



Record plc

Half year results

Six months to 30 September 2010

16 November 2010



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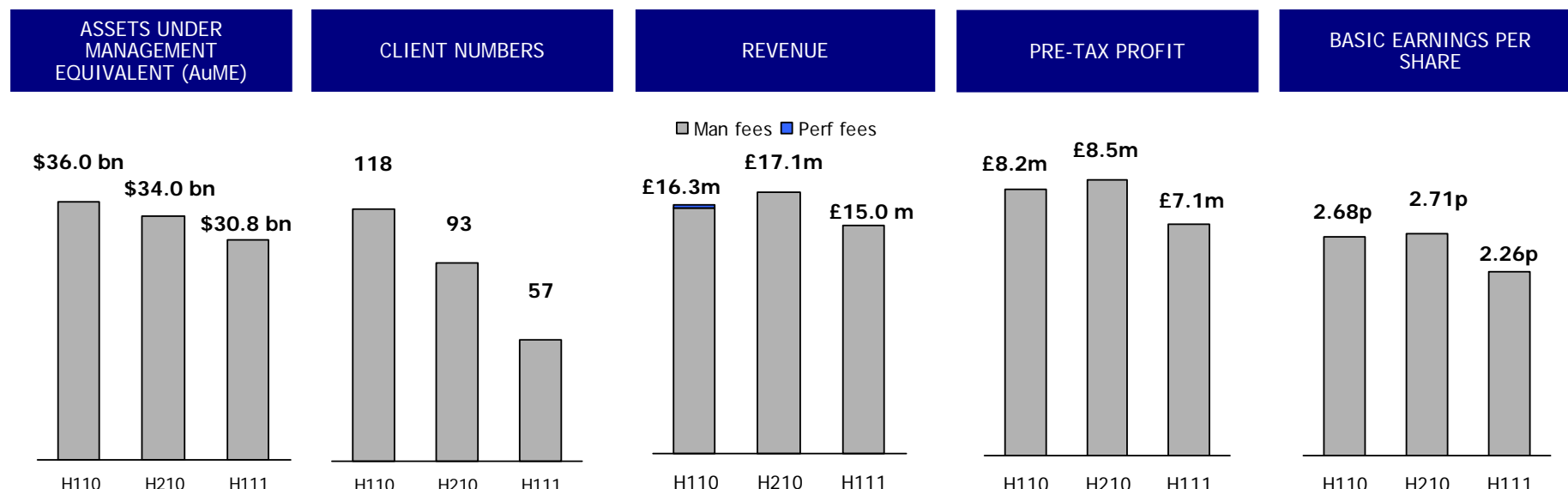
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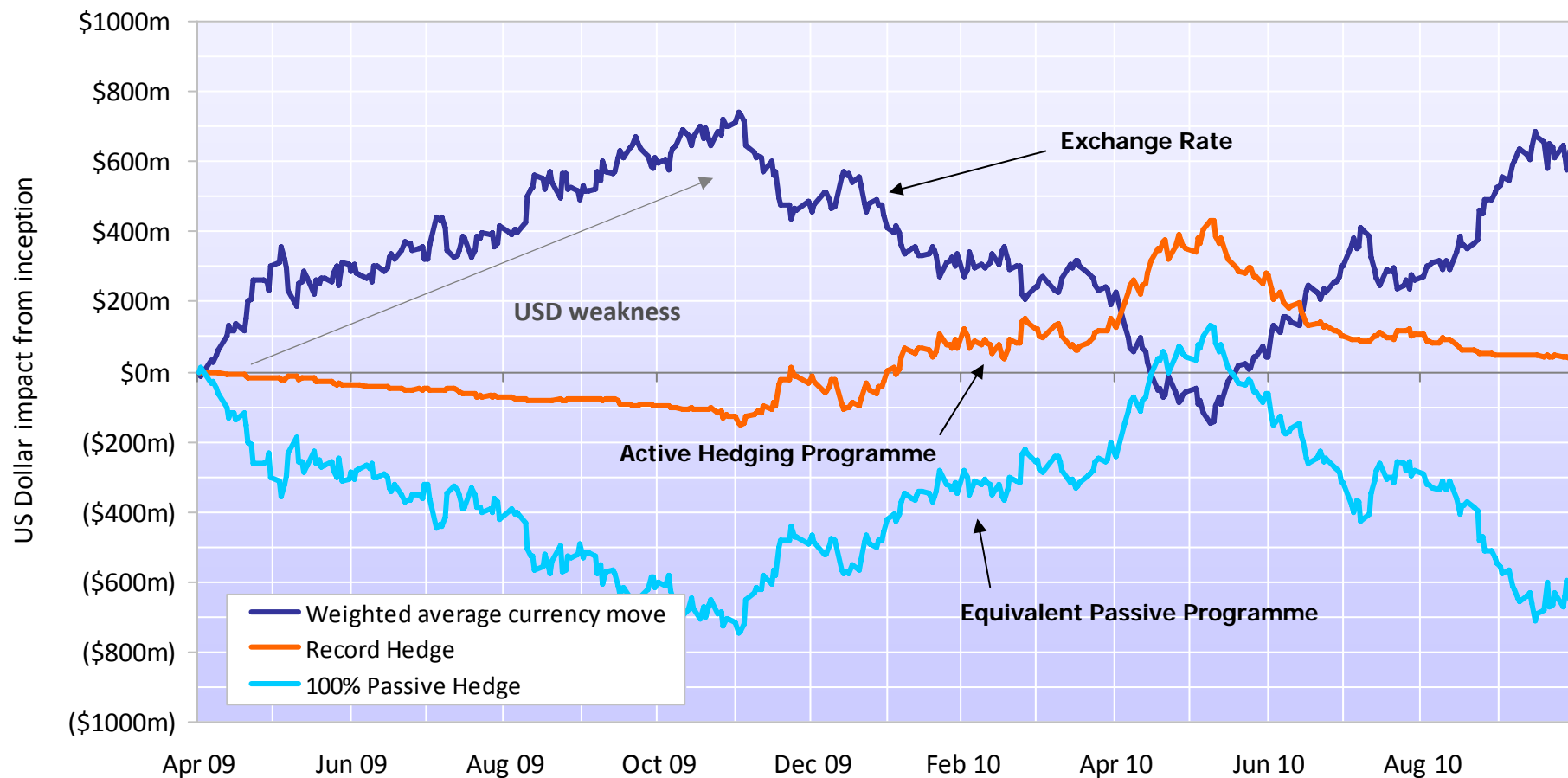
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Headlines

- AuME \$30.8bn at 30 September 2010 down 9% in H111
- AuME £19.5bn at 30 September 2010 down 13% in H111
- Alpha composite of -2.49% for H111
- Management fee income of £15.0m (down 7% on H110)
- Pre tax profit £7.1m (down 13% on H110)
- Net assets £29.6m (up 5% on H110)
- Cash reserves £27.1m (no change on H110)
- 57 clients at 30 September 2010 down 39% in H111
- Operating profit margin to 30 September 2010 of 46% compared to 49% for half year ended 30 September 2009
- Basic EPS 2.26 pence per share (H110 2.68 pence per share)
- An interim dividend of 2.0p per share will be paid on 21 December 2010
- Subject to business conditions, intention to keep overall dividend unchanged at 4.59p for the current year



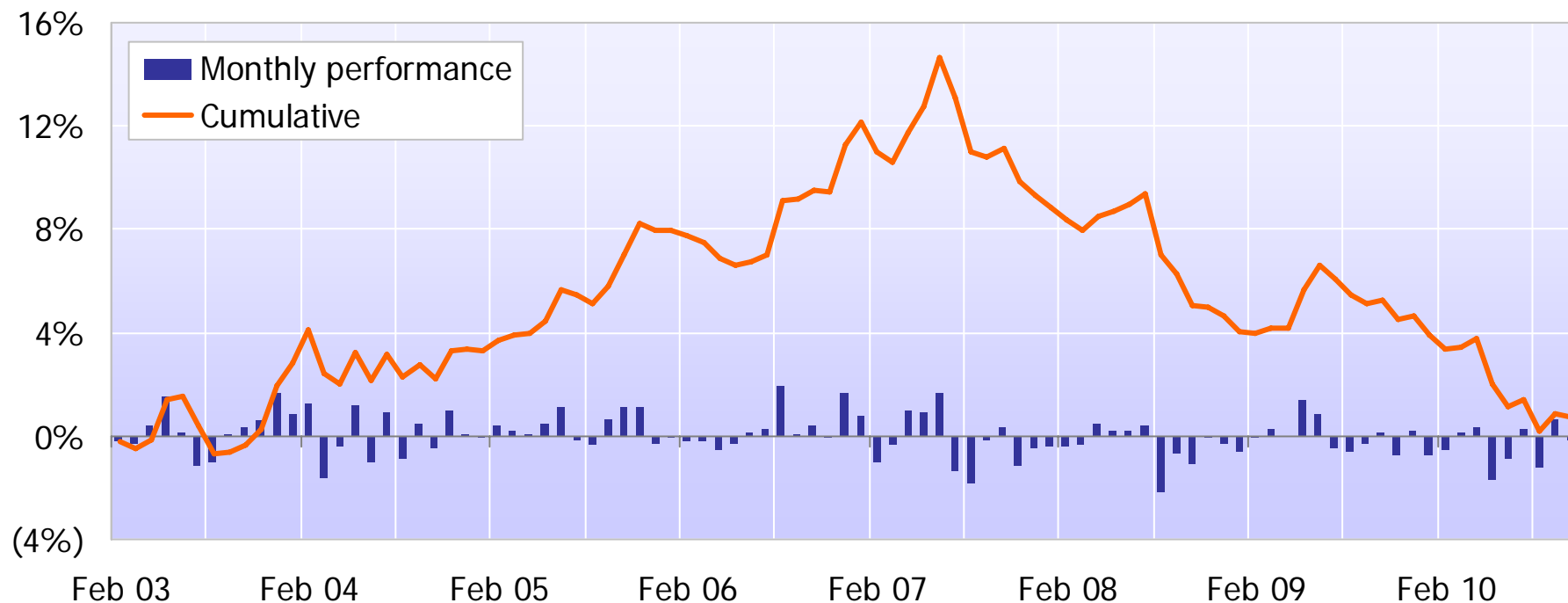
Performance of US Active Hedging Client



Source: Record Currency Management, WM/Reuters. Weighted average currency move is formed with relative month end weights. Preliminary results combined for International and Global portfolios. Hedging returns and dollar impact cumulative from April 30th 2009. Dollar amounts are a product of the monthly hedgeable weights and the change in relevant WM rates.

Seven-year live track record of Currency Alpha

Currency Alpha Composite - 6 accounts, £0.9 billion



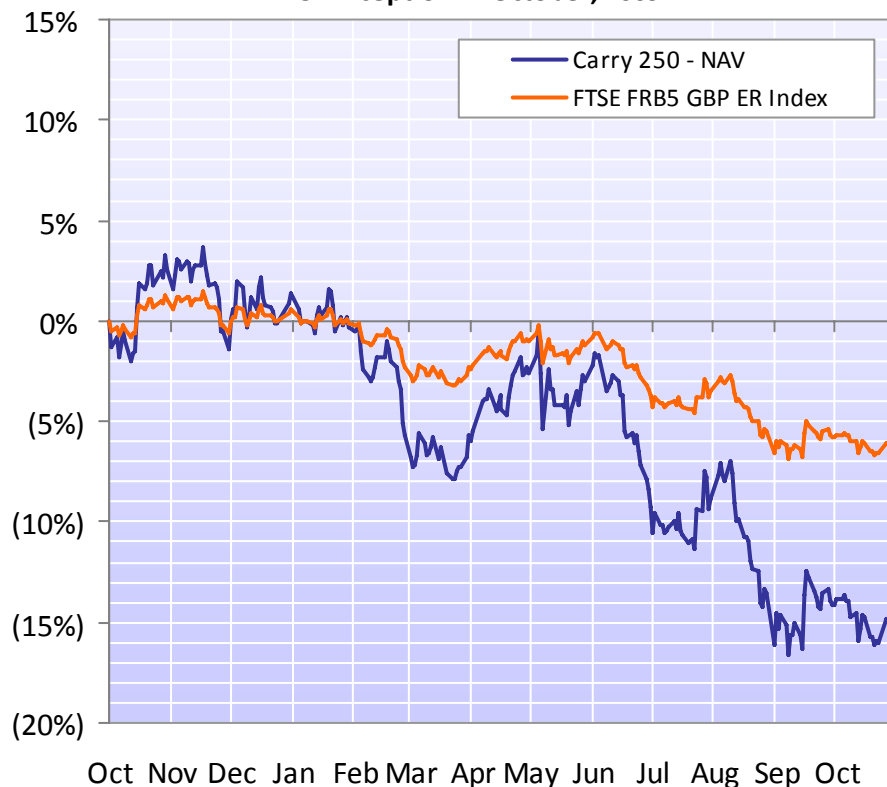
As at 29 th October 2010	Value added	Tracking Error	Information Ratio
Since inception (Feb-03)	0.09% p.a.	2.86%	0.03

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 29th October 2010.

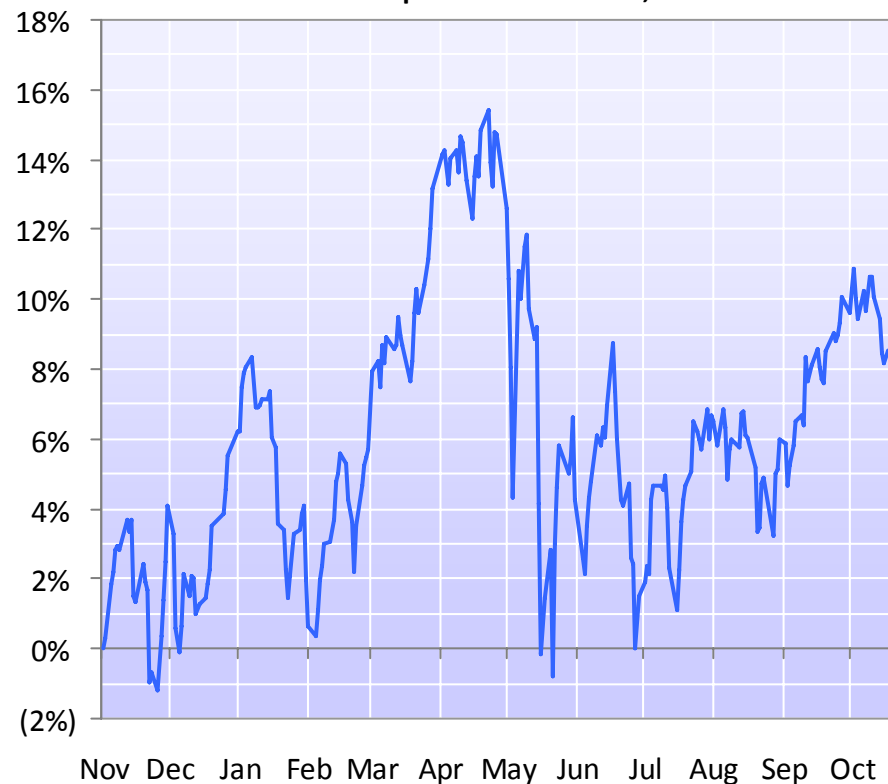
New Product Performance

Index Product FRB 5 & Emerging Market Fund

FRB5 - inception 1st October, 2009



EM Fund - inception 5th November, 2009



As at 29 th October	ITD
Carry 250 NAV (gearing 2.5x)	(14.89%)

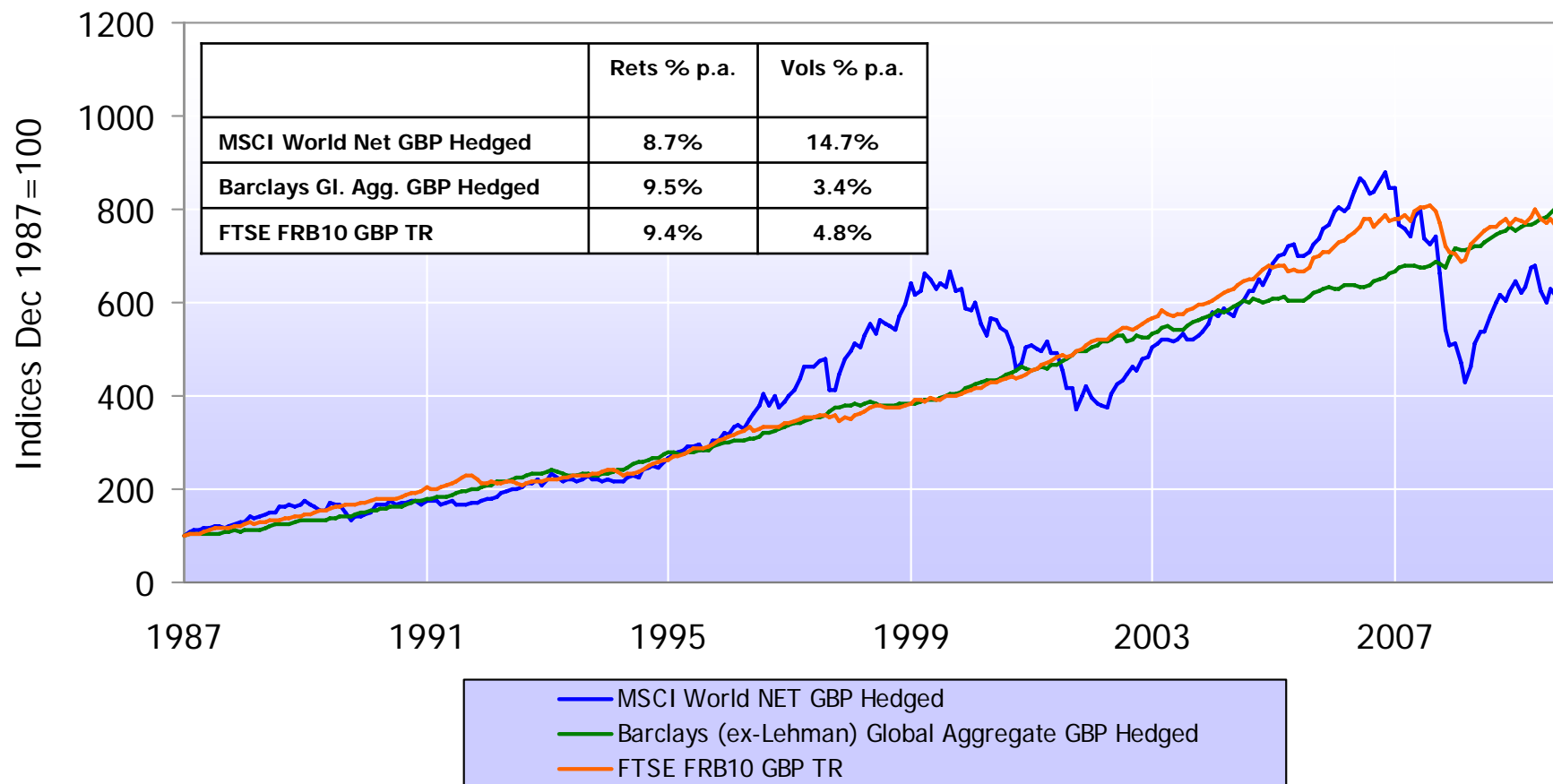
As at 29 th October	ITD
EM Fund (gearing 2x)	7.98%

Source: Record Currency Management. Returns to 29th October 2010

Returns from equities, fixed income and currency

Equities, Fixed Income and Currency

GBP base ; Cum total returns; Index Dec 31, 1987=100; to Oct 10



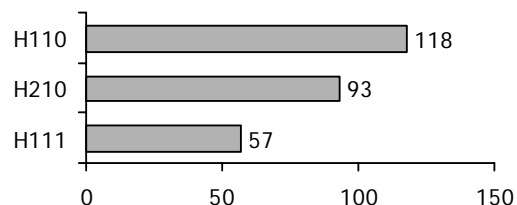
Note: Returns to 29th October 2010. Barclays (ex-Lehman) US Aggregate used as proxy for Lehman Global Aggregate prior to 1990. Source: Record Currency Management Limited



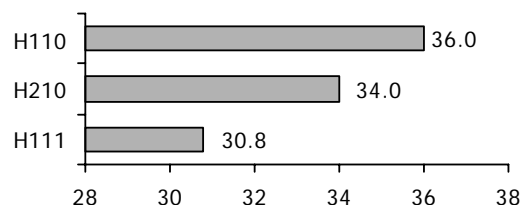
Financial Performance

Financial KPIs – Six months ended 30 September 2010

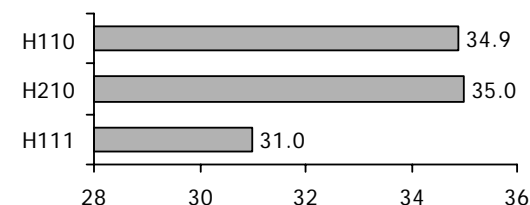
Client numbers



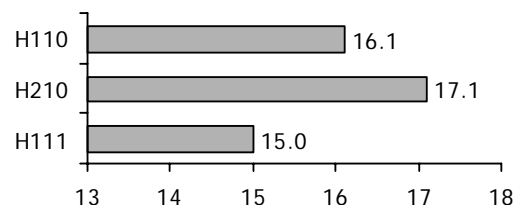
AuME at period end \$bn



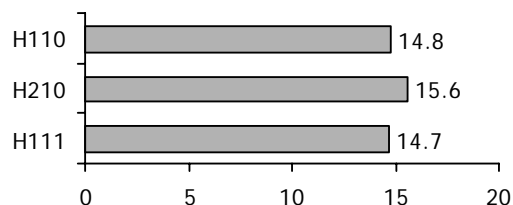
Average AuME \$bn



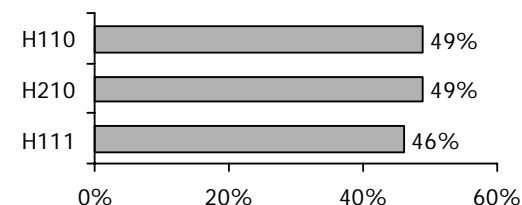
Management fees £m



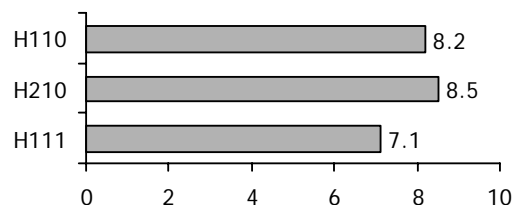
Average management fee rates bps



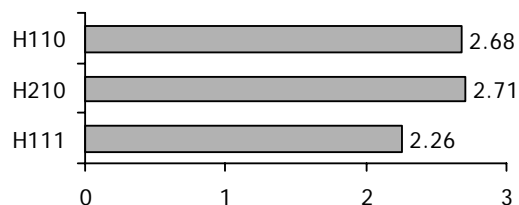
Operating margin %



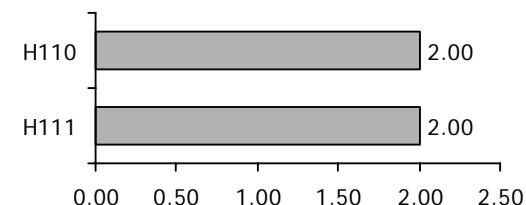
Profit before tax £m



EPS (pence per share)



Dividend (pence per share)



Financials – client numbers

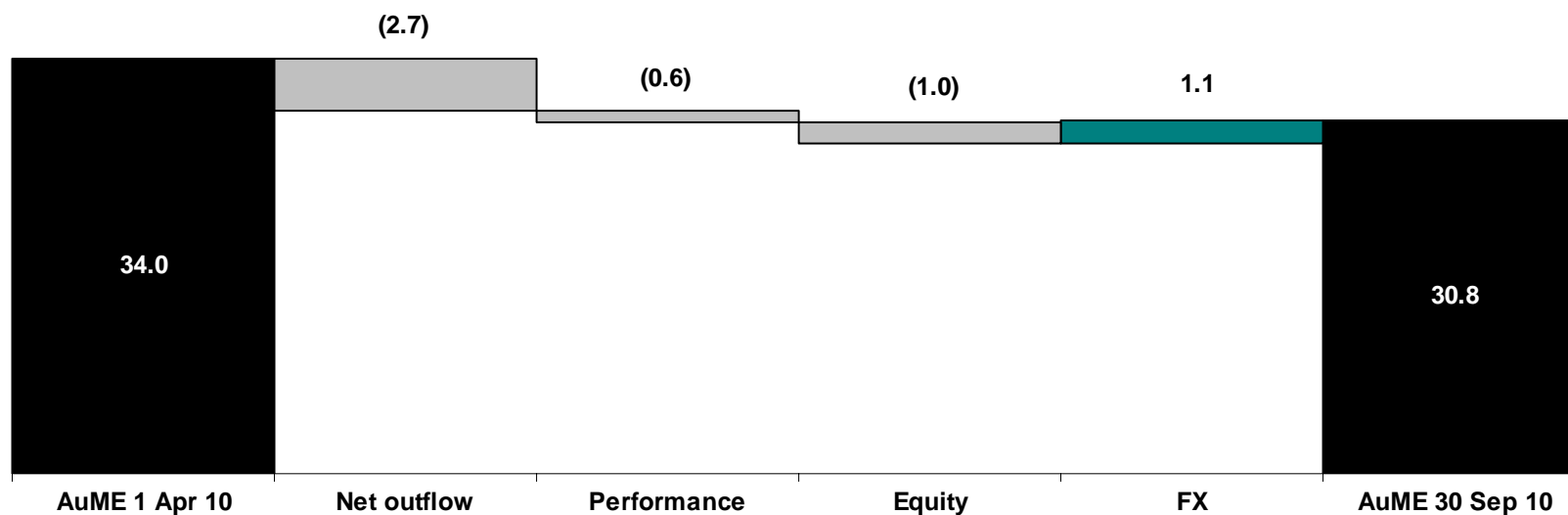
Client numbers

	31 Mar 10	30 Sep 10
Segregated funds	14	9
Pooled funds	61	25
Total Currency for Return	75	34
Hedging:		
Dynamic	10	10
Passive	22	21
Less clients with >1 product	(14)	(8)
Total	93	57

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

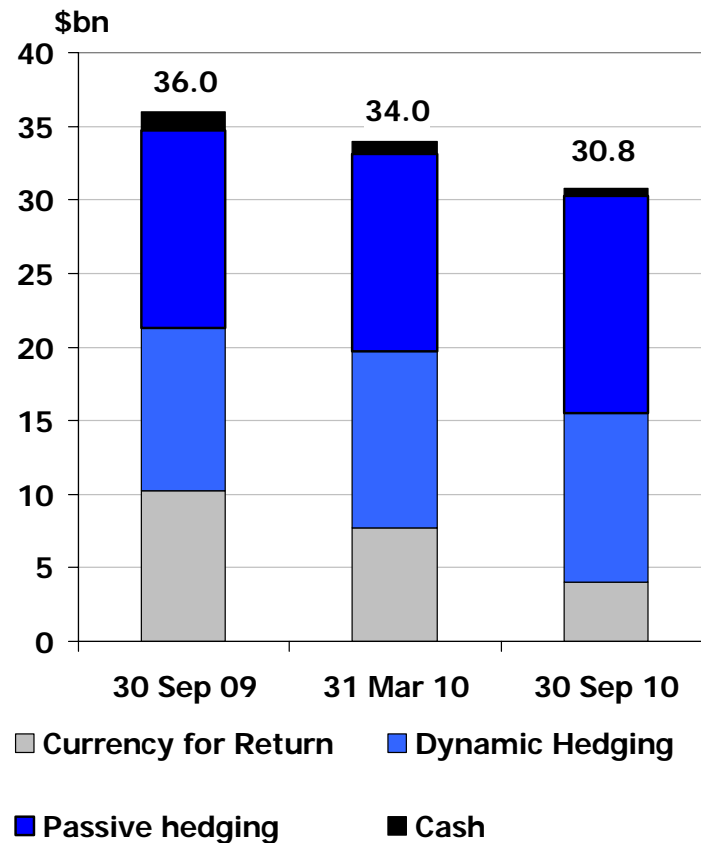
Financials – AuME movement

AuME bridge for the six months ended 30 September 2010 (\$billion)

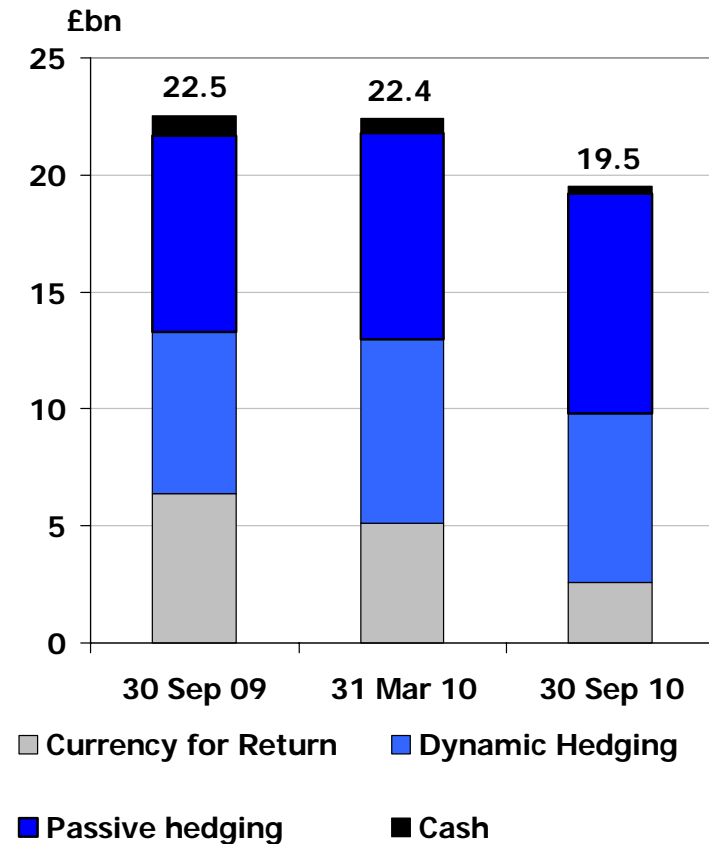


AuME analysis

AuME by product (\$bn)

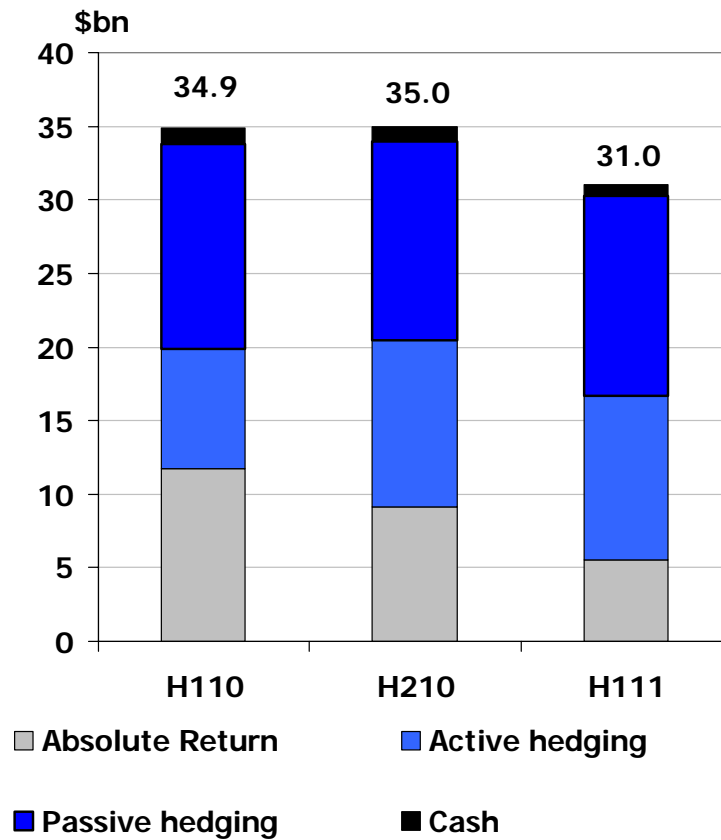


AuME by product (£bn)

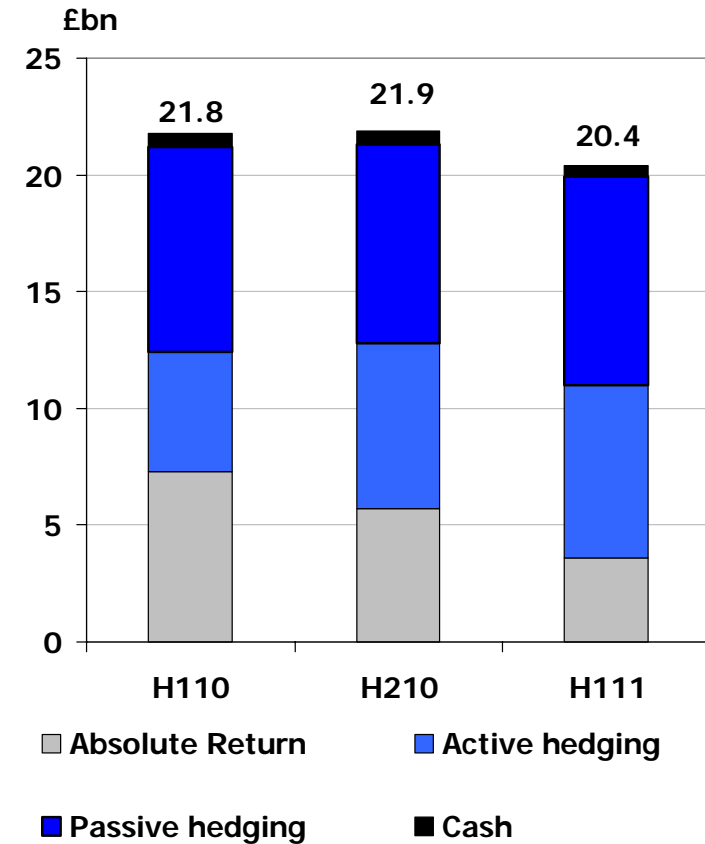


Average AuME analysis

Average AuME by product (\$bn)



Average AuME by product (£bn)

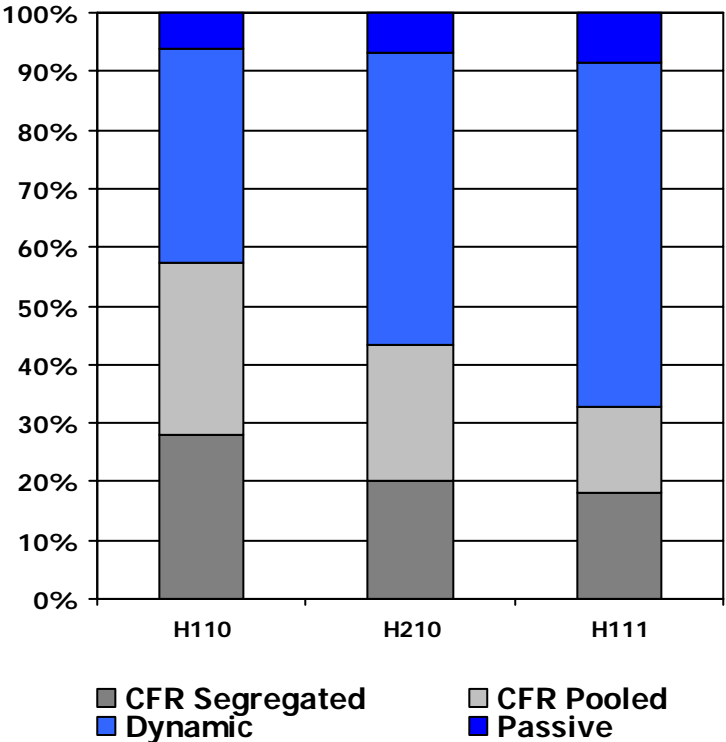


Financials – Average AuME, management fee rates & fees

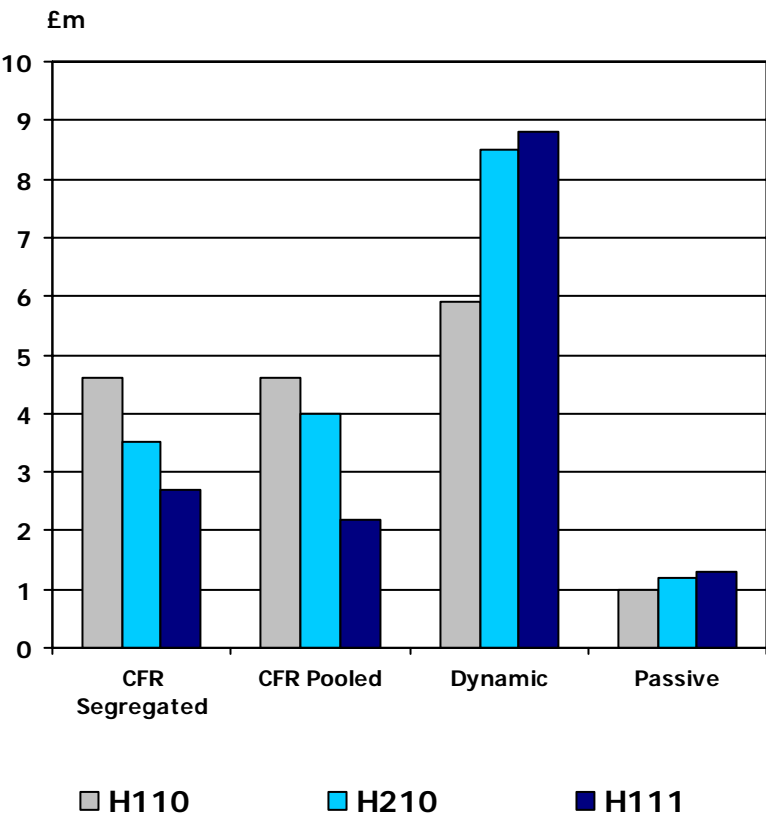
	Half year ended 30 September 2009			Half year ended 30 September 2010		
	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)
Currency for Return:						
Segregated funds	5.7	25.7	4.6	2.8	29.9	2.7
Management fee only	4.1	28.0	3.6	2.2	32.2	2.2
Management + performance fee	1.6	20.0	1.0	0.6	22.4	0.5
Pooled funds	6.0	24.4	4.6	2.7	24.2	2.2
Management fee only	0.3	42.6	0.4	0.1	47.9	0.1
Management + performance fee	5.7	23.5	4.2	2.6	23.6	2.1
Total Currency for Return	11.7	25.0	9.2	5.5	27.1	4.9
Dynamic Hedging	8.2	23.1	5.9	11.2	24.0	8.8
Passive Hedging	13.9	2.4	1.0	13.6	2.9	1.3
Cash	1.1	-	-	0.7	-	-
Combined average	34.9	14.8	16.1	31.0	14.7	15.0

Financials – revenue analysis

Management fees by product



Management fees by product



Financials – revenue analysis - cont'd

Fees analysed by product and fee type

	H110			H111		
	Management	Performance	Total	Management	Performance	Total
	£m	£m	£m	£m	£m	£m
Currency for Return	9.2	0.2	9.4	4.9	-	4.9
Dynamic	5.9	-	5.9	8.8	-	8.8
Passive	1.0	-	1.0	1.3	-	1.3
Total Income	16.1	0.2	16.3	15.0	-	15.0

Financials – income statement

Income statement			
	H110	H210	H111
AuME at period end	\$36.0bn	\$34.0bn	\$30.8bn
Clients at period end	118	93	57
	£m	£m	£m
Income:			
Management fees	16.1	17.1	15.0
Performance fees	0.2	-	-
Other income	0.1	-	0.1
Total Income	16.4	17.1	15.1
Expenditure:			
Operating costs	(4.9)	(5.0)	(5.1)
Variable remuneration	(3.5)	(3.6)	(3.0)
Total expenditure	(8.4)	(8.6)	(8.1)
Operating profit	8.0	8.5	7.0
Operating Profit Margin	49.1%	49.4%	46.3%

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 only bonus scheme in the Company – no commissions, individual arrangements, etc**
- **For senior employees who own <2% of Record plc shares:**
 - 1/3rd Shares
 - 1/3rd Cash
 - 1/3rd Cash or Shares. Shares attract a 1x matching award (funded by senior employees who own >2% Record plc – see below)
- **For senior employees who own >2% of Record plc shares:**
 - 100% cash
 - less their contribution to fund matching shares above

Financials - earnings

Shareholders earnings

	H110	H210	H111
	£m	£m	£m
Profit before tax	8.2	8.5	7.1
Tax	(2.3)	(2.4)	(2.0)
Profit after tax	5.9	6.1	5.1
eps – basic*	2.68p	2.71p	2.26p
eps – diluted*	2.68p	2.70p	2.25p
Interim dividend per share	2.00p	n/a	2.00p

*EPS based upon total comprehensive income for the period

Financials – balance sheet

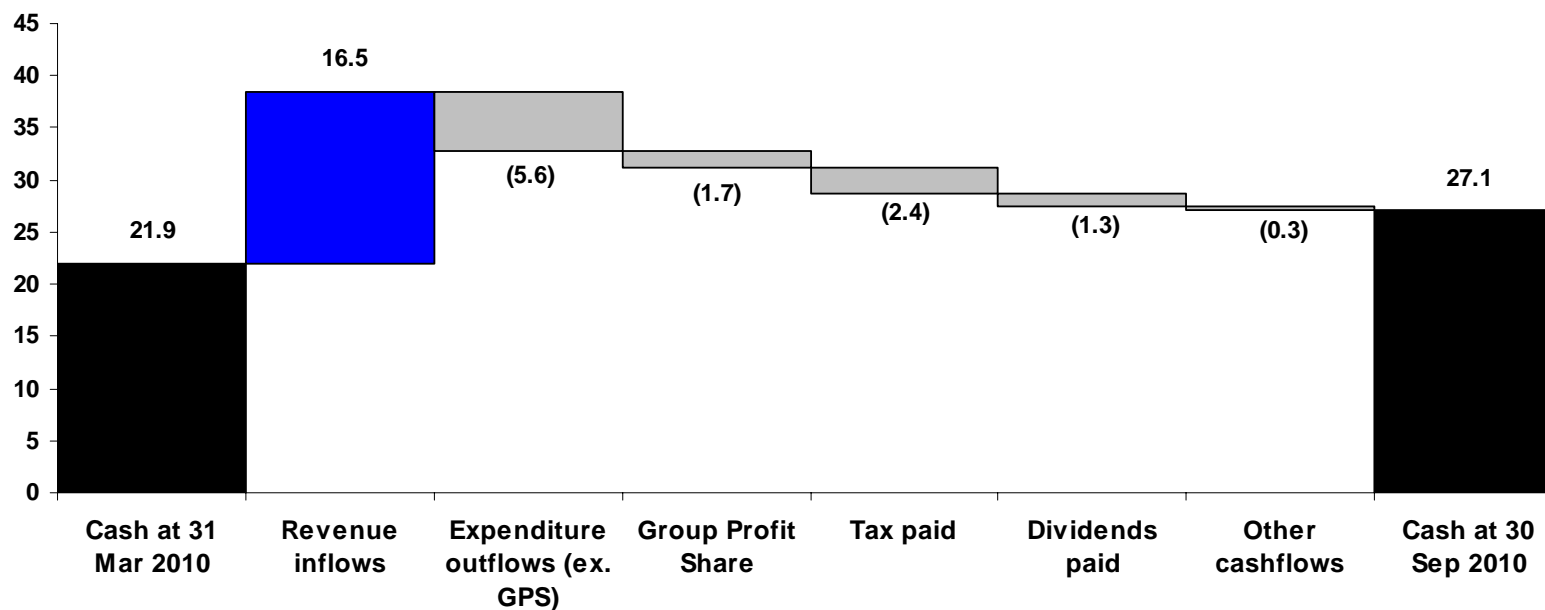
Balance sheet as at period end

	H110	H210	H111
	£m	£m	£m
Fixed assets	0.4	0.9	1.1
Current assets			
Trade debtors and other receivables	8.4	8.3	6.9
Derivative financial assets	-	0.1	0.1
Cash and cash equivalents	27.1	21.9	27.1
Total current assets	35.5	30.3	34.1
Current liabilities	(7.6)	(6.4)	(6.4)
Net current assets	27.9	23.9	27.7
Non-current assets AFS	-	0.9	0.8
Net assets	28.3	25.7	29.6
Equity	28.3	25.7	29.6

Financials - cash

CASH BRIDGE FOR THE HALF YEAR ENDED 30 SEPTEMBER 2010

£m





Business strategy

Strategy

- **Marketing focus on most saleable products: hedging (passive and dynamic) and client-specific solutions**
- **Continue to support existing Currency for Return products**
- **Extend range of Currency for Return products with seeded fund launches in FTSE FRB10 index and emerging markets**
- **Continue research to diversify product range**
- **Maintain investment in people, processes and infrastructure**

Product development

■ Existing products

- ✓ No changes to investment philosophy
- ✓ Responsive to client requests to tailor existing products to identified needs

■ New products for FY11

- ✓ FTSE FRB10 index and emerging markets pooled funds to be seeded and launched
- ✓ Euro Protection Strategies and Hard Currency fund continue to be developed with prospective clients



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 (27 years at Record)■ 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 (11 years at Record)■ 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 (18 years at Record)■ 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■ Currently Senior Independent Director, Brit Insurance Holdings; 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:**

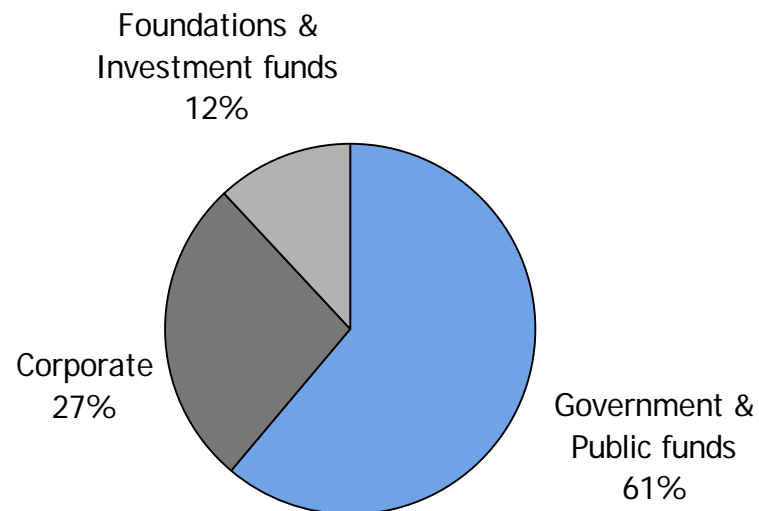
- = the aggregate nominal amount of passive hedges actually outstanding in respect of each client, plus

- **Cash:**

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

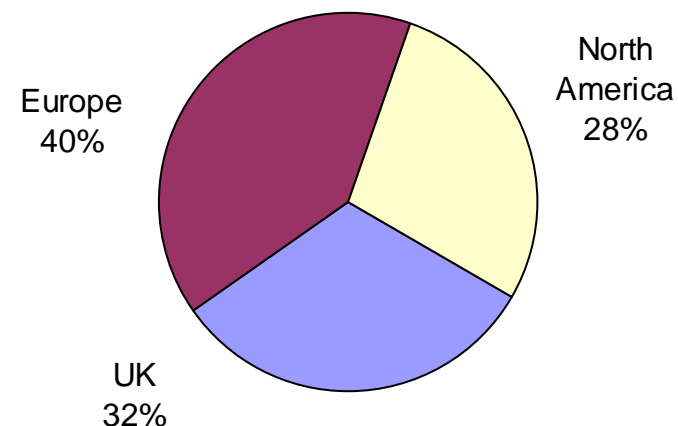
AuME analysis

Split of AuME by client type — 30 September 2010



Total: US\$30.8 billion

Split of AuME by country/region — 30 September 2010



Total: US\$30.8 billion

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

Financials – cost analysis

Emphasis on cost control

	H110	H210	H111
	£m	£m	£m
Personnel (excluding Group Profit Share)	3.1	3.0	3.0
Non-personnel cost	1.8	2.0	2.1
Expenditure before Group Profit Share	4.9	5.0	5.1
Group Profit Share Scheme	3.5	3.6	3.0
Total expenditure	8.4	8.6	8.1

Financials – concentration

Largest clients by H111 fees

	Management	Performance	Total	
	£m	£m	£m	%
Clients 1-10	11.1	-	11.1	74%
Clients 11-20	2.0	-	2.0	13%
Other clients	1.9	-	1.9	13%
Total Income	15.0	-	15.0	100%