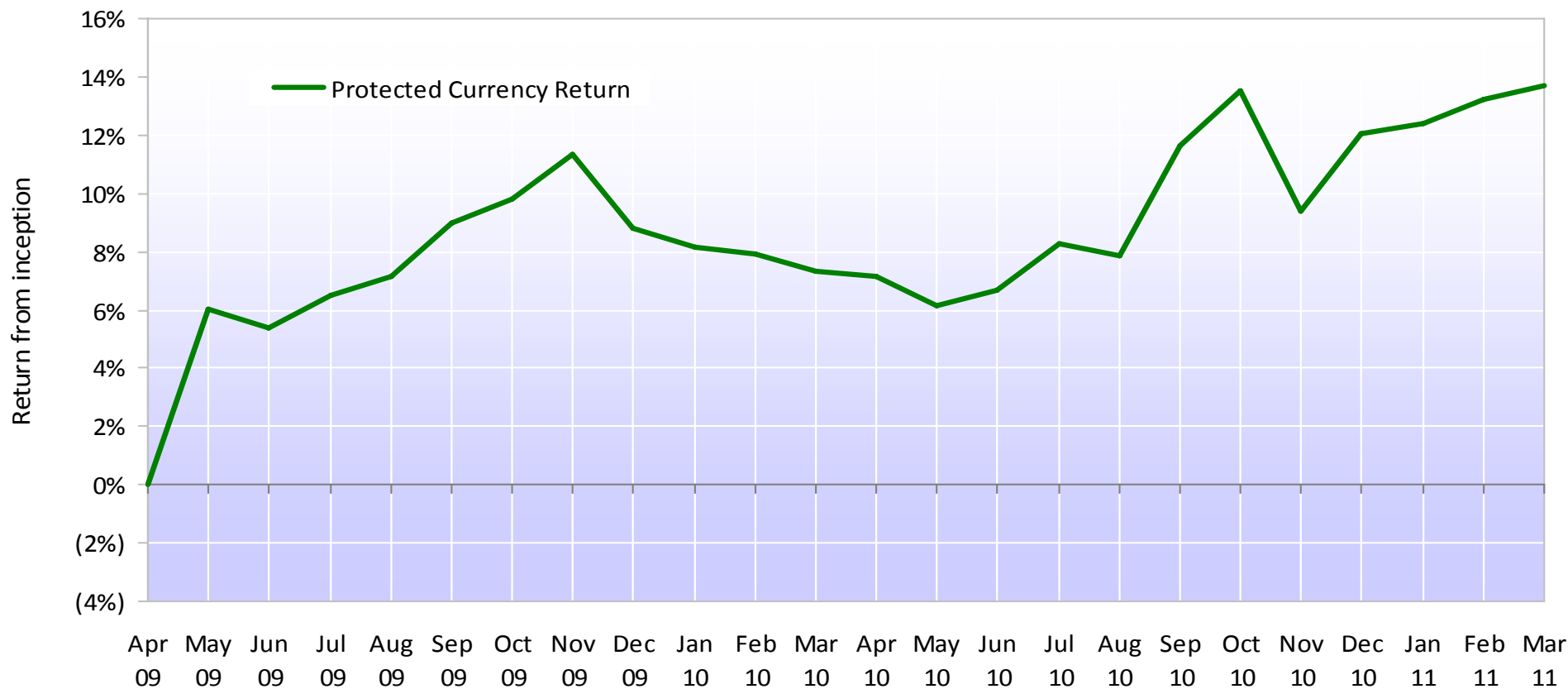
- Currency Momentum
- Currency Value



Product Performance

Performance of US Dynamic Hedging Client

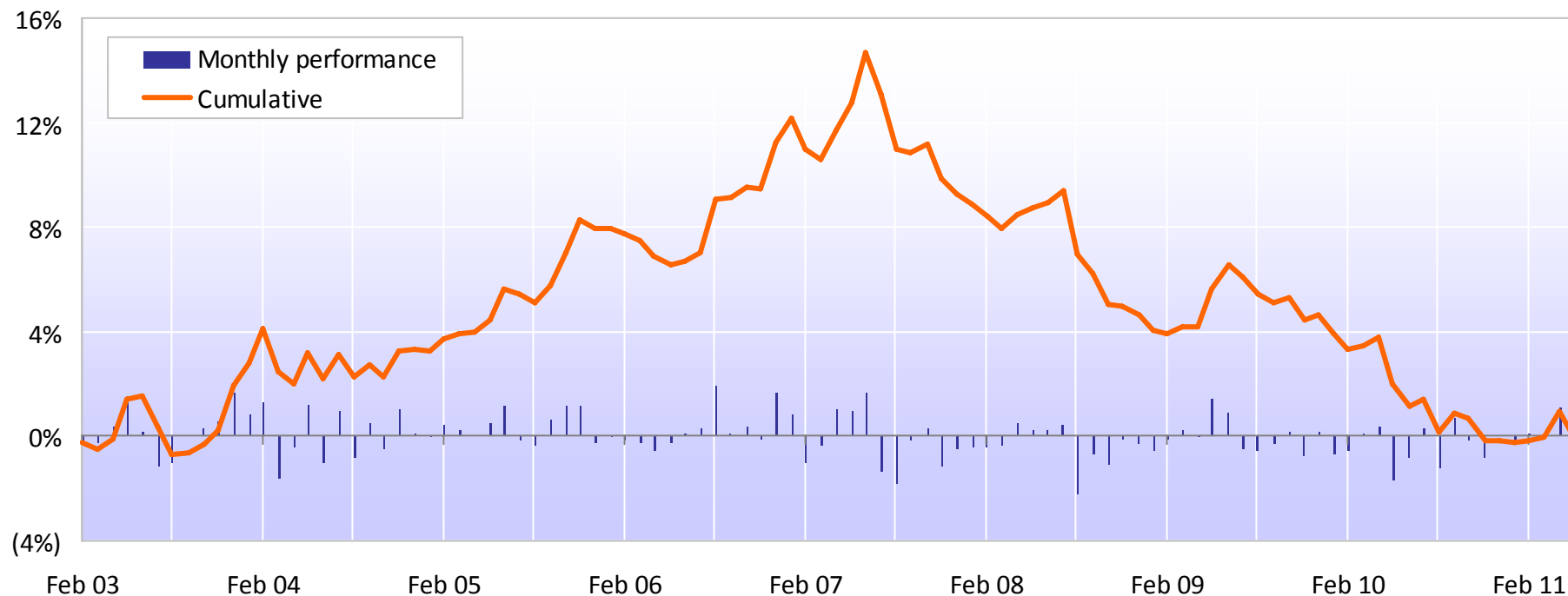
30 April 2009 to 31 March 2011



Source: Record Currency Management, WM/Reuters. Protected currency return is calculated as the weighted average currency return plus the contribution from hedging . Results combined for International and Global portfolios. Returns from April 30th 2009 to March 31st 2011.

Eight-year live track record of Currency Alpha

Currency Alpha Composite - 4 accounts, £ 0.55 billion

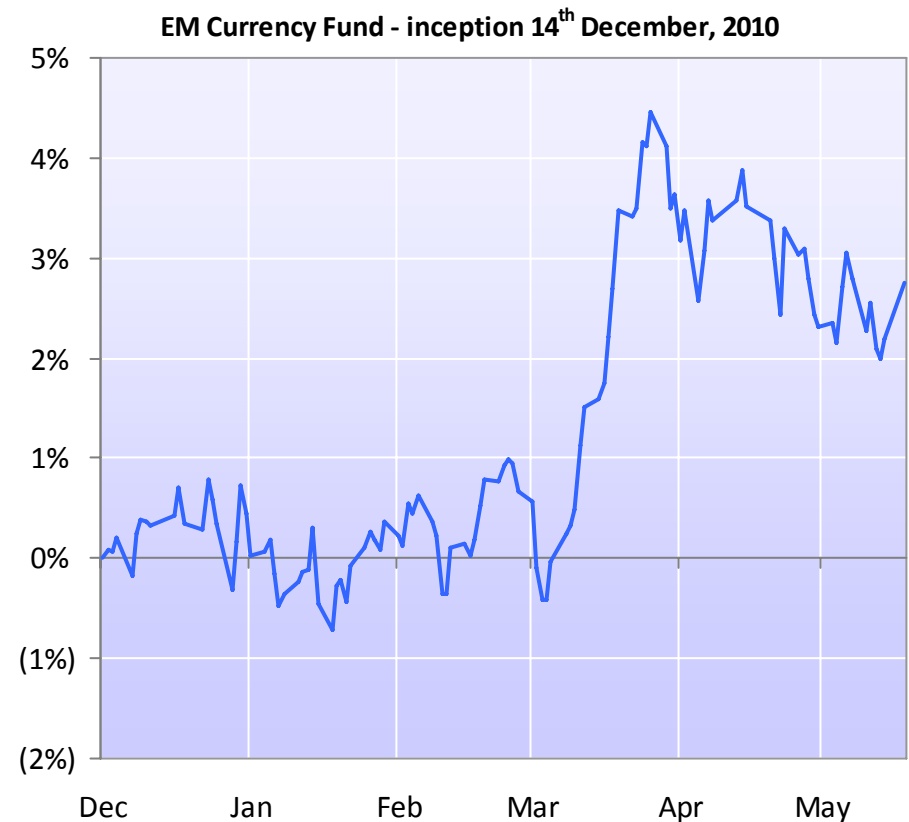
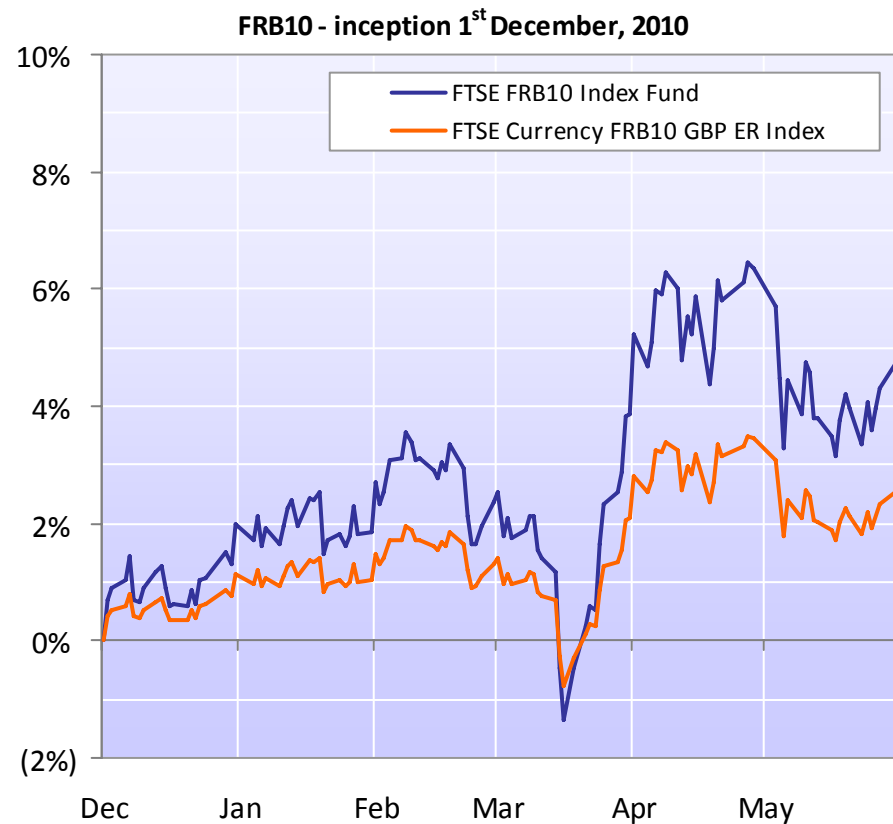


As at 31 st May 2011	Value added	Tracking Error	Information Ratio
Since inception (Feb-03)	(0.01%) p.a.	2.83%	(0.01)

Source: Record Currency Management. Returns of all clients in the composite are weighted in US dollars and scaled to a gearing ratio of one. The volatility of returns will be greater if higher leverage is applied. Client numbers and assets are correct as at 31st May 2011.

New Product Performance

FRB10 Index Fund & Emerging Market Currency Fund



As at 31 st May 2011	ITD
FTSE FRB10 Index Fund (gearing 1.8x)	4.77%

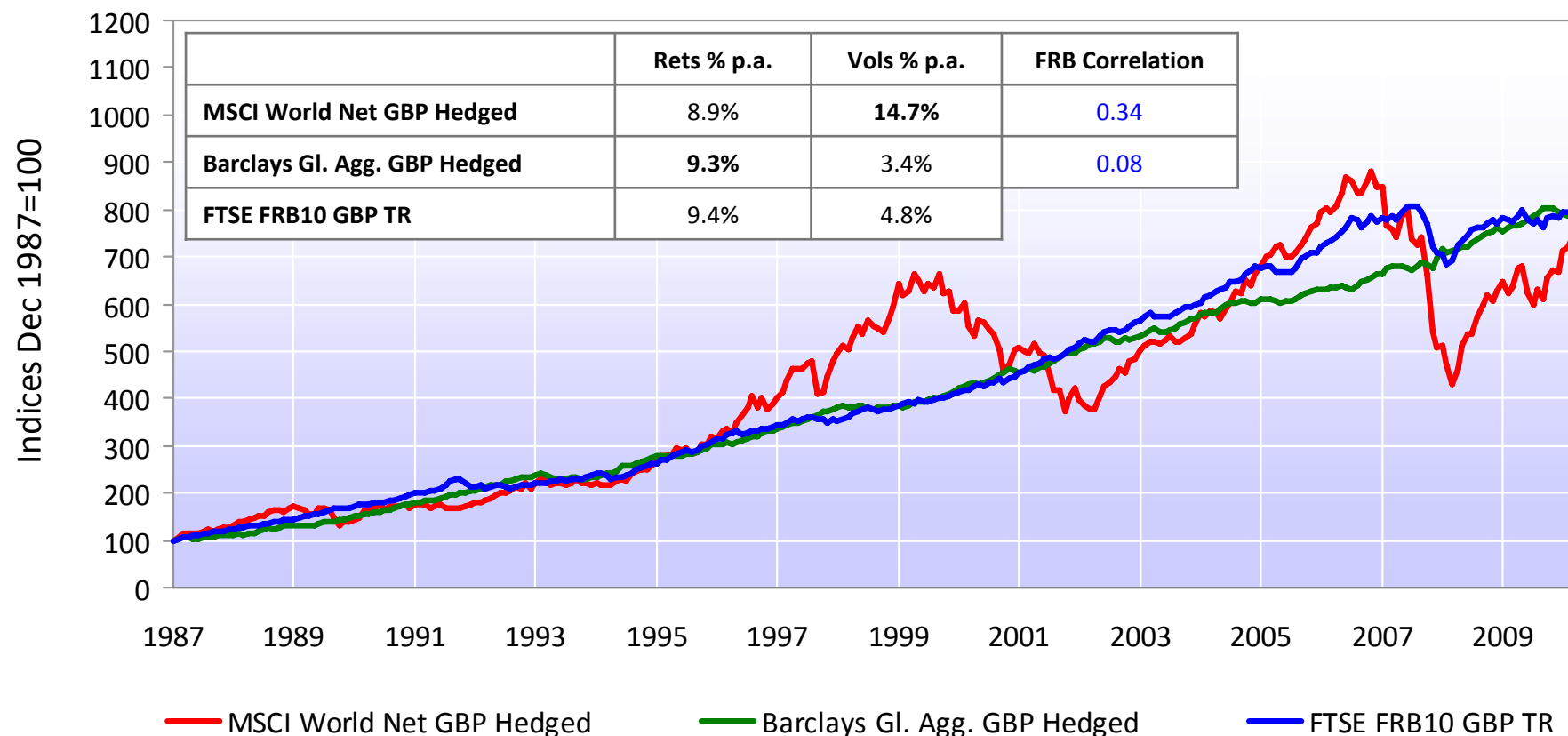
As at 31 st May 2011	ITD
EM Currency Fund	2.76%

Source: Record Currency Management. Returns to 31st May 2011

Equity-like return, bond-like volatility

Equities, Fixed Income and FRB

GBP base; Cum total returns; 31 Dec 1987 - 31 Mar 2011



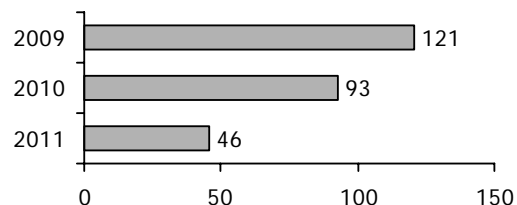
Note: Barclays (ex-Lehman) US Aggregate used as proxy for Lehman Global Aggregate prior to 1990. Source: Record Currency Management Limited



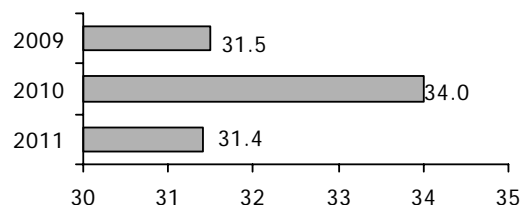
Financial Performance

Financial KPIs – Year ended 31 March 2011

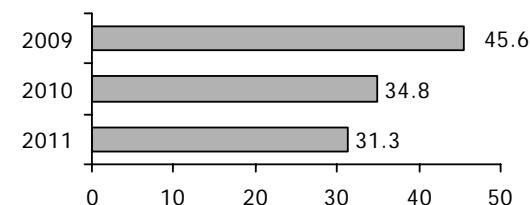
Client numbers



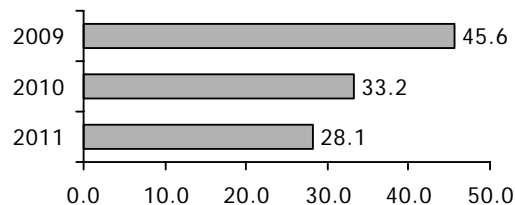
AuME \$bn



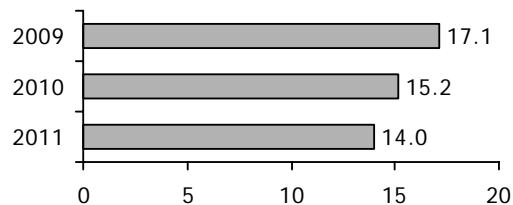
Average AuME \$bn



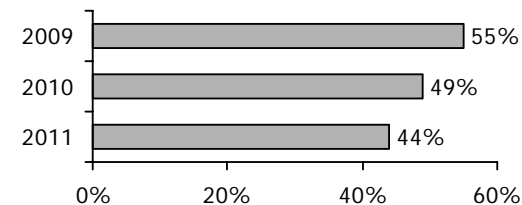
Management fees £m



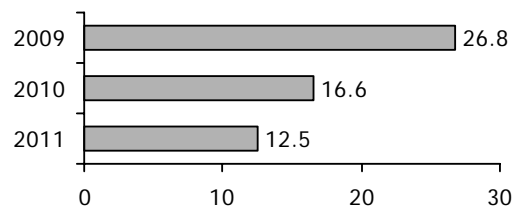
Average management fee rates bps



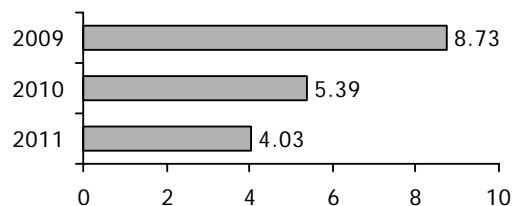
Operating margin %



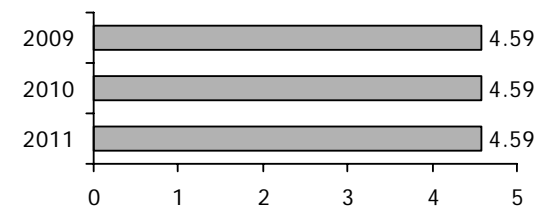
Profit before tax £m



EPS (pence per share)



Dividend (pence per share)



Financials – client numbers

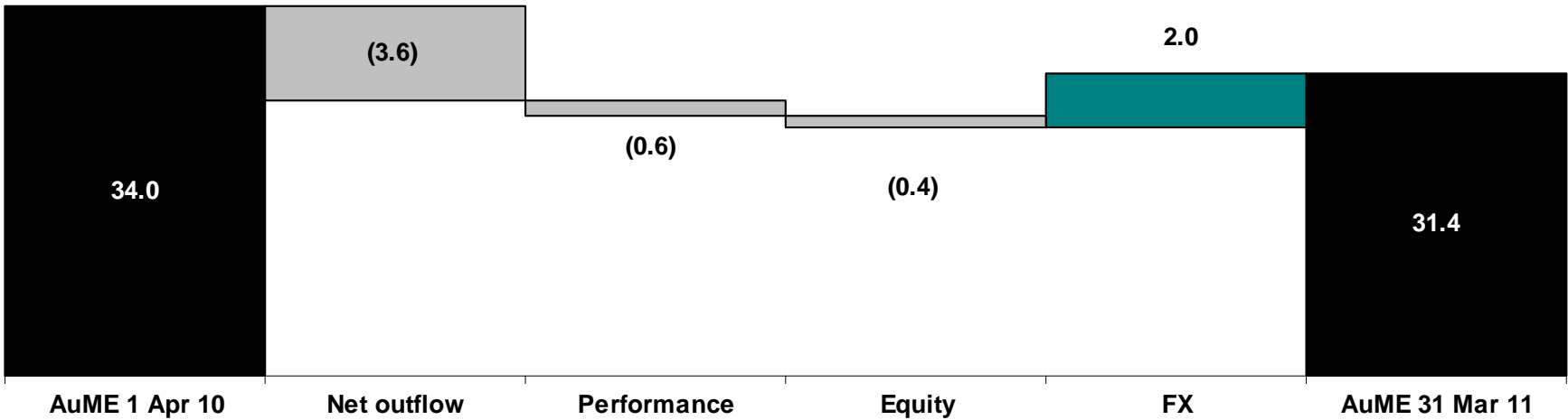
Client numbers

	31 Mar 10	31 Mar 11
Dynamic Hedging	10	10
Passive Hedging	22	24
Hedging	32	34
Currency for Return - segregated	14	8
Currency for Return - pooled funds	61	13
Currency for Return	75	21
Less clients with >1 product	(14)	(9)
Total	93	46

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

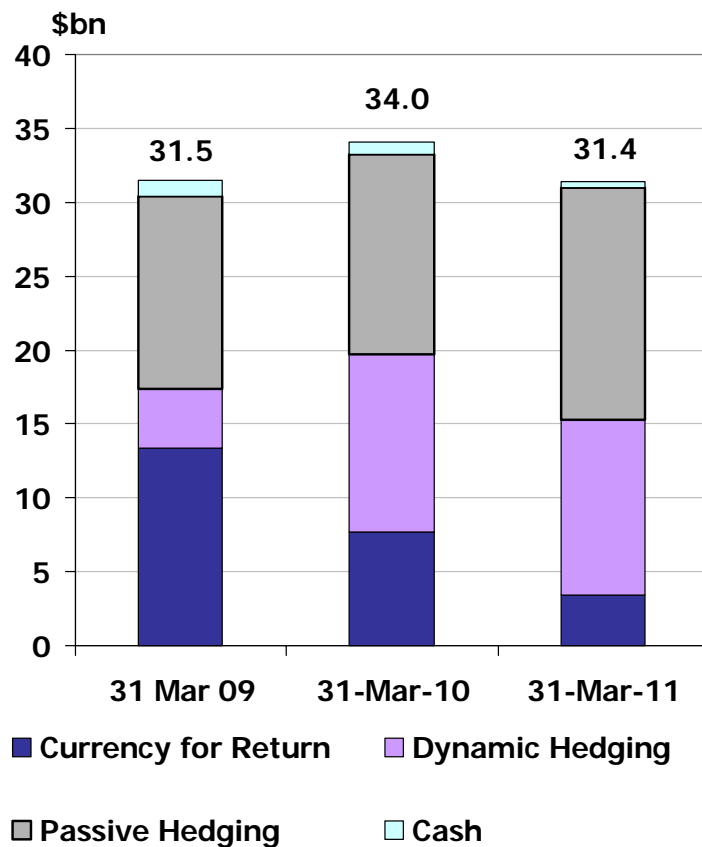
Financials – AuME movement

AuME bridge for the year ended 31 March 2011 (\$billion)

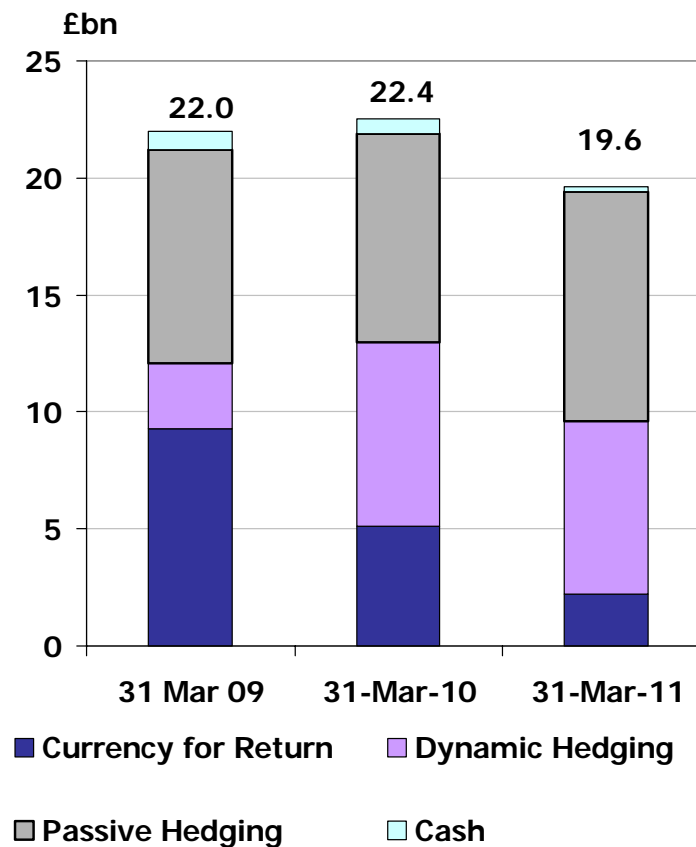


AuME analysis

AuME by product (\$bn)

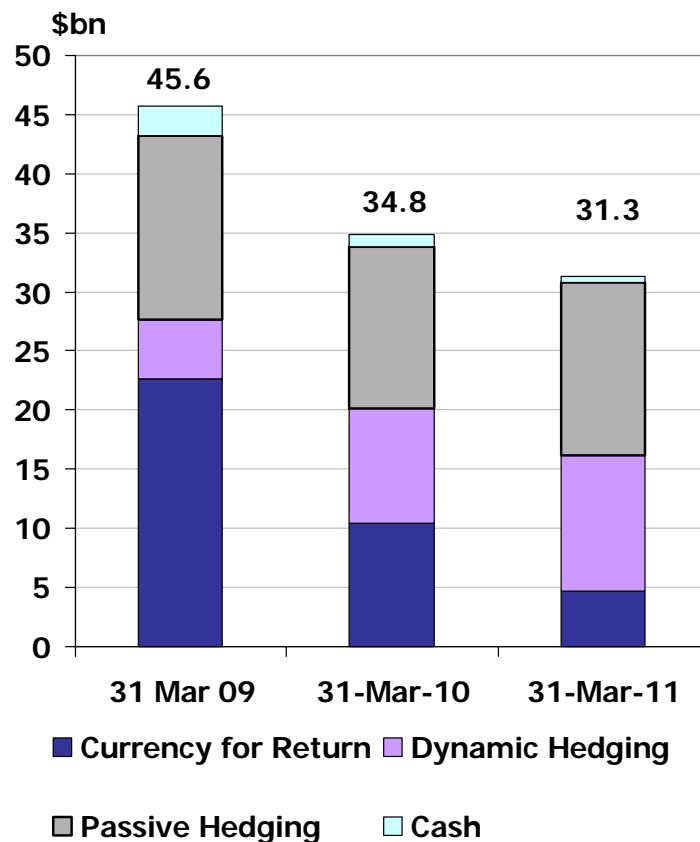


AuME by product (£bn)

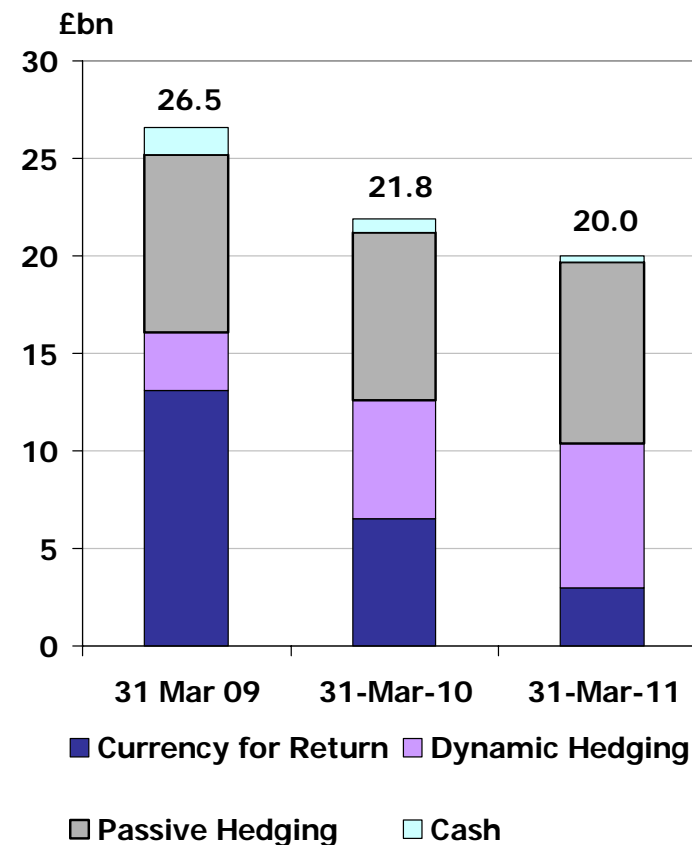


Average AuME analysis

Average AuME by product (\$bn)



Average AuME by product (£bn)

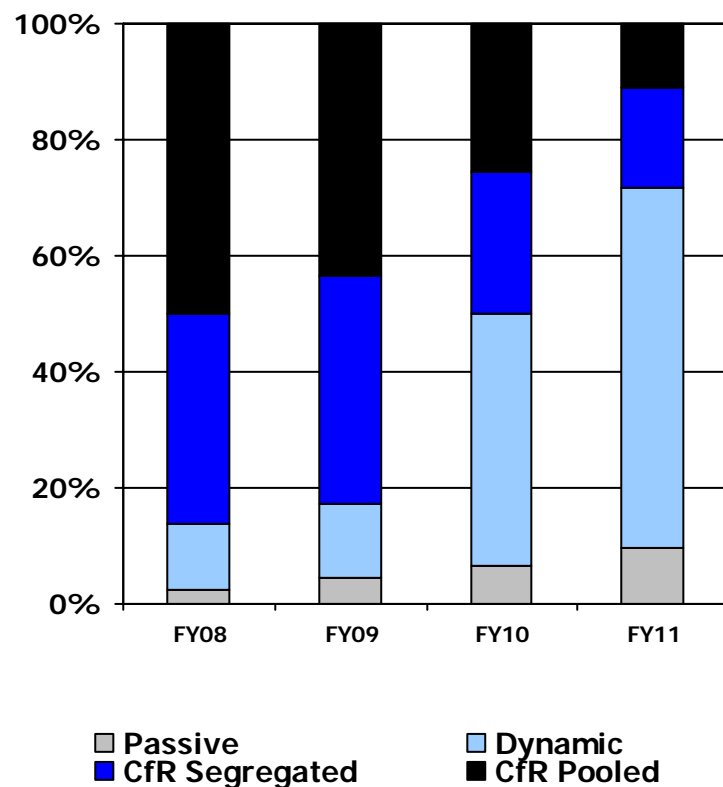


Financials – Average AuME, management fee rates & fees

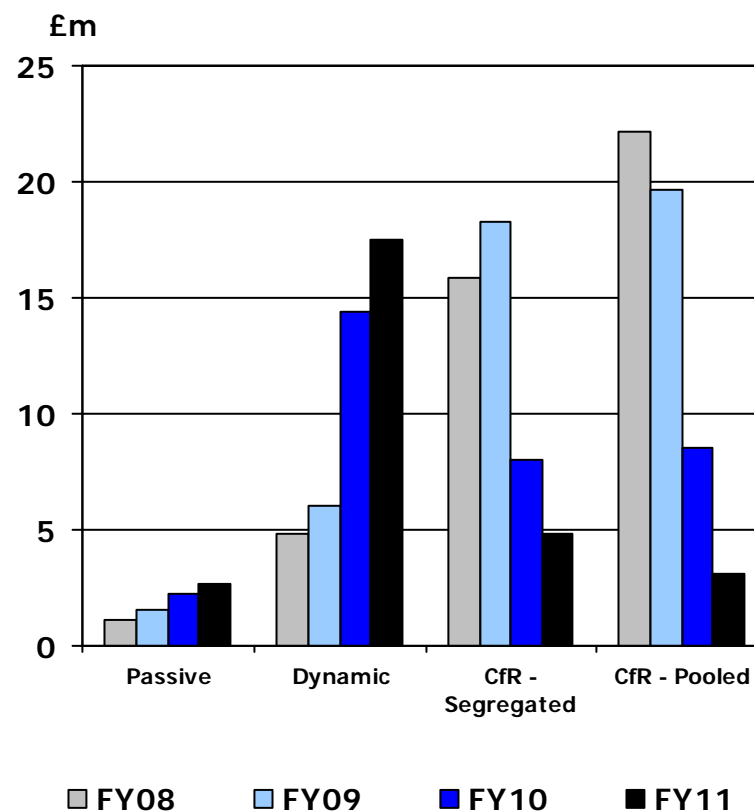
	Year ended 31 March 2010			Year ended 31 March 2011		
	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)
Currency for Return:						
Segregated funds	4.8	26.6	8.0	2.6	28.3	4.8
Management fee only	3.1	28.3	5.6	2.1	29.8	4.1
Management + performance fee	1.7	21.7	2.4	0.5	20.1	0.7
Pooled funds	5.6	24.4	8.6	2.1	23.4	3.1
Management fee only	0.2	44.4	0.6	0.1	47.8	0.2
Management + performance fee	5.4	23.8	8.0	2.0	21.1	2.9
Total Currency for Return	10.4	25.4	16.6	4.7	25.4	7.9
Dynamic Hedging	9.7	23.7	14.4	11.5	23.9	17.5
Passive Hedging	13.7	2.6	2.2	14.6	2.9	2.7
Cash	1.1	-	-	0.5	-	-
Combined average	34.8	15.2	33.2	31.3	14.0	28.1

Financials – revenue analysis

Management fees by product



Management fees by product



Financials – income statement

	FY10	FY11
AuME at period end	\$34.0bn	\$31.4bn
Clients at period end	93	46
Income:	£m	£m
Management fees	33.2	28.1
Performance fees	0.2	-
Other income	-	0.1
Total Income	33.4	28.2
Cost of sales	-	(0.1)
Gross Profit	33.4	28.1
Expenditure:		
Operating costs	(10.0)	(10.4)
Variable remuneration	(7.0)	(5.3)
Total expenditure	(17.0)	(15.7)
Operating profit	16.4	12.4
Operating Profit Margin	49%	44%
Finance income	0.2	0.1
Profit before tax	16.6	12.5

Group profit share

- **An average of 30% Operating Profit over the medium term (ability to flex 25-35% in the short term)**
- **Shared amongst all staff based on 'profit share units'**
- **The main bonus scheme in the Group – future commissions or individual arrangements to be paid from within the scheme**
- **For all senior employees including Board Directors:**
 - 1/3rd Shares
 - 1/3rd Cash
 - 1/3rd Cash or Shares. Shares attract a 1x matching award (funded from within the scheme)
- **Options scheme for a small group of employees that does not include main Board Directors being established**

Financials - earnings

Shareholders earnings

	FY10	FY11
	£m	£m
Profit before tax	16.6	12.5
Tax	(4.7)	(3.6)
Profit after tax	11.9	8.9
eps – basic	5.39p	4.03p
eps – diluted	5.38p	4.03p
Interim dividend per share	4.00p	2.00p
Proposed final dividend per share	0.59p	2.59p
Total dividend per share	4.59p	4.59p
Dividend cover	1.2x	0.9x

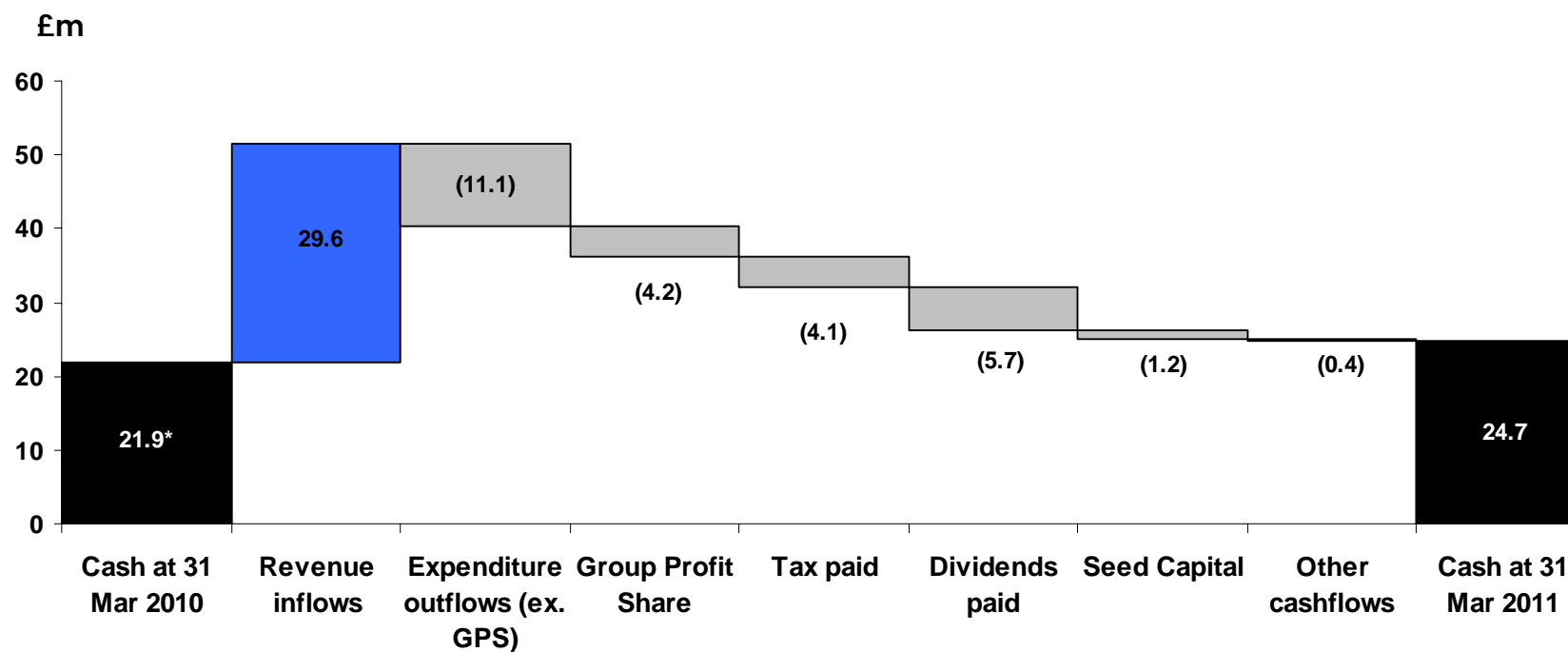
Financials – balance sheet

Balance sheet as at period end

	FY10	FY11
	£m	£m
Non-current assets	0.9	1.4
Current assets		
Trade debtors and other receivables	8.3	6.9
Derivative financial assets	0.1	-
Cash and cash equivalents	21.9	24.7
Total current assets	30.3	31.6
Current assets held for sale	0.9	3.0
Current liabilities	(6.4)	(5.9)
Net assets	25.7	30.1
Equity attributable to owners of the parent	25.7	29.1
Non-controlling interest	-	1.0
Total equity	25.7	30.1

Financials - cash

CASH BRIDGE FOR THE YEAR ENDED 31 MARCH 2011





Appendix



Management and Board

Executive Management

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

Non-Executive Directors

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

AuME

- **Currency for Return mandates:**

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

- **Dynamic hedging mandates:**

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

- **Passive hedging mandates:**

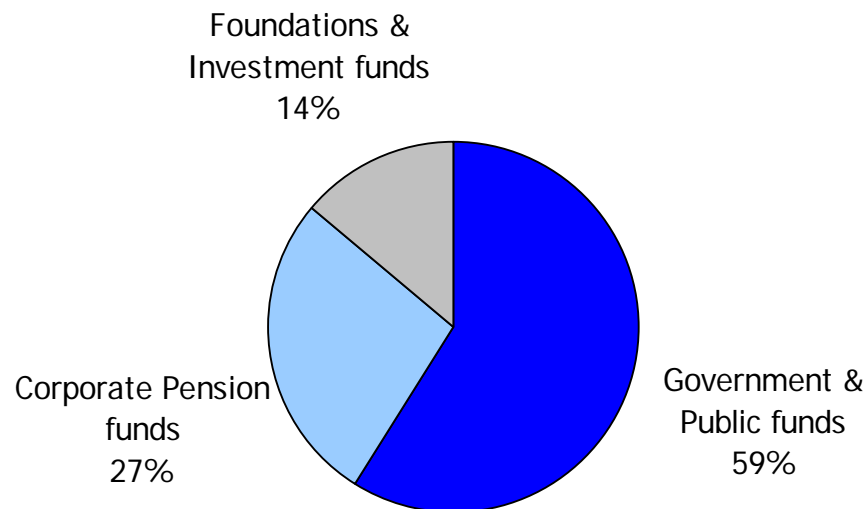
- = the aggregate nominal amount of passive hedges actually outstanding in respect of each client, plus

- **Cash:**

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

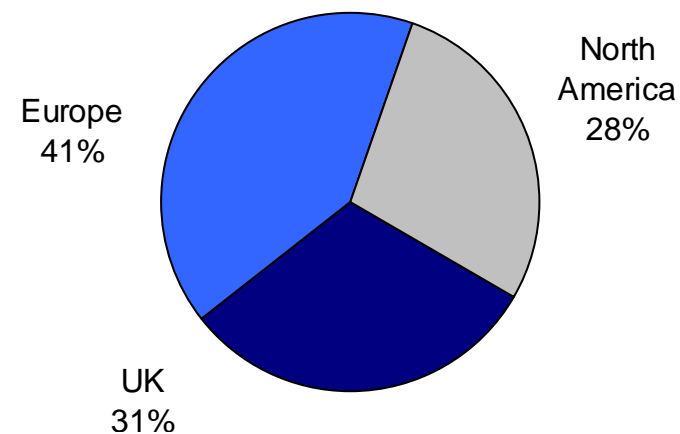
AuME analysis

Split of AuME by client type — 31 March 2011



Total: US\$31.4 billion

Split of AuME by country/region — 31 March 2011



Total: US\$31.4 billion

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

Financials – fee structure

Currency for Return Fee structure analysed by AuME as at 31 March 2011

	Segregated \$ billion	Pooled \$ billion	Total \$ billion	
Management only	2.1	0.3	2.4	73%
Management with Performance	-	0.9	0.9	27%
Currency for Return	2.1	1.2	3.3	100%

Financials – cost analysis

Emphasis on cost control

	FY10	FY11
	£m	£m
Personnel (excluding Group Profit Share)	6.1	6.1
Non-personnel cost	3.9	4.3
Expenditure before Group Profit Share	10.0	10.4
Group Profit Share Scheme	7.0	5.3
Total expenditure	17.0	15.7

Financials – concentration

Largest clients by FY11 fees

	AuME	Management	Performance	Total	
	\$bn	£m	£m	£m	%
Clients 1-10	20.8	21.5	-	21.5	77%
Clients 11-20	4.1	3.5	-	3.5	12%
Other clients	6.5	3.1	-	3.1	11%
Total Fee Income	31.4	28.1	-	28.1	100%