



Record plc

Half year results

Six months to 30 September 2012

16 November 2012



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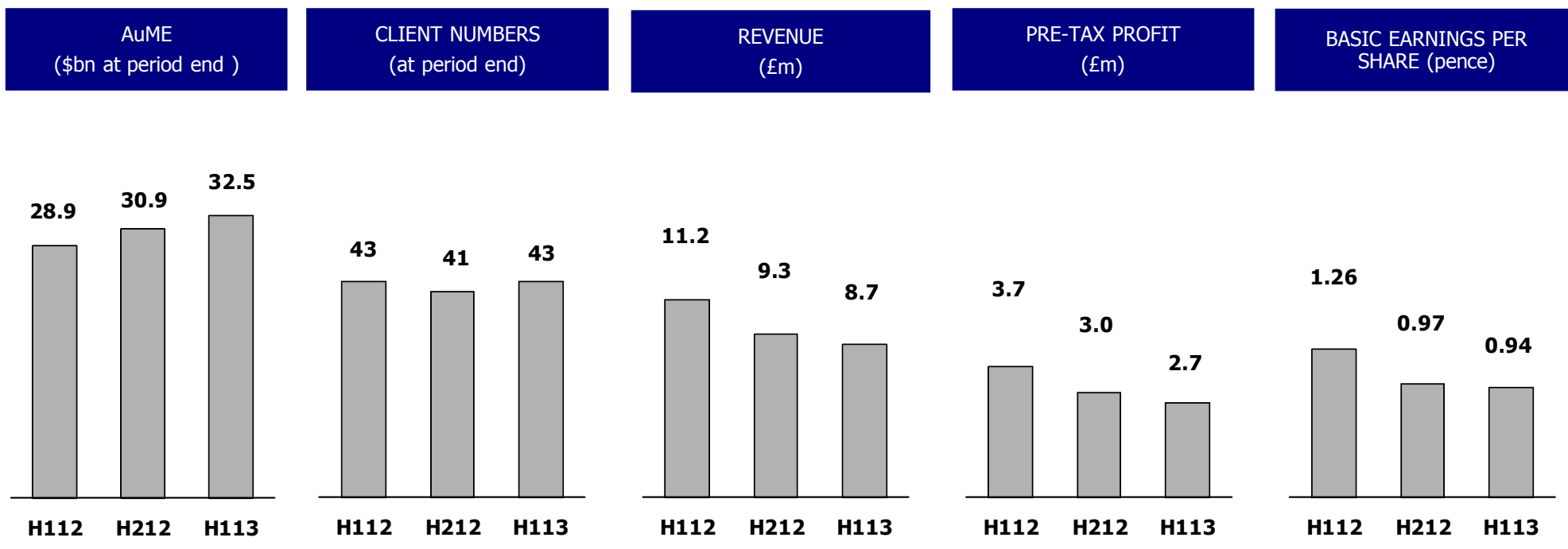
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Headlines

- Pre tax profit £2.7m (down 27% on H112)
- Revenue of £8.7m (down 22% on H112)
- Cost savings of £0.9m excl. GPS. compared to H112 (16% reduction)
- Cash reserves £25.6m (up 4% in H113)
- AuME \$32.5bn at 30 September 2012 (up 5% in H113)
- AuME £20.1bn at 30 September 2012 (up 4% in H113)
- Client numbers up 2 in H113
- Operating profit margin to 30 September 2012 of 30% compared to 33% for half year ended 30 September 2011
- Basic EPS 0.94 pence per share (H112: 1.26 pence per share, down 25%)
- No interim dividend as previously announced
- Subject to business conditions, intention to pay a final dividend of 1.50p in August 2013





Business strategy



Strategy

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



Expanded product offering

■ Current products range

☐ Hedging

- Passive Hedging
- Dynamic Hedging

☐ Currency for Return

- FRB Alpha First Live Programme February 2003
- FRB Beta First Live Programme September 2009
- Emerging Markets First Live Programme November 2009
- Currency Momentum First Live Programme July 2012
- Currency Value First Live Programme July 2012
- Multi-Strategy First Live Programme July 2012

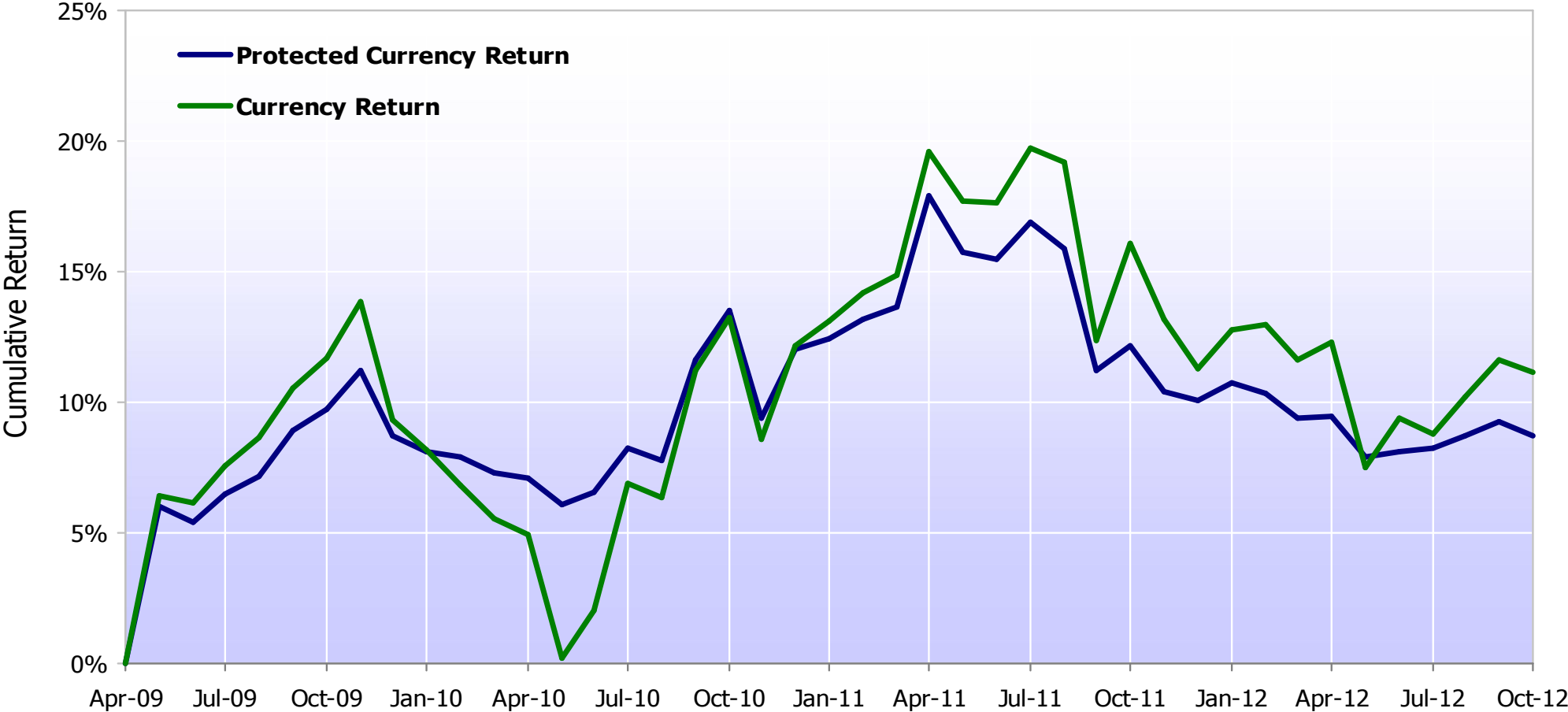


Product Performance



Performance of a US Dynamic Hedging Client

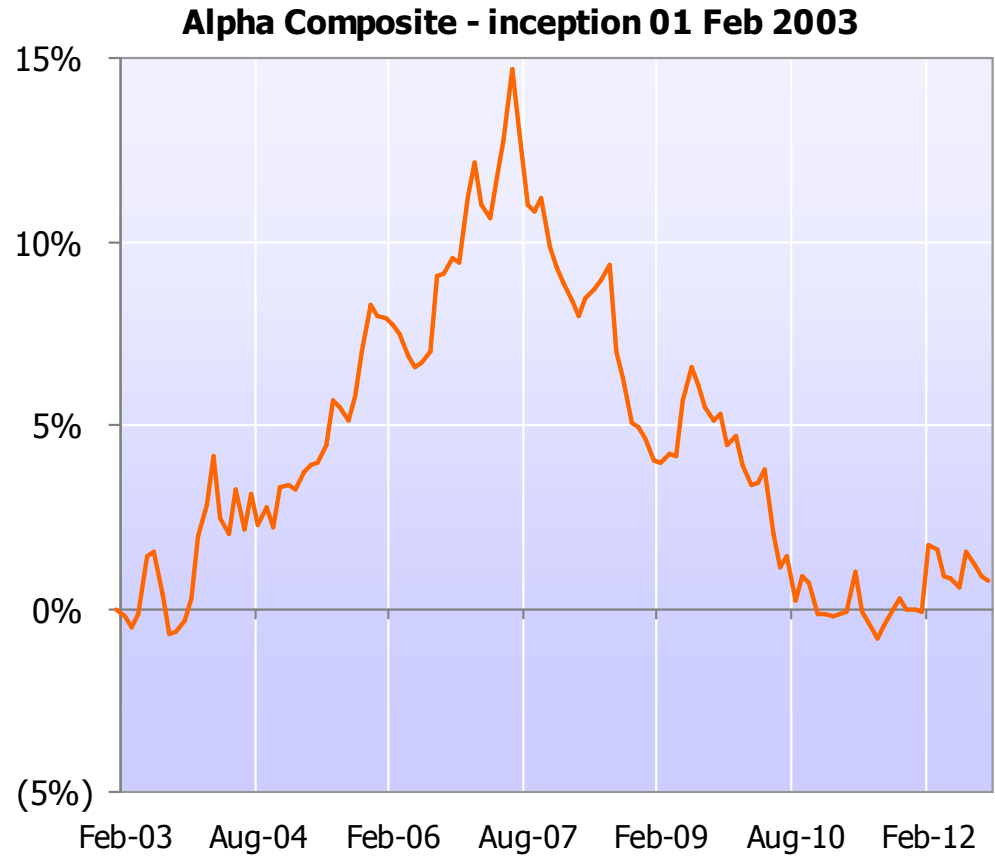
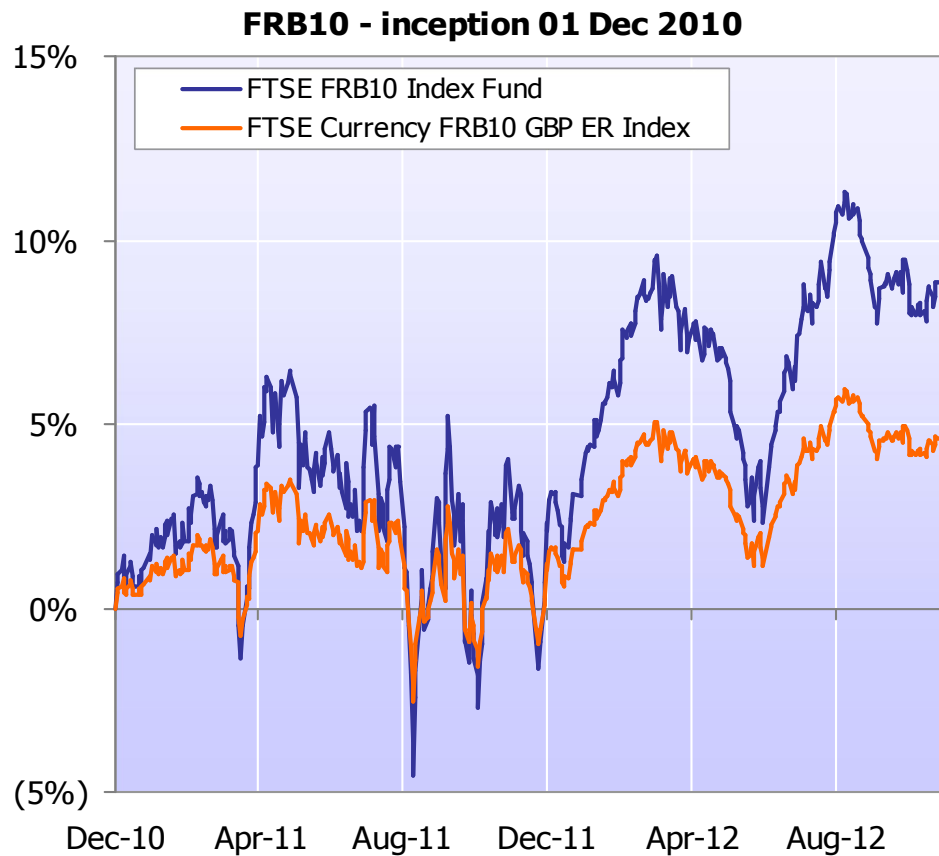
30 Apr 2009 to 31 October 2012



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



FRB10 Fund and Alpha Composite Performance



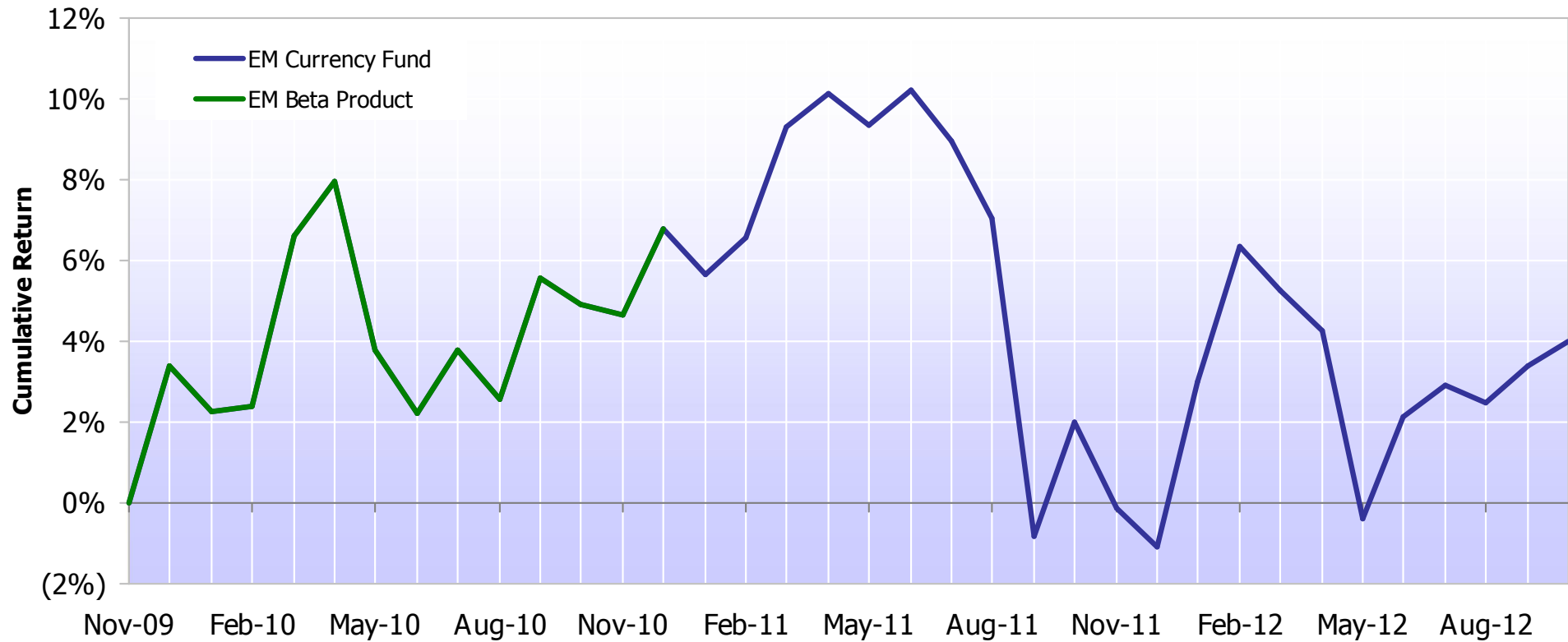
As at 31 October 2012	FTSE FRB10 Index Fund (x1.8)
ITD (cum.)	9.10%
ITD (ann.)	4.65% p.a.

As at 31 October 2012	Alpha Composite
ITD (cum.)	0.73%
ITD (ann.)	0.08% p.a.

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



Record's Emerging Market Currency Strategy



As at 31 October 2012	Emerging Currency Strategy
ITD (cum.)	3.98%
ITD (ann.)	1.35% p.a.

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

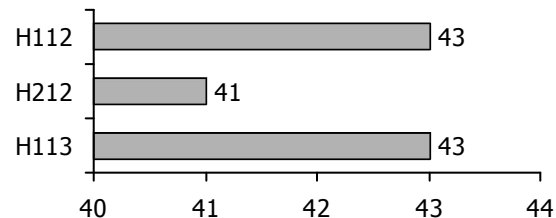


Financial Performance

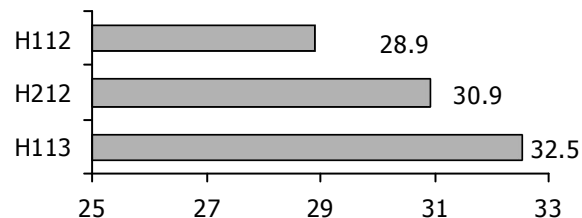


Financial KPIs – Six months ended 30 September 2012

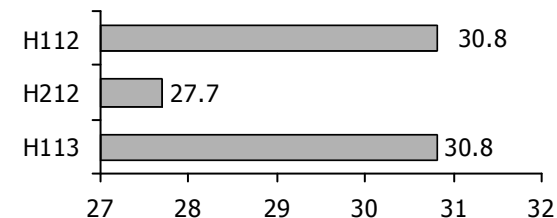
Client numbers at period end



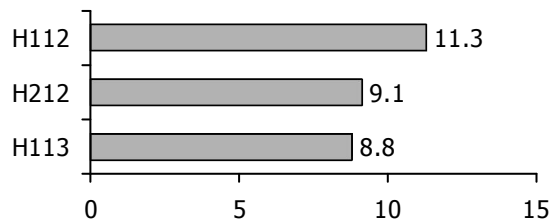
AuME at period end (\$bn)



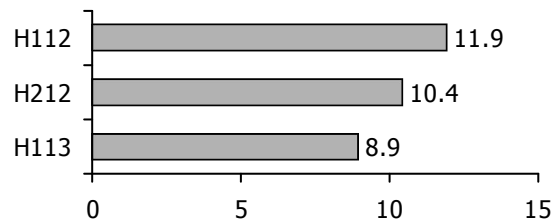
Average AuME (\$bn)



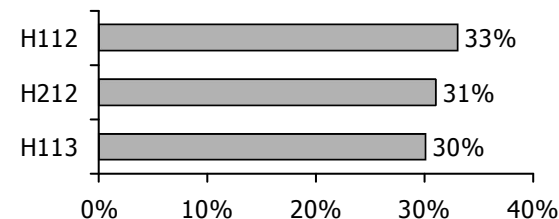
Management fees (£m)



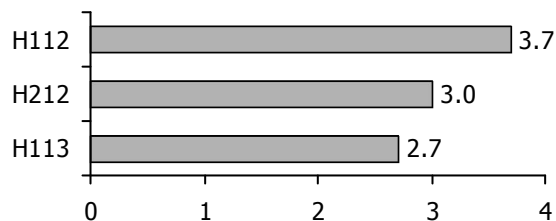
Average management fee rates (bps)



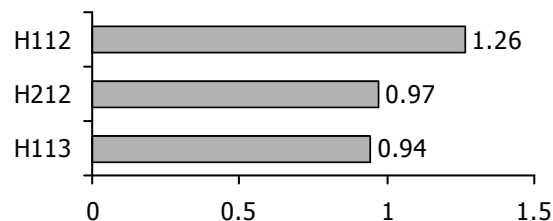
Operating margin



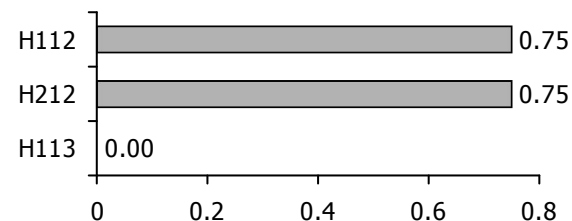
Profit before tax £m



EPS (pence)



Dividend (pence per share)





Financials – client numbers

Client numbers

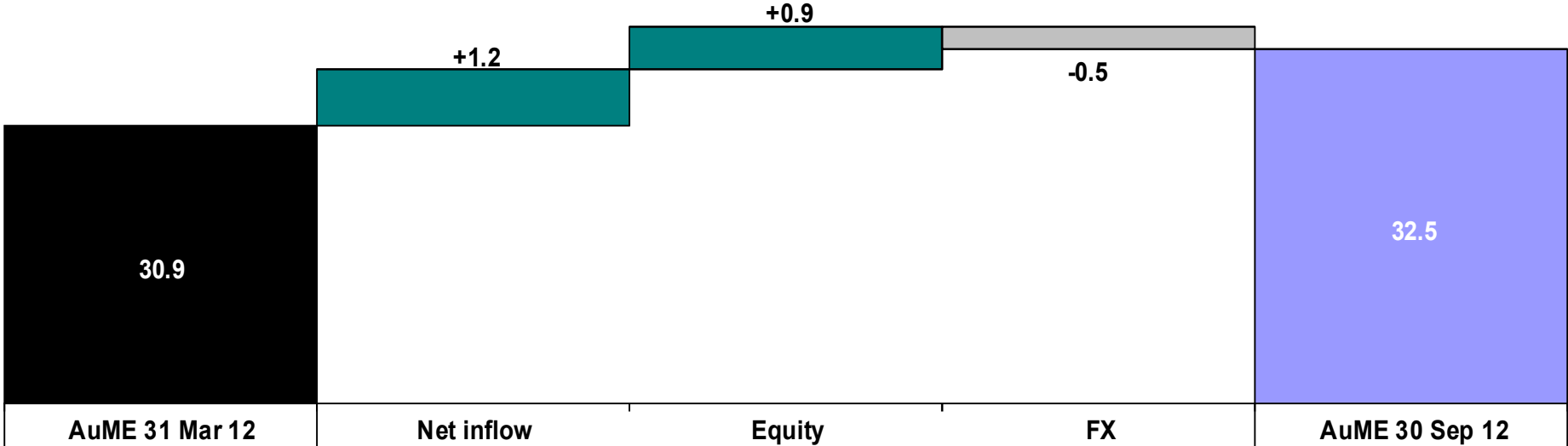
	30 Sep 11	31 Mar 12	30 Sep 12
Dynamic Hedging	11	9	9
Passive Hedging	22	22	25
Hedging	33	31	34
Currency for Return	17	14	11
Other currency management services	0	1	2
Less clients with >1 product	(7)	(5)	(4)
Total	43	41	43

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



Financials – AuME movement

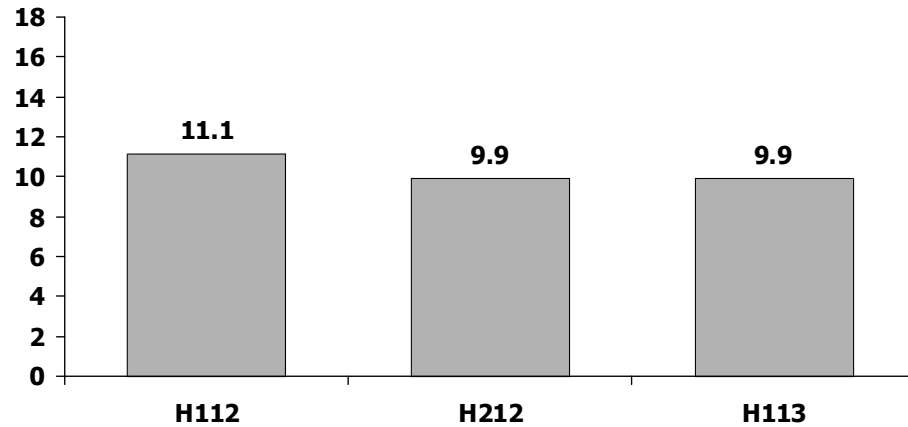
AuME bridge for the six months ended 30 September 2012 (\$billion)



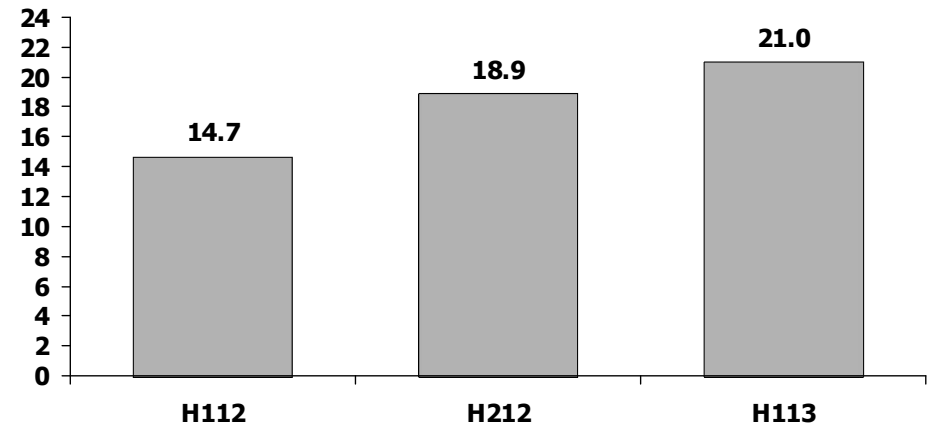


AuME at period end by product

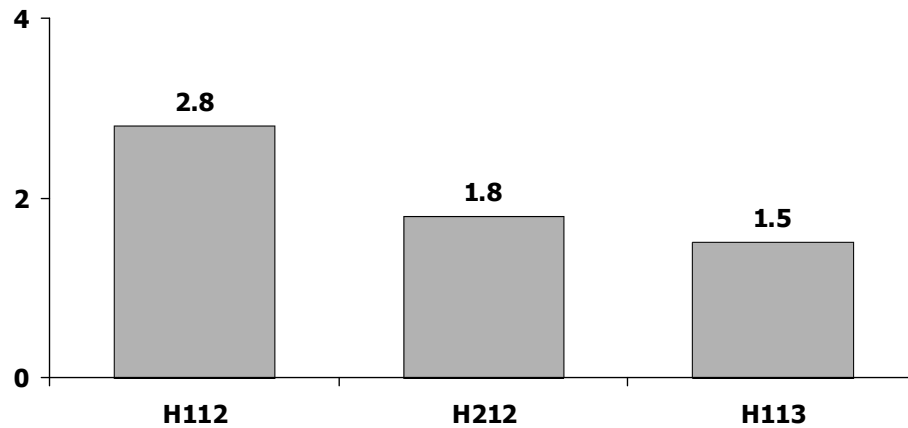
Dynamic Hedging (\$bn)



Passive Hedging (\$bn)



Currency for Return (\$bn)



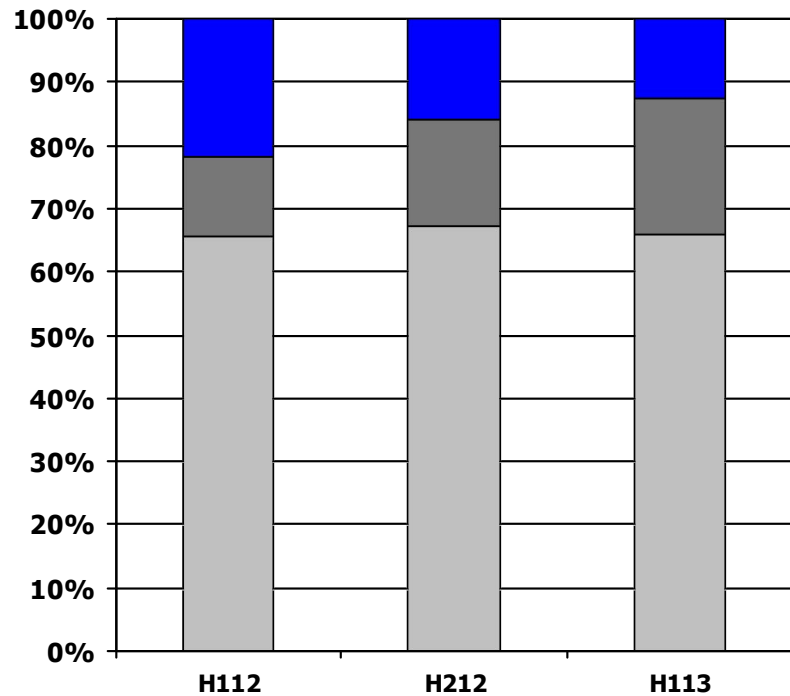


Financials – Average AuME, management fee rates & fees

	Year ended 31 March 2012			Six months ended 30 September 2012		
	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)
Hedging						
Dynamic Hedging	10.8	20.0	13.5	9.6	19.0	5.9
Passive Hedging	15.5	3.1	3.0	19.5	3.0	1.9
Currency for Return	2.6	23.8	3.9	1.5	21.4	1.0
Cash	0.3	-	-	0.2	-	-
Combined average	29.2	11.2	20.4	30.8	8.9	8.8

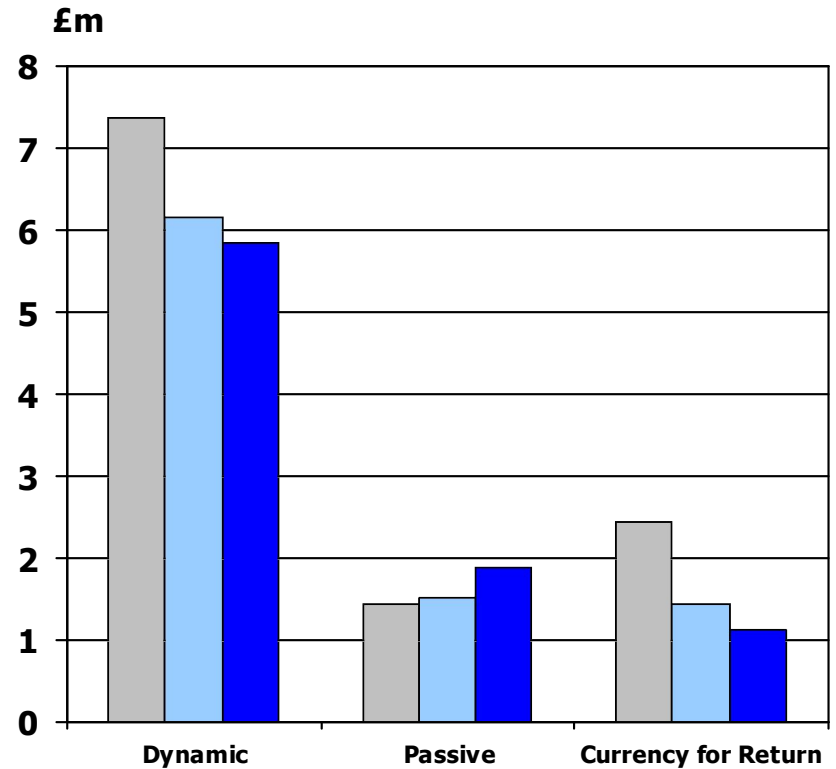
Financials – revenue analysis

Management fees by product



Dynamic
 Passive
 Currency for Return

Management fees by product



H112
 H212
 H113



Financials – income statement

	H112	H212	H113
AuME at period end	\$28.9bn	\$30.9bn	\$32.5bn
Clients at period end	43	41	43
Income:	£m	£m	£m
Management fees	11.3	9.1	8.8
Other income	(0.1)	0.2	(0.1)
Total Income	11.2	9.3	8.7
Cost of sales	(0.1)	(0.1)	(0.1)
Gross Profit	11.1	9.2	8.6
Expenditure:			
Operating costs	(5.6)	(5.0)	(4.7)
Variable remuneration	(1.6)	(1.2)	(1.2)
Loss on financial instruments held for sale	(0.2)	(0.1)	(0.1)
Total expenditure	(7.4)	(6.3)	(6.0)
Operating profit	3.7	2.9	2.6
Operating Profit Margin	33%	31%	30%
Finance income	-	0.1	0.1
Profit before tax	3.7	3.0	2.7



Group profit share

- **Group Profit Share Scheme consists of a 27% 'core' Group Profit Share Scheme and a 3% Matching Scheme. Overall scheme is 30% Operating Profit over the medium term**
- **US Sales incentives being paid for as a cost of sales – under most reasonable scenarios this keeps the Group Profit Share Scheme, Matching Scheme and sales incentives below the 35% of Operating Profit level. Paid 75% in shares that are subject to 3 year 'lock in'**
- **Group Profit Share Scheme is shared amongst all staff based on 'profit share units'**
- **For all senior employees including Board Directors:**
 - 1/3rd Shares
 - 1/3rd Cash
 - 1/3rd Cash or Shares. Shares attract a matching award (funded from the Matching Scheme)
 - Shares subject to 'lock up' for up to 3 years
- **Options scheme for a group of employees that does not include main Board Directors being repeated**



Financials - earnings

Shareholders earnings

	H112	H212	H113
	£m	£m	£m
Profit before tax	3.7	3.0	2.7
Tax	(1.0)	(0.8)	(0.7)
Profit after tax	2.7	2.2	2.0
eps – basic	1.26p	0.97p	0.94p
eps – diluted	1.26p	0.97p	0.94p
Interim/final dividend per share	0.75p	0.75p	-

Financials – balance sheet

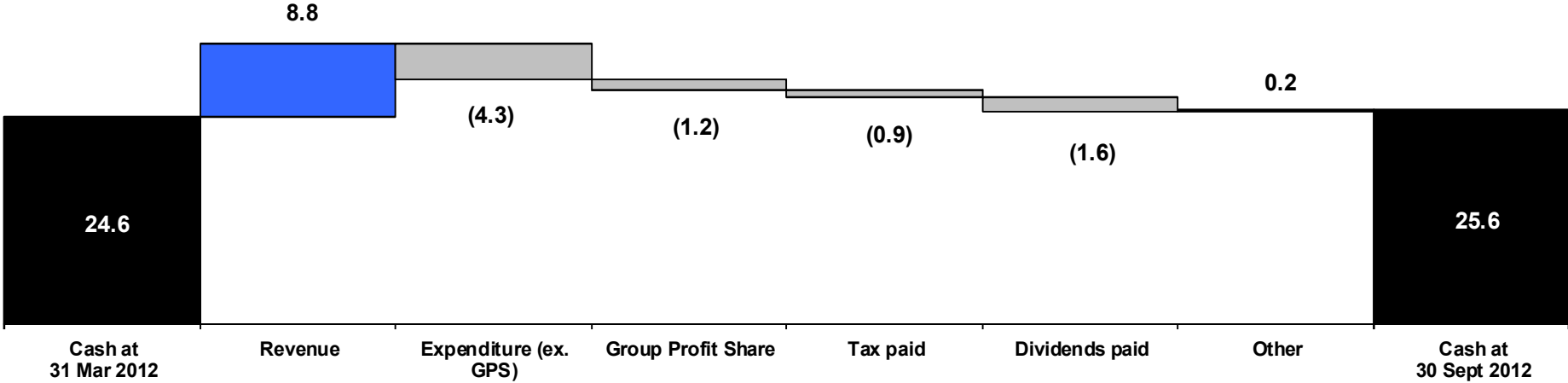
Balance sheet as at period end

	H111	H212	H113
	£m	£m	£m
Non-current assets	1.4	1.3	1.2
Current assets			
Trade debtors and other receivables	6.2	5.1	5.9
Derivative financial assets	-	-	0.1
Cash and cash equivalents	19.7	24.6	25.6
Current assets held for sale	4.4	1.0	-
Total current assets	30.3	30.7	31.6
Current liabilities	(4.3)	(3.4)	(3.5)
Net assets	27.4	28.6	29.3
Equity attributable to owners of the parent	25.9	26.4	26.9
Non-controlling interest	1.5	2.2	2.4
Total equity	27.4	28.6	29.3



Financials - cash

CASH BRIDGE FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012 (£m)





Appendix



Management and Board

Executive Management

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

Non-Executive Directors

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

- **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

- **Currency for Return mandates:**

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

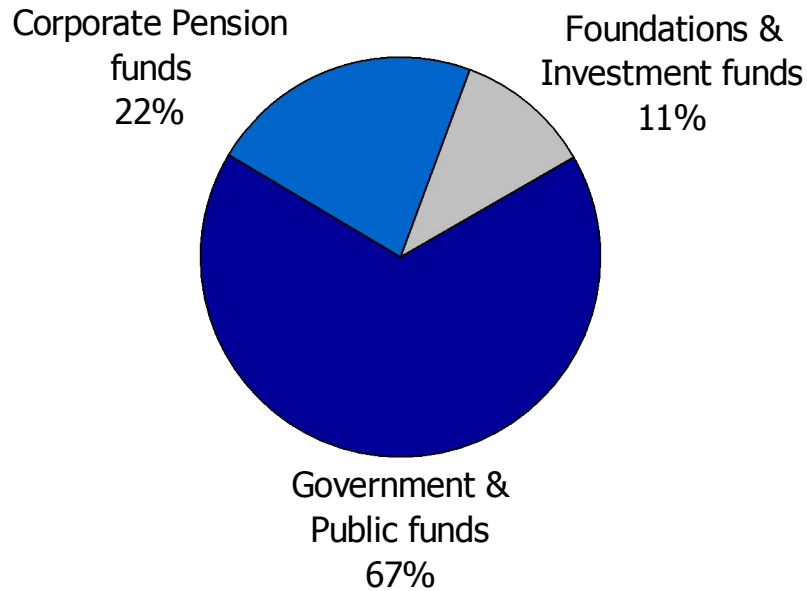
- **Cash:**

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



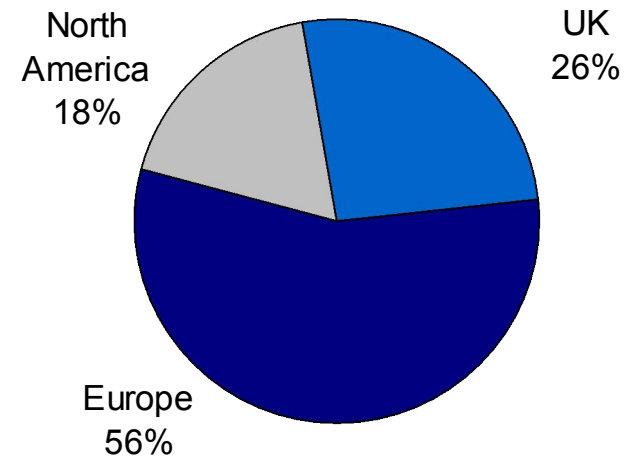
AuME analysis

Split of AuME by client type — 30 September 2012



Total: US\$32.5 billion

Split of AuME by country/region — 30 September 2012



Total: US\$32.5 billion

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



Financials – cost analysis

Good cost control

	H112	H212	H113
	£m	£m	£m
Personnel (excluding Group Profit Share)	3.2	3.2	3.0
Non-personnel cost	2.4	1.8	1.7
Expenditure before Group Profit Share	5.6	5.0	4.7
Group Profit Share Scheme	1.6	1.2	1.2
Total administrative expenditure	7.2	6.2	5.9
Loss/(gain) on assets held for sale	0.2	0.1	0.1
Total expenditure	7.4	6.3	6.0



Financials – concentration

Largest clients by H113 fees

	AuME	Management fees	
	\$bn	£m	%
Clients 1-10	22.8	7.5	86%
Clients 11-20	5.8	1.0	11%
Other clients	3.9	0.3	3%
Total Fee Income	32.5	8.8	100%