



Record plc

Annual results

Year ended 31 March 2009

16 June 2009



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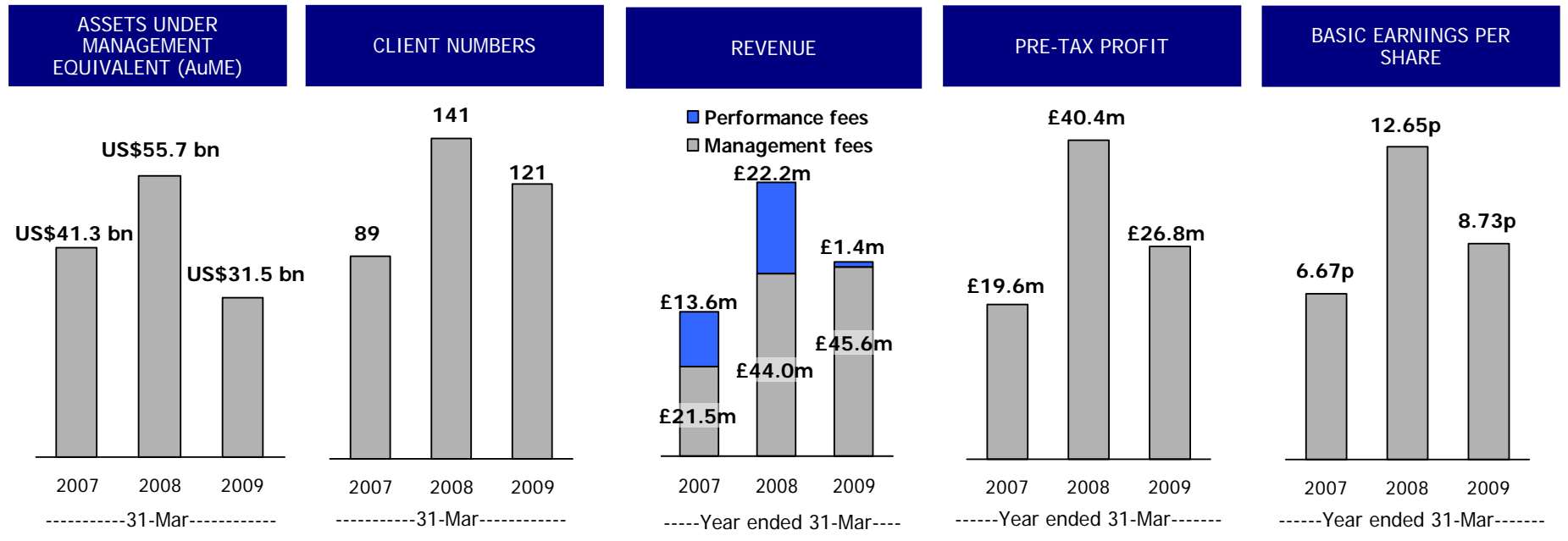
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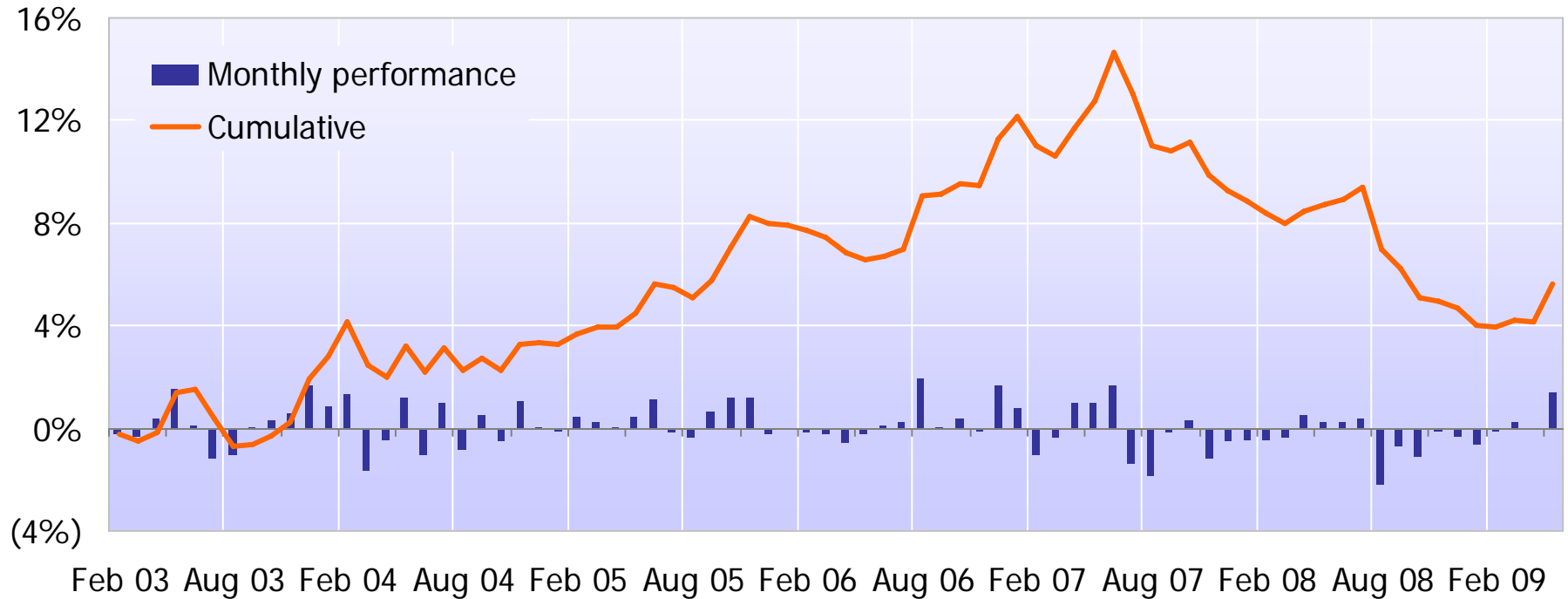
Headlines

- Pre tax profit £26.8m (down 34%)
- Management fee income of £45.6m (up 4%)
- Performance fee income of £1.4m (down 94%)
- Cash reserves £29.8m (up 32%)
- AuME \$31.5bn at 31 March 2009 was 43% lower than the prior year
- AuME £22.0bn at 31 March 2009 was 21% lower than the prior year
- Operating profit margin to 31 March 2009 of 55% compared to 61% (ex IPO costs) for year ended 31 March 2008
- Basic EPS 8.73 pence per share (2008: 12.65 pence per share, down 32 %)
- Proposed final dividend for the year to 31 March 2009 is 2.16 pence per share giving a total dividend for the year of 4.59 pence per share.



Currency Absolute Return performance

Currency Alpha Composite - 18 accounts, \$7.2 billion



As at 29th May 2009	Value added	Tracking Error	Information Ratio
1 year	(2.85%) p.a.	3.04% p.a	
3 years	(0.31%) p.a.	3.22% p.a.	
Since inception (Feb-03)	0.87% p.a.	2.95%	0.29

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 30th April 2009. May 2009 return is provisional.



Absolute Return performance: commentary

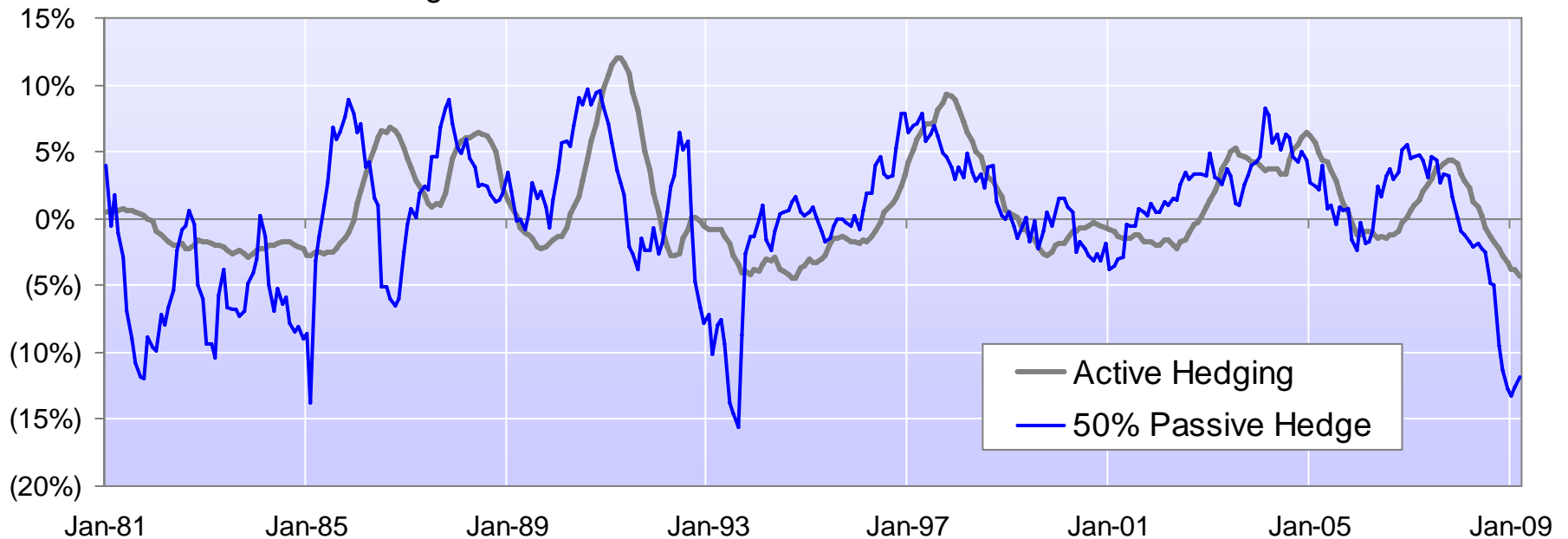
- Investors' risk aversion lead to "anti-carry" trends in many currency pairs
- "Anti-carry" trends took spot rates in many currency pairs to levels far from long-term averages
- As a result, the Trend/FRB strategy produced a negative return over the period which was partially mitigated by the built-in risk controls
- Alpha composite return (3.5%) for FY09
 - comprising of quarterly returns of Q1 0.90%, Q2 (2.46%), Q3 (1.50%) and Q4 (0.44%)

<i>Fund Name</i>	<i>Gearing</i>	<i>Annual Return %</i>	<i>Volatility since inception % p.a.</i>
Cash Plus	7	-25.8%	20.4%
Equity Plus	6	-56.2%	29.0%
US Cash Plus	7	-18.0%	21.0%
US Equity Plus	6	-31.9%	26.4%
Euro 1	3.5	-9.6%	11.0%
Sterling 10	2.5	-7.1%	6.9%
Sterling 20	5	-15.7%	10.6%
Alpha Composite	1	-3.5%	2.9%
Global Equities (S&P 500)	N/A	-39.7%	N/A

Active hedging opportunity

- Passive hedging has resulted in significant cash outflows in the last 9 months
- Record's Active hedging process can deliver the upside and limit the cash flow disadvantage of passive hedging
- Recent client wins in Active hedging total \$6bn of new mandates

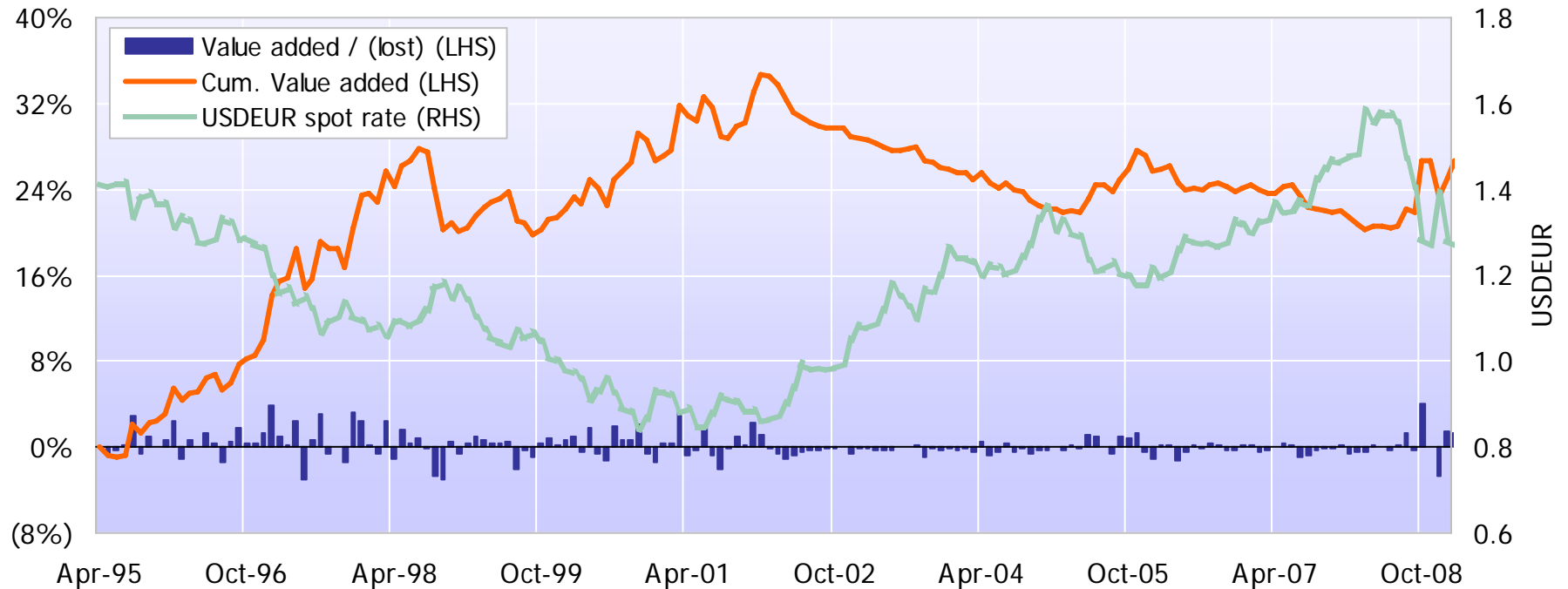
Rolling 12-month Cashflows as a % of Mandate Size - £ base



Source: Record Currency Management Limited. This slide is a simulation and has been provided for illustrative purposes only. The theoretical results have been calculated based on the passive and active hedging strategies standard implementation. The illustration is for a Sterling base currency investor hedging an MSCI World ex-UK Index with specific contributions from USD, JPY, CHF and EUR (France and Germany).



Track record – USD active hedge



At 30 th April 2009	Value added	Tracking error	Information ratio
Quarter	(1.48%)		
Year to date	(0.03%)		
Five years	(0.37%) p.a.	3.10% p.a.	
Since inception (Apr-95)	1.50% p.a.	3.94% p.a.	0.38

Note: Longest live track record of US-based active hedging account. Unhedged benchmark. Source: Record Currency Management



Financial Performance



Financial highlights – Year ended 31 March 2009

- Client numbers declined from 141 (FY08) to 121 (FY09) (down 14%)
- AuME \$31.5bn at 31 March 2009 was 43% lower than the prior year
- AuME £22.0bn at 31 March 2009 was 21% lower than the prior year
- Management fees grew by 4% to £45.6m; absence of significant performance fees
- Average fee rates firmed to 17.1 bps, from 16.3 bps
- Operating profit margin 55%, down from 61% (ex IPO costs)
- Pre-tax profit £26.8m
- Proposed final dividend of 2.16p per share, taking total dividend to 4.59p per share
- Cash retained after interim dividend £29m – circa 2.5 years overhead cover



Financials – client numbers

Client numbers

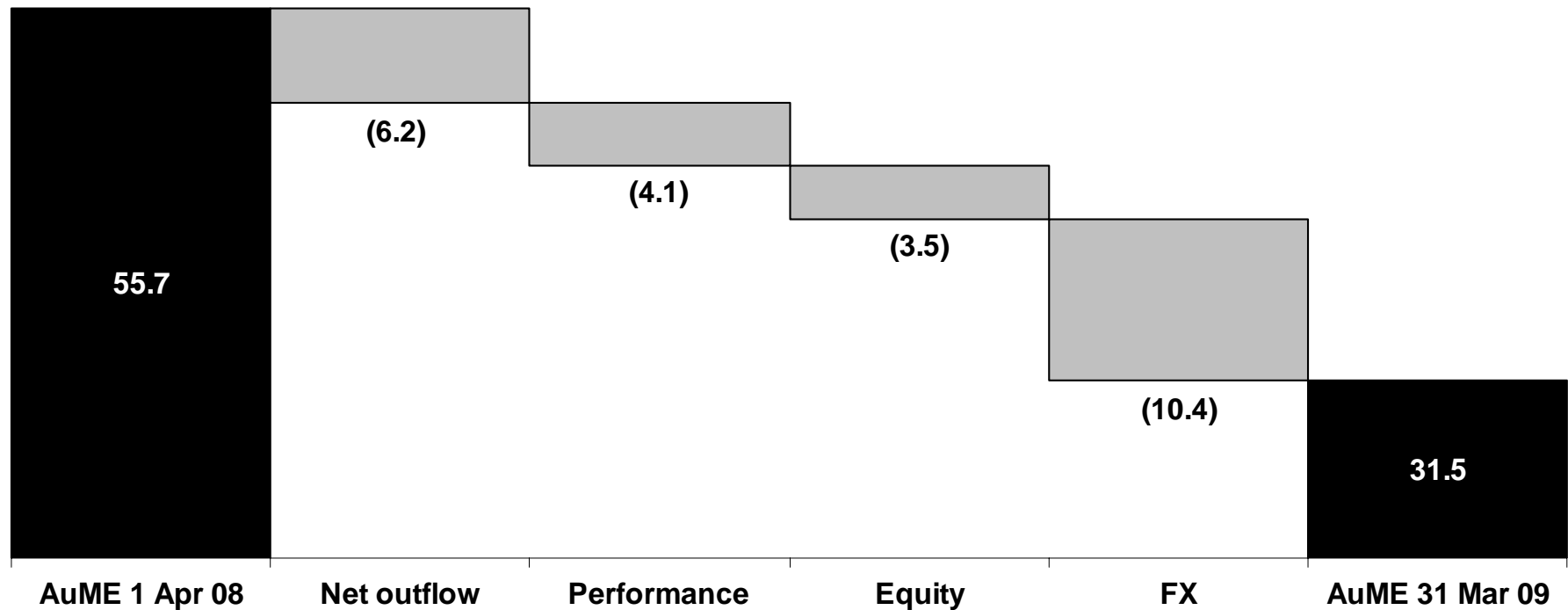
	31 Mar 08	31Mar 09
Segregated funds	28	20
Pooled funds	106	87
Total Absolute Return	134	107
Hedging:		
Active	7	7
Passive	31	27
Less clients with >1 product	(31)	(20)
Total	141	121

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.



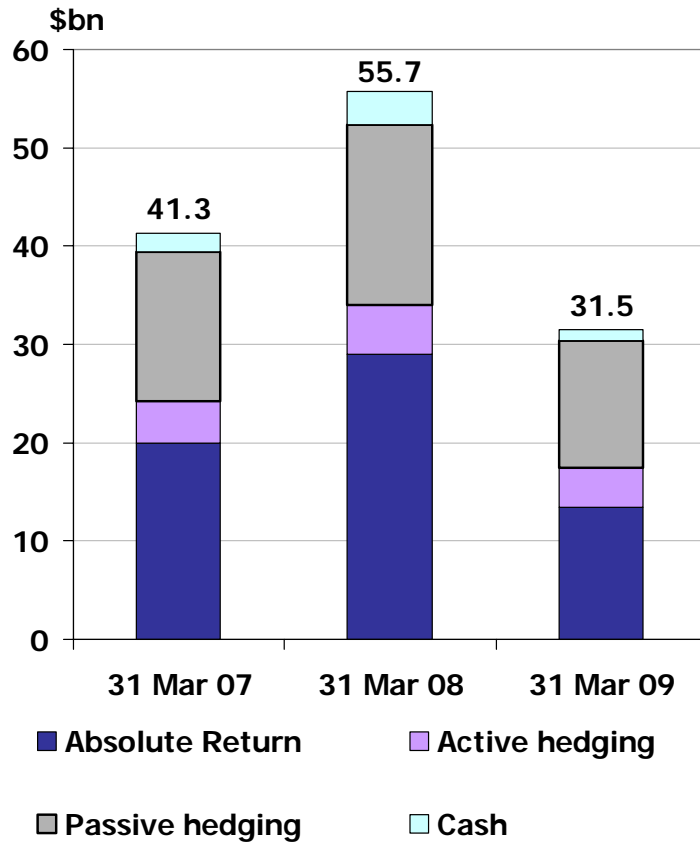
Financials – AuME movement

AuME bridge for the year ended 31 March 2009 \$billion

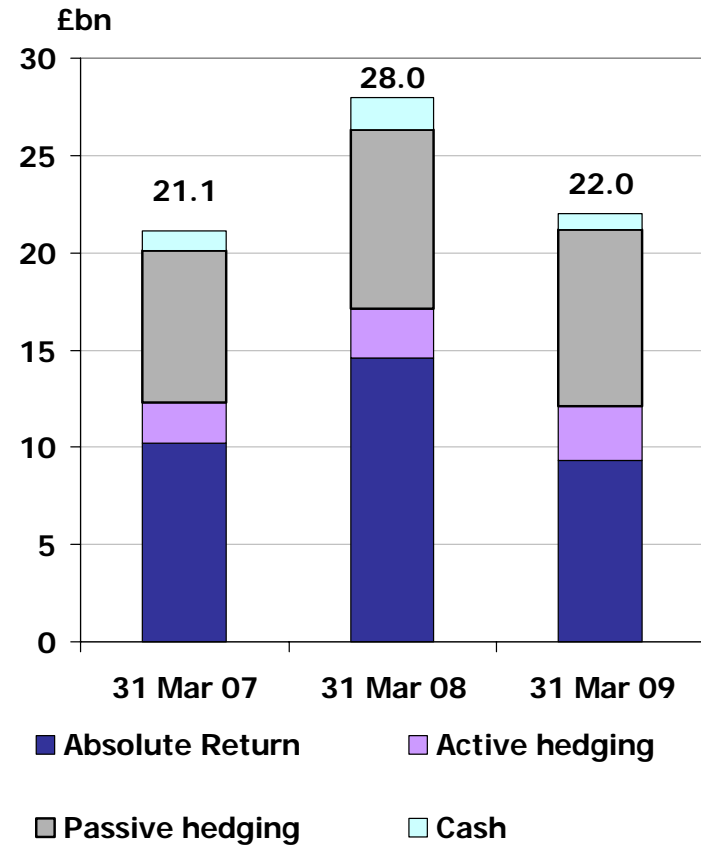


AuME analysis

AuME by product (\$bn)



AuME by product (£bn)

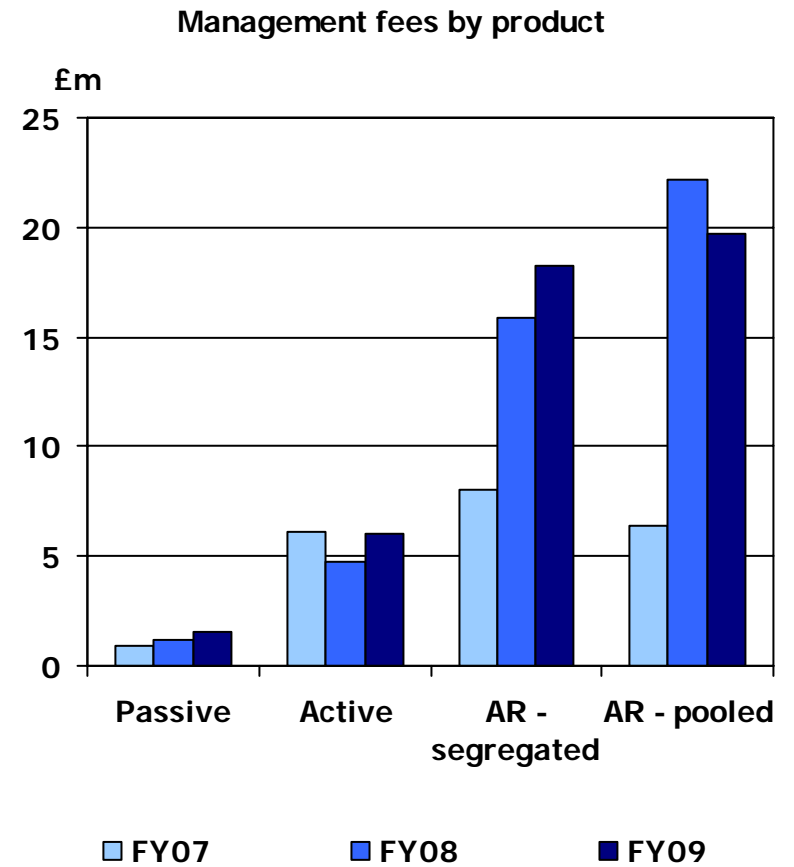
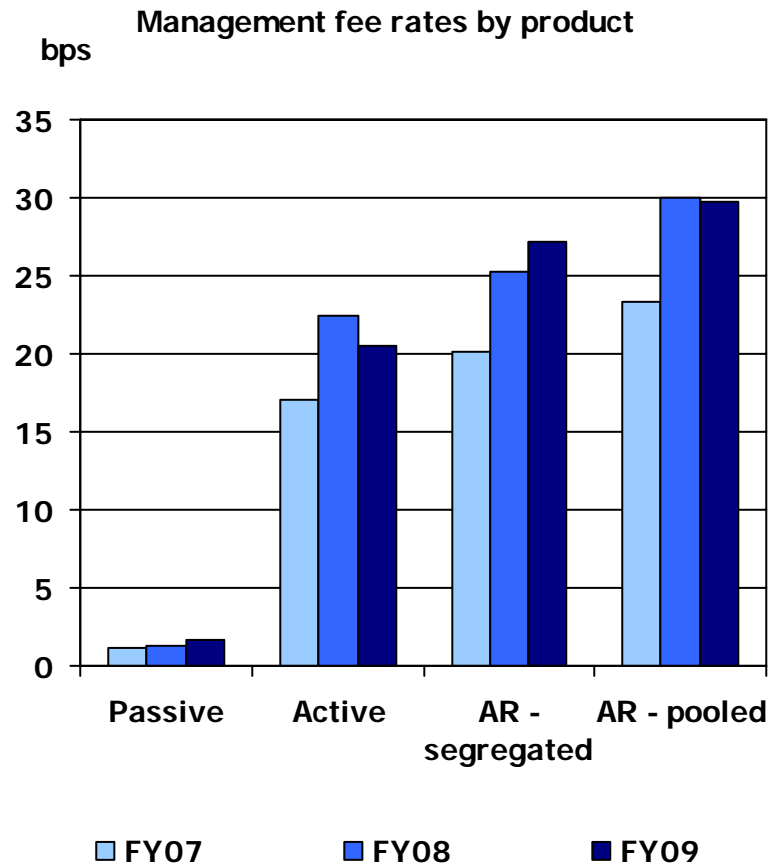




Financials – Average AuME, management fee rates & fees

	Year ended 31 March 2008			Year ended 31 March 2009		
	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)
Absolute Return:						
Segregated funds	12.6	25.3	15.9	11.5	27.2	18.3
Management fee only				8.8	30.4	15.3
Management + performance fee				2.7	18.9	3.0
Pooled funds	14.8	30.0	22.2	11.3	29.8	19.7
Management fee only				5.0	41.1	12.3
Management + performance fee				6.3	20.3	7.4
Total Absolute Return	27.4	27.9	38.1	22.7	28.5	38.0
Active Hedging	4.3	22.5	4.8	5.0	20.6	6.1
Passive Hedging	17.5	1.3	1.1	15.5	1.7	1.5
Cash	3.0	-	-	2.5	-	-
Combined average	52.2	16.3	44.0	45.6	17.1	45.6

Financials – revenue analysis





Financials – revenue analysis - cont'd

Fees analysed by product and fee type

	FY08			FY09		
	Management	Performance	Total	Management	Performance	Total
	£m	£m	£m	£m	£m	£m
Absolute Return	38.1	22.0	60.1	38.0	0.6	38.6
Active	4.8	0.2	5.0	6.1	0.8	6.9
Passive	1.1	-	1.1	1.5	-	1.5
Total Income	44.0	22.2	66.2	45.6	1.4	47.0



Financials – income statement

	FY08	FY09
AuME at period end	\$55.7bn	\$31.5bn
Clients at period end	141	121
	£m	£m
Income:		
Management fees	44.0	45.6
Performance fees	22.2	1.4
Other income	-	(0.2)
Total Income	66.2	46.8
Expenditure:		
Operating costs	(8.8)	(9.8)
Variable remuneration	(16.8)	(11.1)
Total expenditure	(25.6)	(20.9)
Operating profit	40.6	25.9
Operating Profit Margin	61.2%	55.3%
IPO costs	(1.3)	-
Finance income	1.1	0.9
Profit before tax	40.4	26.8



Financials - earnings

Shareholders earnings

	FY08	FY09
	£m	£m
Profit before tax	40.4	26.8
Tax	(12.5)	(7.5)
Profit after tax	27.9	19.3
eps – basic	12.65p	8.73p
eps – diluted	12.62p	8.72p
Interim dividend per share*	n/a	2.43p
Proposed final dividend per share	2.16p	2.16p
Total dividend per share*	2.16p	4.59p
Dividend cover*	n/a	1.9x

* = Dividend and dividend cover information relate to post listing dividend/ earnings only

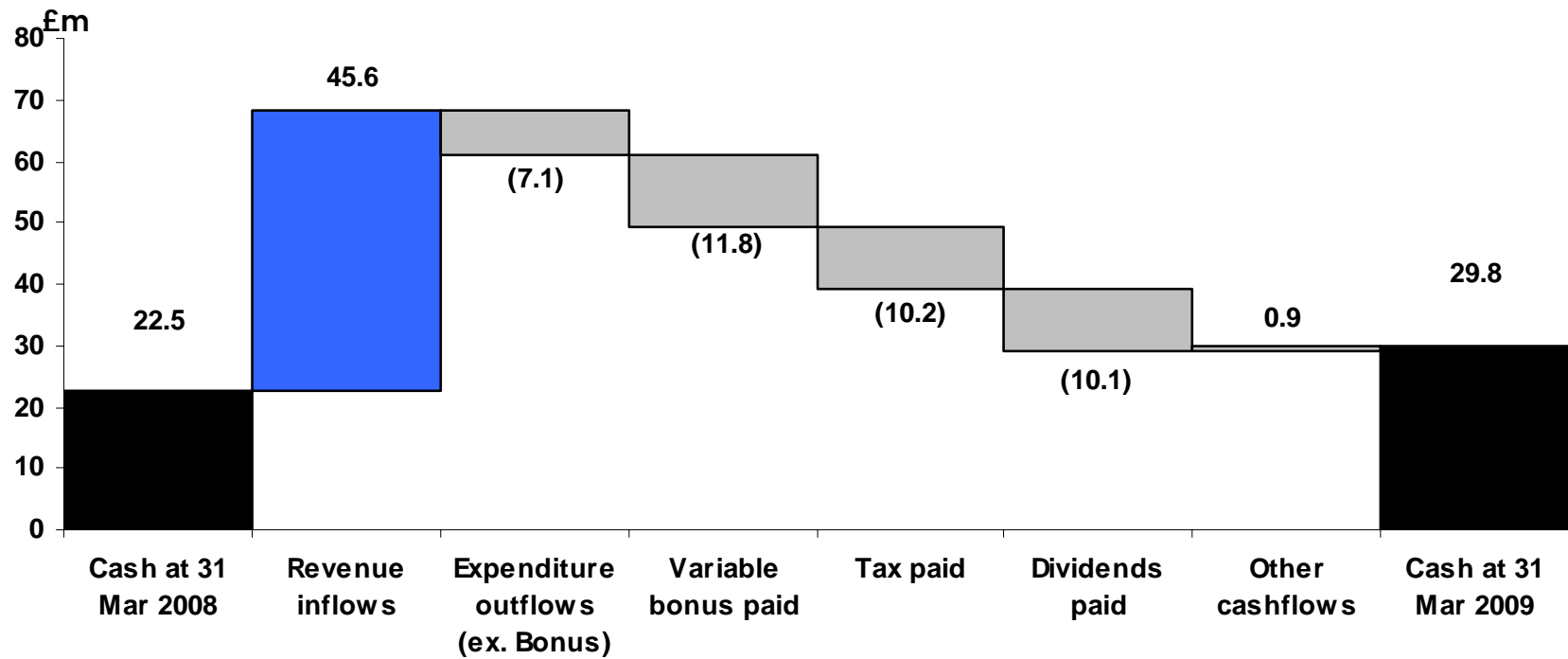
Financials – balance sheet

Balance sheet as at period end

	FY08	FY09
	£m	£m
Fixed assets	0.6	0.5
Current assets		
Trade debtors and other receivables	8.9	7.8
Cash and cash equivalents	22.5	29.8
Total current assets	31.5	37.6
Current liabilities	(13.6)	(10.9)
Net current assets	17.9	26.7
Net assets	18.5	27.2
Equity	18.5	27.2

Financials - cash

CASH BRIDGE FOR THE YEAR ENDED 31 MARCH 2009





Business strategy



Strategy

- **Seek to exploit opportunities for hedging (passive and active) products in the current market environment**
- **Seek to maintain and grow currency Absolute Return**
- **Develop both existing and new products within currency investment management**
- **Continued investment in people and infrastructure**
- **Revised incentive arrangements to aid management succession and align with shareholders' interests**



Product development

■ Existing products

- ✓ No changes to investment philosophy
- ✓ Continue to enhance diversification of currency pair selections in the Absolute Return process

■ New products

- ✓ Promoting currency Absolute Return as a manager-independent asset class requires new 'currency beta' products
- ✓ Emerging Markets: continue to explore opportunities to apply Record's investment processes, appropriately amended, to emerging market currencies.



Summary

- **Hedging providing diversified growth, in particular from US**
- **Focus in Absolute Return on maintaining existing clients**
 - Consistency of investment process
 - Communicate and maintain relationships with clients and consultants
- **Exploit the opportunity for a currency 'beta' product**



Appendix



Management and Board

Executive Management

Name	Position	Experience
Neil Record	Chairman Chief Executive Officer	<ul style="list-style-type: none">■ Founded Record in 1983. Principal shareholder and Executive Chairman ever since (25 years at Record)■ Acknowledged as one of the leading figures in the currency investment management industry
Peter Wakefield	Managing Director Chief Operating Officer	<ul style="list-style-type: none">■ Joined Record in 1999 and was appointed Director responsible for product and strategy development and consulting in 2000 (9 years at Record)■ Previously worked at Morgan Grenfell from 1984 to 1999 in various roles in the export financing, structured banking transactions, interest rate swap and options and credit derivatives side
Bob Noyen	Managing Director Chief Investment Officer	<ul style="list-style-type: none">■ Joined Record in 1999 with responsibility for Investment & Research (9 years at Record)■ Previously worked as Assistant Treasurer for Minorco (now part of Anglo American plc)
Leslie Hill	Managing Director Head of Client Team	<ul style="list-style-type: none">■ Joined Record in 1992 and was appointed Head of Sales and Marketing in 1999 (16 years at Record)■ Prior experience includes working at Wells Fargo, Lloyds Bank and Merrill Lynch where she was Director and Head of Corporate Foreign Exchange Sales worldwide
Paul Sheriff	Director Chief Financial Officer	<ul style="list-style-type: none">■ 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 director, Aviva International; managing director, CGU Insurance; Partner, Coopers & Lybrand■ Currently senior independent director, Brit Insurance Holdings; Chairman, Drive Assist UK; Commissioner, Guernsey Financial Services Commission
Andrew Sykes	Non-Executive Director	<ul style="list-style-type: none">■ Formerly Chairman, Schroders & Co. Limited■ Currently non-executive director, Gulf International Bank (UK); Smith & Williamson Holdings; Chairman Invista Foundation Property Trust Limited; Absolute Return Trust Limited; investment committee of the Schroder Retirement



AuME

- **Currency for Absolute Return mandates:**

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

- **Active 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:**

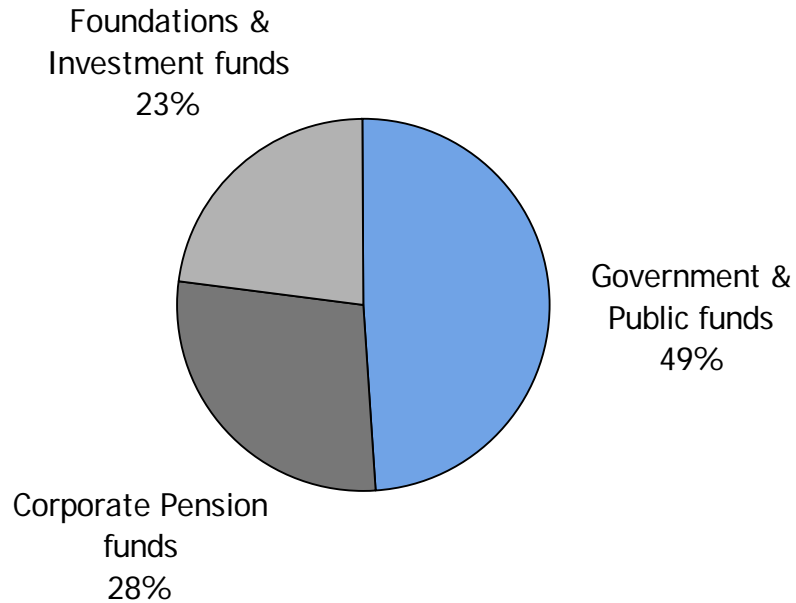
- = the aggregate nominal amount of passive hedges actually outstanding in respect of each client, plus

- **Cash:**

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

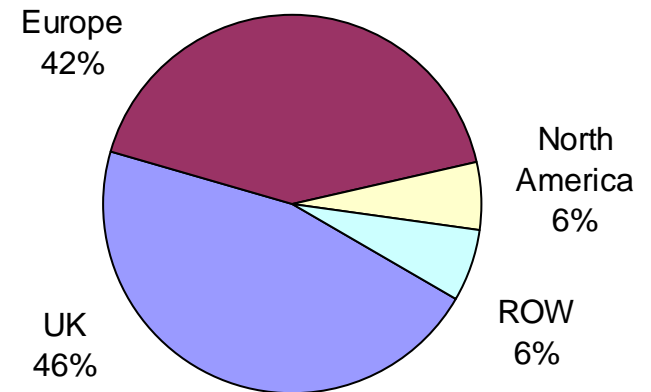
AuME analysis

Split of AuME by client type — 31 March 2009



Total: US\$31.5 billion

Split of AuME by country/region — 31 March 2009



Total: US\$31.5 billion

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



Financials – fee structure

Absolute Return Fee structure analysed by AuME as at 31 March 2009

	Segregated \$ billion	Pooled \$ billion	Total \$ billion	
Management only	6.0	0.4	6.4	48%
Management with Performance	2.3	4.6	6.9	52%
Absolute Return	8.3	5.0	13.3	100%



Financials – concentration

Largest clients by FY09 fees

	AuME	Management	Performance	Total	
	\$bn	£m	£m	£m	%
Clients 1-10	13.4	18.4	0.7	19.1	41%
Clients 11-20	2.7	6.8	-	6.8	14%
Other clients	15.4	20.4	0.7	21.1	45%
Total Income	31.5	45.6	1.4	47.0	100%



Financials – KPI's

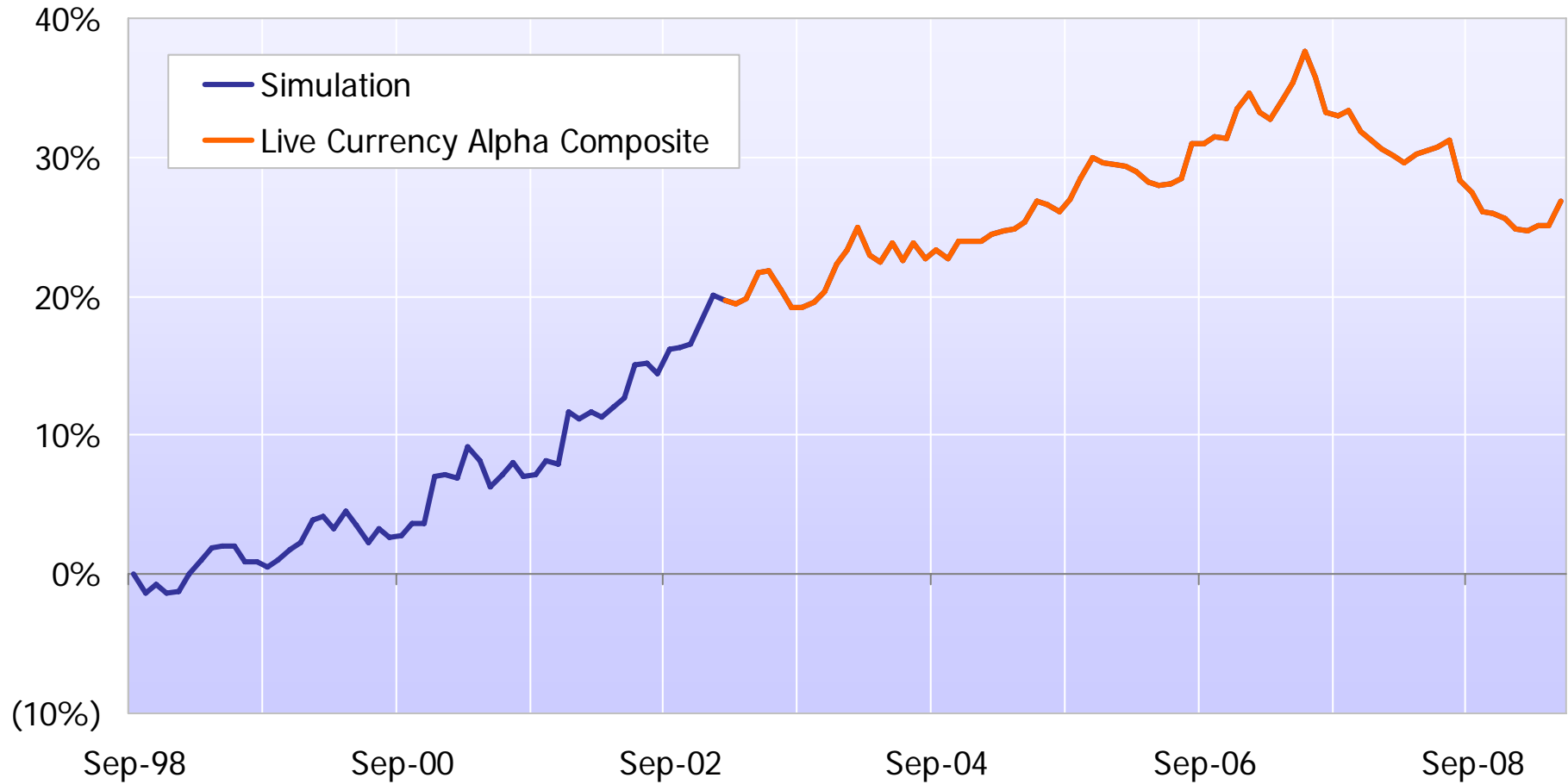
KPIs

	FY08	FY09
Number of employees at 31 March	52	64
Operating costs *: management fees cover	5.0 times	4.6 times
Total remuneration **: total income cover	3.0 times	2.8 times
Operating profit margin (ex IPO costs)	61%	55%
Basic eps	12.65 p	8.73 p

* excluding profit related bonus and IPO costs
** including variable remuneration



Absolute Return track record Oct 98- May 09



Source: Record Currency Management. Simulated returns are for information only. May 2009 return is provisional.