Record plc
Interim Report
Six months ended
30 September 2009

Currency asset management

Record plc is a specialist currency asset manager, providing both absolute return and currency hedging mandates to institutional clients

Contents

Financial highlights

» Assets under Management Equivalents[1] 'AuME' of $36.0bn as at 30 September 2009 ($31.5bn as at 31 March 2009)

» Management fees of £16.1m for the six month period to 30 September 2009 (£24.6m for the six month period to 30 September 2008)

» Performance fees £0.2m for the six month period to 30 September 2009 (£0.7m for the six month period to 30 September 2008)

» Profit before tax of £8.2m for the six month period to 30 September 2009 (£15.0m for the six month period to 30 September 2008)

» Basic eps of 2.68p for the six month period to 30 September 2009 (4.86p for the six month period to 30 September 2008)

» An interim dividend of 2.0p per share will be paid on 22 December 2009 and a further 2.0p per share will be paid on 16 March 2010

	Six months ended 30 Sep 09	Six months ended 30 Sep 08	Year ended 31 Mar 09
AuME (US$)	**$36.0bn**	$47.8bn	$31.5bn
AuME (GB£)	**£22.5bn**	£26.8bn	£22.0bn
Management fees	**£16.1m**	£24.6m	£45.6m
Performance fees	**£0.2m**	£0.7m	£1.4m
Profit before tax	**£8.2m**	£15.0m	£26.8m
Operating margin	**49.1%**	57.0%	55.3%
Basic earnings per share	**2.68p**	4.86p	8.73p
Proposed dividend per share	**2.0p Dec 2009** **2.0p Mar 2010**	2.43p	4.59p

1 AuME
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.

Chairman and Chief Executive Officer's statement

"Our agreement with FTSE to develop and market a series of currency indices is a very significant development in the move to currency being recognised as an asset class in its own right."

Neil Record
Chairman and Chief Executive Officer

Introduction

I am pleased to present Record plc's second interim report since the Company was admitted to trading on the London Stock Exchange's main market for listed securities in December 2007.

Highlights of the period

The six months to 30 September 2009 have continued to be varied and challenging. The addition of two significant US Active Hedging mandates has significantly increased diversification between Absolute Return and Hedging with the business moving towards an even split of income across these products. Whilst investment performance of our Absolute Return products recovered during the six months generating overall positive returns, there were significant net outflows during the period.

The banking sector has recovered from the near collapse of the financial system following the failure of Lehman Brothers in September 2008. The growing confidence in the solvency and liquidity of the world's major banks has resulted in a return to more normal operating conditions in the forward foreign exchange markets. This has improved the execution of our currency investment process.

Our agreement with FTSE to develop and market a series of currency indices is a very significant development in the move to currency being recognised as an asset class in its own right. The launch of a manager-independent index will add credibility to the case for investing in currency. The first index, the FTSE Currency FRB (Forward Rate Bias) 5, represents an index that is readily available as an investment opportunity and is a 'beta' return stream equivalent to the equity beta. An index tracking product has been developed and is currently being trialled with an investment of £1m from the Group. It is intended to launch the product to clients in 2010.

The emerging markets are a significant market opportunity for the Group and it is intended to launch a series of currency products to exploit this. A first product has been developed and has been seeded with a £1m investment from the Group.

Assets under Management Equivalents ('AuME') grew to $36.0bn at 30 September 2009, compared to $31.5bn at 31 March 2009. The largest component of the increase was the net inflow into Active Hedging of $5.6bn. Net client outflows in Absolute Return contributed $4.9bn to the net reduction over the six month period. Foreign exchange movements accounted for a $3.2bn increase and strong equity market performance accounted for a $1.9bn increase in mandate sizes. The number of clients stabilised in the six months at 118 (121 at 31 March 2009).

Management fees decreased to £16.1m for the six months to 30 September 2009, a decrease of 34.6% compared to the six months to 30 September 2008. Given prior valuation levels (or 'high water marks') achieved, performance fees earned in the period were modest. Hence profit before tax for the period was significantly less (45.4%) than for the equivalent period in the prior year.

The operating margin, at 49.1%, was also less than that achieved in the six months to 30 September 2008 (57.0%) although the decline was less marked than that in revenues. This reflects the flexibility in our cost base, not least due to Record's Group Profit Share scheme which sets aggregate profit share at an average 30% of pre-profit share operating profit.

The Board has decided to change the dividend payment dates for the current financial year. For the year ending 31 March 2010, two interim dividend payments will be made, one in December 2009 and one in March 2010 and a final dividend will be proposed for approval at the Annual General Meeting. Subject to business conditions, the Board currently intends to keep the overall dividend unchanged at 4.59p per share for the year.

An interim dividend of 2.0p per share will be paid on 22 December 2009 and a further interim dividend of 2.0p per share will be paid on 16 March 2010.

From 1 October 2009, the Board was strengthened with the addition of two Non-executive Directors, David Morrison and Jeremy Palmer. David brings particular expertise in the management of generation change in growing businesses, and Jeremy has a wide experience in the banking and wealth management sectors. We are pleased to welcome David and Jeremy to the Board.

As announced in the Annual Report and Accounts, Peter Wakefield, the Chief Operating Officer, left the Group on 28 August 2009. Peter spent 10 years at Record and was instrumental in the development of the pooled funds and the IPO. I would like to thank Peter for the substantial contribution he has made to the business over those 10 years. The responsibilities of the Chief Operating Officer have been split between the Chief Financial Officer and the Chief Investment Officer.

Further and more detailed analysis of the results for the period can be found in the Interim Management Review.

Chairman and Chief Executive Officer's statement
continued

Investment performance

Investment performance of our Absolute Return products varied dramatically between the first three months of the period and the second three months.

The first quarter (April-June 2009) saw a strong recovery of confidence in the investment markets in general, and 'investment' (high interest) currencies in particular. Since one of the principal drivers of Record's Absolute Return product is the Forward Rate Bias (the 'carry' trade), this resulted in a strong performance of this product. The 'gearing one' return of our 'alpha composite' was 2.3%, and this translated to a 17.8% return in the quarter for our highest geared (7x) fund – Cash Plus.

The second quarter of the period (July-September 2009) saw continued strength in the equity markets, but this did not flow through to a continuation of a recovery in the carry trade returns. This meant that we suffered a modest negative return in the quarter (of –1.4%), which translated into a negative return of –10.5% in the Cash Plus fund.

The lower volatility, the narrower bid-offer spreads, and a fall in the correlation between currency and equity markets (which has dominated the last two years) should ultimately feed through to better performance, and a resumption of the longer-term positive excess return that our investment process has delivered in the past.

At the time of writing, ultra-loose monetary policy still dominates almost all of the major economies in our developed market currency universe. History and economic logic tells us that this extreme policy position will only survive while private sector demand remains heavily depressed. Once private sector demand picks up, we will see a resumption of more normal monetary conditions, and indeed we may see tight policies emerge to counter the very high fiscal deficits prevalent in most major economies. This may bring particular opportunities for our Absolute Return product.

In summary, investment performance over the six months has been much more normal than hitherto, and we continue to have a very high level of confidence in the principles underlying our Absolute Return products and in our proven ability to out-perform 'naive' exploitation of the forward rate bias. We have no intention of making any fundamental changes to our investment process, and based on our understanding of the currency markets and our 25 years of experience, we are confident that our investment returns in the long term will match our own expectations and those of our clients.

Strategy, growth plans and outlook

The significant movements in exchange rates over the last year have caused investors to re-examine their strategy for managing exchange rate exposure. For example, UK investors in international equities employing passive hedging mandates have experienced painful cash flow consequences. Similar investors who were unhedged are examining how they protect the currency gains. Record's business is well placed to be a beneficiary.

The return of positive investment performance has improved the retention of Absolute Return clients. If this trend continues then it would be reasonable to expect investment consultants and clients to consider allocating additional funding to this investment strategy. However, in the short term there may be further Absolute Return outflows.

In the medium to long term, the 'asset class project' has now commenced with the launch of the first currency index in conjunction with FTSE. The development of products to track the FTSE indices has the potential to result in significant inflow of investment into the currency universe. The first fund is now being trialled internally with the intention to launch this externally in 2010.

In addition to the asset class project, we continue to pursue opportunities in emerging markets. The first product has been developed and is now being trialled internally. It is anticipated that a product will be marketed to clients in 2010.

In order to position Record to benefit from developments in the currency market, the Group has continued to recruit talented individuals, enhance its processes and invest in systems infrastructure. In particular, the Group is currently in the process of replacing its back office system that will result in increased capital expenditure in the next 12 months.

When investors choose to allocate new money to currency management, or to reduce risk from existing currency exposures, we continue to believe that Record is well-placed to win a significant proportion of this business.

Neil Record
Chairman and Chief Executive Officer
16 November 2009

Interim Management Review

Business overview

The first half of the financial year has seen AuME increase and client numbers stabilise when compared to the preceding six months. At 30 September 2009 Record had 118 clients which compares with 121 clients at 31 March 2009. The Group's core distribution strategy is to continue to focus on its investment consultant relationships, supplemented by direct marketing by the in-house client team.

The first six months has seen the addition of two significant Active Hedging mandates but a continuation of the reduction in Absolute Return mandates, most notably for segregated accounts.

Investment performance

The core investment process used within the pooled funds, the Trend/Forward Rate Bias (FRB) strategy, relies on the tendency of higher interest rate currencies to outperform lower interest rate currencies over the long term. The period from April to September 2009 was a period of 'two halves'. During the first three months high interest rate currencies outperformed low interest rate currencies and the Trend/FRB strategy produced strong positive results. During July, August and September the high interest rate currencies (most notably Sterling) underperformed, which resulted in negative performance. The overall performance during the half year period was positive.

The Range Trading strategy, which runs in parallel with the Trend/FRB strategy, relies on certain currency pairs trading in a narrow range to each other, and has the advantage of being generally uncorrelated to the return from the Trend/FRB strategy. Performance of the Range Trading strategy was positive over the period.

Market conditions during the period have improved with the levels of volatility declining and bid-offer spreads contracting. Overall we believe that the core contributors to the return will be as prevalent over the foreseeable future as they have been over most of the past 30 years. Once the FRB reasserts itself in the foreign exchange markets, we are confident that investment performance will improve.

Annual returns of Record Umbrella Currency Funds; six months to 30 September 2009

Fund Name	Gearing	Half year return %	Volatility since inception % p.a.
Cash Plus	7	5.4%	20.4%
Equity Plus	6	36.0%	28.6%
US Cash Plus	7	10.5%	21.3%
US Equity Plus	6	29.4%	25.4%
Euro 1	3.5	2.5%	10.7%
Sterling 10	2.5	0.7%	6.9%
Sterling 20	5	–1.2%	10.9%
Alpha composite	1	0.9%	2.9%
FTSE Currency FRB 5 USD Excess return[2]*	1	–2.2%	N/A
Global Equities* (S&P 500)	N/A	32.5%	N/A

* Included for comparison.

Client development

Client numbers decreased marginally to 118 at 30 September 2009 (121 at 31 March 2009). Two US clients have commenced significant Active Hedging mandates in the period with combined AuME of $7.6bn at 30 September 2009. This is anticipated to grow over the next three months to $7.9bn.

AuME analysis

As previously noted, the Group's Assets under Management Equivalents ('AuME') was $36.0bn at 30 September 2009, an increase of $4.5bn during the six month period.

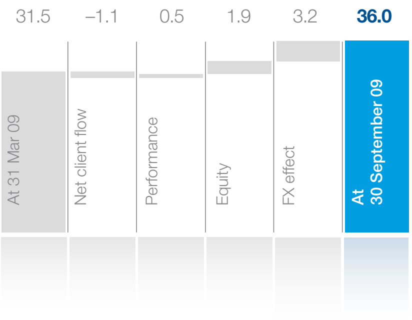
AuME movement in the six months to 30 September 2009

	$ bn
AuME 31 March 2009	31.5
Net client flows	(1.1)
Pooled fund investment performance	0.5
Movement in global stock & other markets	1.9
Exchange rate impact on non-US$ AuME	3.2
AuME 30 September 2009	**36.0**

2 Source: FTSE

Interim Management Review continued

AuME bridge for six months ended 30 September 2009
($bn)



Net client flows

During the six months to 30 September 2009 net client outflows were $1.1bn, with gains in Active Hedging being offset principally by reductions in segregated Absolute Return and Passive Hedging.

Investment performance

Positive investment performance during the period contributed $0.5bn of the increase in AuME since investment returns are compounded on a geared basis into the AuME of the pooled funds managed by Record.

Stock and other market performance

Record's AuME is also affected by movements in stock and other market levels because substantially all the Passive and Active Hedging, and some of the Absolute Return mandates are linked to stock and other market levels. Market performance had a positive impact, increasing AuME in the six months to 30 September 2009 by $1.9bn.

Forex

The foreign exchange impact of expressing non-US$ AuME in US$ was the most significant factor. 73% of the Group's AuME is non-US$ denominated and expressing this in US$ accounted for $3.2bn of the increase in AuME reported for the period.

AuME composition

The factors determining the movements in AuME also impact its composition. At 30 September 2009 Absolute Return AuME represented 28.3% of total AuME, which was split between segregated (11.7% of total AuME) and pooled mandates (16.6% of total AuME). This is down from 50.4% at 30 September 2008 and 42.5% at 31 March 2009. The corresponding gain was in Active Hedging, which increased in absolute and relative terms to $11.1bn and 30.8% of total AuME at 30 September 2009.

Composition of AuME expressed in US Dollars

	As at 30 Sep 09 $bn		As at 30 Sep 08 $bn		As at 31 Mar 09 $bn	
Absolute Return – segregated	**4.2**	**11.7%**	12.0	25.1%	8.3	26.3%
Absolute Return – pooled	**6.0**	**16.6%**	12.1	25.3%	5.1	16.2%
Sub-total Absolute Return	**10.2**	**28.3%**	24.1	50.4%	13.4	42.5%
Active Hedging	**11.1**	**30.8%**	5.9	12.3%	4.0	12.7%
Passive Hedging	**13.4**	**37.2%**	15.1	31.7%	13.0	41.3%
Cash	**1.3**	**3.7%**	2.7	5.6%	1.1	3.5%
Total AuME	**36.0**	**100.0%**	47.8	100.0%	31.5	100.0%

Composition of AuME expressed in Sterling

	As at 30 Sep 09 £bn		As at 30 Sep 08 £bn		As at 31 Mar 09 £bn	
Absolute Return – segregated	**2.6**	**11.7%**	6.7	25.1%	5.8	26.3%
Absolute Return – pooled	**3.8**	**16.6%**	6.8	25.3%	3.5	16.2%
Sub-total Absolute Return	**6.4**	**28.3%**	13.5	50.4%	9.3	42.5%
Active Hedging	**6.9**	**30.8%**	3.3	12.3%	2.8	12.7%
Passive Hedging	**8.4**	**37.2%**	8.5	31.7%	9.1	41.3%
Cash	**0.8**	**3.7%**	1.5	5.6%	0.8	3.5%
Total AuME	**22.5**	**100.0%**	26.8	100.0%	22.0	100.0%

The AuME composition has also changed in terms of the underlying base currencies. As a result of the commencement of two significant US Active Hedging mandates, US Dollar is the base currency for 26.9% of total AuME at 30 September 2009 (31 March 2009: 15.2%). Sterling is still the most significant base currency making up 40.1% of total AuME at 30 September 2009 (31 March 2009: 44.1%).

AuME composition by product and base currency

	Absolute Return – segregated		Absolute Return – pooled		Active Hedging		Passive Hedging	
Base currency	**30 Sep 09**	31 Mar 09	**30 Sep 09**	31 Mar 09	**30 Sep 09**	31 Mar 09	**30 Sep 09**	31 Mar 09
Sterling	**1.5bn**	2.2bn	**3.4bn**	3.2bn	**0.9bn**	0.3bn	**2.9bn**	3.6bn
US Dollar	**0.8bn**	3.3bn	**–**	–	**8.9bn**	1.3bn	**–**	0.2bn
Swiss Franc	**0.6bn**	1.7bn	**–**	–	**0.8bn**	2.6bn	**8.0bn**	7.8bn
Euro	**–**	–	**0.4bn**	0.3bn	**–**	–	**0.7bn**	0.6bn
Canadian Dollar	**0.5bn**	0.5bn	**–**	0.5bn	**–**	–	**–**	–
Total AuME US Dollars	**4.2bn**	8.3bn	**5.9bn**	5.0bn	**11.1bn**	4.0bn	**13.5bn**	13.0bn

Interim Management Review continued

Product development

As highlighted in the Chairman and Chief Executive Officer's statement, Record entered into a co-operation agreement with FTSE to develop a series of currency indices. This is seen as a significant development for currency as this is believed to be the first manager-independent index to capture the pure 'beta'. The first index, the 'FTSE Currency FRB 5 Index', was launched on 21 September 2009 with further indices anticipated in due course. An index tracking product has been developed to mirror the index returns and is currently being trialled. Record plc invested £1m into the fund on 1 October 2009. Following an initial trial period it is currently anticipated that this product will be made available to clients in 2010.

The first emerging market product has also been developed and was seeded with a £1m investment from the Group on 5 November 2009. It is intended to offer this product to clients in 2010, following the trial period. It is believed that this will be the first of a series of products in emerging markets.

The seed capital for both products will be redeemed once the products have reached sufficient size.

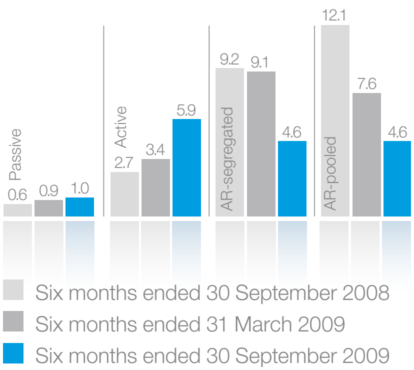
Revenue

Management fee income for the six months to 30 September 2009 was £16.1m, which was 34.6% lower than for the six months to 30 September 2008 (£24.6m). Absolute Return products generated lower management fees and both Passive Hedging and Active Hedging generated higher management fees during the six months to 30 September 2009. In the six months to 30 September 2009 Absolute Return generated 56.9% of the management fee income, with Active Hedging generating 36.7%.

Management fees by product

	Six months ended 30 Sep 09 £m	Six months ended 30 Sep 08 £m	Year ended 31 Mar 09 £m
Absolute Return – segregated	**4.6**	9.2	18.3
Absolute Return – pooled	**4.6**	12.1	19.7
Sub-total Absolute Return	**9.2**	21.3	38.0
Active Hedging	**5.9**	2.7	6.1
Passive Hedging	**1.0**	0.6	1.5
Total Management Fee Income	**16.1**	24.6	45.6

Management fees by product
£m



A significant factor in the reduced management fee income reported for the six months to 30 September 2009, is that the average management fee rate achieved during the six months to September 2009 was lower for Absolute Return, particularly pooled clients, than for the same six month period in 2008. Average management fees for both Passive Hedging and Active Hedging increased during the six months to 30 September 2009.

The average fee rates achieved for both segregated and pooled Absolute Return mandates decreased to 25.7bps* and 24.4bps respectively (26.3bps and 31.4bps respectively for the six months to 30 September 2008). The average Active Hedging management fee rate increased to 23.1bps (six months to 30 September 2008: 20.6bps).

Record typically offers all Absolute Return clients the choice of paying an asset based management fee only or the alternative of management fee plus performance fee. Higher performance fee rates usually accompany lower management fee rates and vice versa. The fee combinations are structured so that Record is indifferent between them in the medium term. Those Absolute Return pooled fund clients that had chosen to pay only management fees have been offered, from April 2009, the option to move to management plus performance fees comprising a management fee approximately 45% lower than the previous arrangement together with a 'high water mark' at inception of the mandate. The majority of eligible clients have taken up this offer and this explains the significant reduction in management fee rates experienced in the six months to 30 September 2009.

Achieved average management fee rates by product

	Six months ended 30 Sep 09 bps	Six months ended 30 Sep 08 bps	Year ended 31 Mar 09 bps
Absolute Return – segregated	**25.7**	26.3	27.2
Absolute Return – pooled	**24.4**	31.4	29.8
Sub-total Absolute Return	**25.0**	29.0	28.5
Active Hedging	**23.1**	20.6	20.6
Passive Hedging	**2.4**	1.4	1.7
Average management fee rate	**14.8**	17.8	17.1

*bps = basis point = 1/100th of one percentage point.

(Achieved average management fee rate = fees earned in period/average AuME during period).

Performance fees earned during the six months to 30 September 2009 were £0.2m compared with £0.7m during the same period to 30 September 2008. A fuller explanation of the market conditions and the implication for the investment performance of our Absolute Return product is given in the Chairman & CEO's statement. A further factor in explaining performance fees is that our performance fee structures are subject to a 'high water mark' clause that states that cumulative performance, typically since inception of the mandate, must be above the previous high point on which performance fees were charged before performance fees are charged again.

Expenditure

Expenditure in the six months to 30 September 2009 fell £2.6m to £8.3m from £10.9m in the six months to 30 September 2008. The reduction was primarily in the Group Profit Share scheme (GPS) which was 30% of pre-GPS operating profit in the period.

Expenditure analysis

	Six months ended 30 Sep 09	Six months ended 30 Sep 08	Year ended 31 Mar 09
Personnel costs (excl GPS)	**3.1**	2.6	5.6
Non personnel costs	**1.7**	2.1	4.2
Sub-total expenditure	**4.8**	4.7	9.8
Group Profit Share	**3.5**	6.2	11.1
Total expenditure	**8.3**	10.9	20.9

Looking forward, the Group is currently in the process of replacing its back office systems and it is anticipated that this will result in a small increase in system costs.

Operating margins

The operating profit for the six months to 30 September 2009 of £8.0m (49.1%) reflects the lower management fee income and lack of performance fees in 2009 and compares with the operating profit of £14.4m (57.0%) for the same period in 2008. The reduction in management fees of £8.5m compares with the reduction of £6.4m in operating profit.

Operating cash flow

The Group generated £5.8m of net cash flow from operating activities during the six months ended 30 September 2009 (six months to 30 September 2008: £14.9m). Taxation paid during the period was £3.8m compared with £6.3m for the six months to 30 September 2008. On 5 August 2009 the Group paid a final dividend of 2.16p per share in respect of the six month period ended 31 March 2009. This equated to a distribution to shareholders of £4.8m.

The Board's intention is to retain sufficient capital within the business to meet continuing obligations, sustain future growth and to provide a buffer against adverse market conditions. The Group has no debt to repay or service. Shareholders' funds were £28.3m at 30 September 2009 (30 September 2008: £24.0m).

Dividends

Subject to business conditions, the Group currently intends to maintain the dividend at 4.59p per share for the financial year ending 31 March 2010, recognising that this is an affordable dividend in the current environment that maintains balance sheet strength. The Group will pay an interim dividend of 2.0p per share in December 2009, a further interim dividend of 2.0p per share in March 2010 and anticipates proposing a final dividend of 0.59p per share for approval at the Annual General Meeting.

The Group will pay an interim dividend of 2.0p per share in respect of the six months ended 30 September 2009. The dividend will be paid on 22 December 2009 to shareholders on the register on 27 November 2009. The dividend payment will equate to a distribution of £4.4m in total and will leave approximately £23.6m of cash on the balance sheet which is significantly higher than necessary to satisfy the financial resources and liquidity requirements of the FSA and represents over two years of current overhead cover.

A further interim dividend of 2.0p per share will be paid on 16 March 2010 to shareholders on the register on 19 February 2010.

Principal risks and uncertainties

The principal risks and uncertainties documented in the Annual Report and Accounts for the year ended 31 March 2009 are still relevant to Record.

In addition to these risks, the proportion of management fee income concentrated on the top 10 clients has increased from 40.4% at 31 March 2009 to 54.0% at 30 September 2009. Whilst there have been changes to the composition of the top 10 clients, the new US Active Hedging mandates have been largely responsible for this increased concentration.

The proportion of revenue earned in foreign currency has also increased in the period from 44.4% for the year ended 31 March 2009 to 52.6% for the six months ended 30 September 2009. The Group hedges the invoiced foreign exchange transaction risk using forward currency contracts.

Although the growth of the Active Hedging product has diversified the Group's product base, the level of AuME and fee income is dependent on currency values, performance of underlying assets (typically international equities) and the clients' investment strategies.

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 on pages 16 to 25 have been prepared in accordance with IAS 34 'Interim Financial Reporting', and that the interim management report on pages 6 to 13 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.

Signed on behalf of the Board by:

Neil Record
Chairman and
Chief Executive Officer

16 November 2009

Paul Sheriff
Chief Financial Officer

16 November 2009

Independent review report to Record plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated cash flow statement, consolidated statement of changes in equity and the related notes. We have read the other information contained in the half yearly financial report which comprises only the financial highlights, Chairman and Chief Executive Officer's statement, interim management review 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 in accordance with guidance contained in ISRE (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 those matters we are required to state to them in a 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, 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 Services Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs 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 to the Company 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' issued by the Auditing Practices Board for use in the United Kingdom. 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 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London

16 November 2009

Consolidated statement of comprehensive income

	Note	Unaudited Six months ended 30 Sep 09 £'000	Unaudited Six months ended 30 Sep 08 £'000	Audited Year ended 31 Mar 09 £'000
Revenue	3			
Management fees		**16,122**	24,638	45,561
Performance fees		**220**	664	1,436
Other revenue		**50**	(4)	(201)
Total revenue		**16,392**	25,298	46,796
Cost of sales		**–**	(10)	(11)
Gross profit		**16,392**	25,288	46,785
Administrative expenses		**(8,346)**	(10,873)	(20,928)
Operating profit		**8,046**	14,415	25,857
Finance income		**136**	562	917
Finance costs		**–**	(4)	(5)
Profit before tax		**8,182**	14,973	26,769
Taxation		**(2,261)**	(4,240)	(7,494)
Profit after tax		**5,921**	10,733	19,275
Other comprehensive income, net of tax		**–**	–	–
Total comprehensive income for the period		**5,921**	10,733	19,275
Earnings per share for profit attributable to the equity holders of the Company during the year				
(expressed in pence per share):	6			
Basic earnings per share		**2.68**	4.86	8.73
Diluted earnings per share		**2.68**	4.85	8.72

Consolidated statement of financial position

	Note	Unaudited As at 30 Sep 09 £'000	Unaudited As at 30 Sep 08 £'000	Audited As at 31 Mar 09 £'000
Non-current assets				
Property, plant and equipment		**292**	518	368
Deferred tax assets		**173**	78	146
		465	596	514
Current assets				
Trade and other receivables	7	**8,335**	9,705	7,742
Cash and cash equivalents		**27,120**	26,824	29,798
		35,455	36,529	37,540
Current liabilities				
Trade and other payables		**(4,692)**	(7,979)	(7,076)
Corporation tax liabilities		**(2,810)**	(5,075)	(3,774)
Derivative financial liabilities		**(82)**	(69)	(13)
		(7,584)	(13,123)	(10,863)
Net current assets		**27,871**	23,406	26,677
Total net assets		**28,336**	24,002	27,191
Equity				
Issued share capital	8	**55**	55	55
Share premium account		**1,809**	1,809	1,809
Capital redemption reserve		**20**	20	20
Retained earnings		**26,452**	22,118	25,307
Total equity		**28,336**	24,002	27,191

Consolidated cash flow statement

Unaudited	**Half Year ended 30 Sep 09 £'000**	Half Year ended 30 Sep 08 £'000	Year ended 31 Mar 09 £'000
Profit after tax	**5,921**	10,733	19,275
Adjustments for:			
Corporation tax	**2,261**	4,240	7,494
Finance income	**(136)**	(562)	(917)
Finance expense	**–**	4	5
Depreciation of property, plant and equipment	**128**	178	363
	8,174	14,593	26,220
Changes in working capital			
(Increase)/decrease in receivables	**(600)**	(820)	1,038
Increase/(decrease) in payables	**(1,806)**	1,070	(27)
Increase/(decrease) in other financial liabilities	**69**	46	(11)
Cash inflow from operating activities	**5,837**	14,889	27,220
Interest paid	**–**	(4)	(5)
Corporation taxes paid	**(3,788)**	(6,337)	(10,176)
Net cash inflow from operating activities	**2,049**	8,548	17,039
Cash outflow from investing activities			
Purchase of property, plant and equipment	**(52)**	(85)	(120)
Purchase of financial assets held for trading			
Interest received	**144**	594	1,054
Net cash inflow/(outflow) from investing activities	**92**	509	934
Cash outflow from financing activities			
Purchase of shares by EBT	**(52)**	–	(578)
Dividends paid to equity shareholders	**(4,767)**	(4,778)	(10,142)
Cash outflow from financing activities	**(4,819)**	(4,778)	(10,720)
Net increase in cash and cash equivalents in the period	**(2,678)**	4,279	7,253
Cash and cash equivalents at the beginning of the period	**29,798**	22,545	22,545
Cash and cash equivalents at the end of the period	**27,120**	26,824	29,798

Consolidated statement of changes in equity

Unaudited	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total shareholders' equity
As at 1 April 2008	55	1,809	20	16,665	18,549
Profit and total comprehensive income for the period	–	–	–	10,733	10,733
Dividends paid	–	–	–	(4,778)	(4,778)
Own shares held by EBT	–	–	–	(502)	(502)
As at 30 September 2008	**55**	**1,809**	**20**	**22,118**	**24,002**
Profit and total comprehensive income for the period	–	–	–	8,542	8,542
Employee share options	–	–	–	88	88
Dividends paid	–	–	–	(5,364)	(5,364)
Own shares held by EBT	–	–	–	(77)	(77)
As at 31 March 2009	**55**	**1,809**	**20**	**25,307**	**27,191**
Profit and total comprehensive income for the period	–	–	–	5,921	5,921
Employee share options	–	–	–	43	43
Dividends paid	–	–	–	(4,767)	(4,767)
Own shares held by EBT	–	–	–	(52)	(52)
As at 30 September 2009	**55**	**1,809**	**20**	**26,452**	**28,336**

The notes on pages 20 to 25 are an integral part of these consolidated financial statements.

Notes to the accounts
For the interim period ended 30 September 2009

1 Basis of preparation
The financial information for the year ended 31 March 2009 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 2009 have been filed with 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. The financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed financial statements should be read in conjunction with the Group's Annual Report for the year ended 31 March 2009, which have been prepared in accordance with IFRSs as adopted by the European Union. The Annual Report for the year ended 31 March 2009 is available on the Group's website.

2 Significant accounting policies
The condensed financial statements have been prepared under the historical cost convention modified to include fair valuation of derivative financial instruments.

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 2009, except for the adoption of IAS 1 Presentation of Financial Statements (Revised 2007) and IFRS 8 Operating Segments.

3 Segmental analysis
The Directors consider that the Group's 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 its Directors with additional revenue information by product. It is unable to allocate costs, assets and liabilities by product and on that basis, the Directors consider that the Group has only one segment. The Group sub-divides the single operating segment into two currency management products being 'Hedging' and 'Absolute Return' and reports its performance between two fee structures being 'management fees' and 'performance fees'. Revenue information analysing the aforementioned products is presented below:

(a) Product class

The Group's main trading activities can be split between currency management and other Group activities including consultancy.

	Six months ended 30 Sep 09 £'000	Six months ended 30 Sep 08 £'000	Year ended 31 Mar 09 £'000
Currency management income			
Active hedging			
Management fees	**5,921**	2,687	6,065
Performance fees	**–**	60	831
Passive hedging			
Management fees	**1,026**	616	1,547
Absolute Return segregated funds			
Management fees	**4,577**	9,175	18,261
Performance fees	**–**	–	–
Absolute Return pooled funds			
Management fees	**4,598**	12,160	19,688
Performance fees	**220**	604	605
	16,342	25,302	46,997
Other revenues	**50**	(4)	(201)
	16,392	25,298	46,796

(b) Geographical regions served

The geographical analysis of revenue is based on the domicile of the client. All turnover originated in the UK. All assets of the Group are located in the UK.

Other Group activities form less than 1% of the total Group income. This is not considered significant and they are not analysed by geographical region.

Notes to the accounts continued
For the interim period ended 30 September 2009

3 Segmental analysis continued
(b) Geographical regions served continued

	Six months ended 30 Sep 09 £'000	Six months ended 30 Sep 08 £'000	Year ended 31 Mar 09 £'000
Currency management income			
US and Canada	**4,320**	2,447	5,193
UK	**7,766**	16,028	27,388
Other European	**3,598**	4,584	9,249
Rest of World	**658**	2,243	5,167
	16,342	25,302	46,997
Other Group activities	**50**	(4)	(201)
	16,392	25,298	46,796

4 Share-based payments
The Group issues share awards to employees. Share options issued under the Flotation Bonus Scheme and the Group Profit Share scheme are classified as share-based payments with cash alternatives under IFRS 2. The fair value of the debt component of the amounts payable to the employee is calculated as the cash amount offered to the employee at grant date and the fair value of the equity component of the amounts payable to the employee is calculated as the market value of the share options at grant date less the cash forfeited in order to receive the share options. The debt component is charged to profit and loss over the period in which the award is earned, the equity component is charged to profit and loss over the vesting period of the option.

The Group has also issued nil cost options over a total of £400,000 worth of issued shares to two senior employees. The fair value of these options is charged to profit and loss over the vesting period of the options.

The fair value of options granted are measured at grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted.

The fair value amounts for the options issued were determined using quoted share prices.

5 Own shares
The Record plc Employee Benefit Trust (EBT) was formed under a Trust Deed dated 19 December 2007 to hold shares acquired under share awards made to employees. A total of 168,287 Ordinary Shares were acquired on 21 December 2007 under the Record plc Flotation Bonus Scheme by the Trust, a further 282,926 shares have been purchased under the Record plc Group Profit Share scheme and 383,531 shares were purchased in respect of nil cost options awarded to two senior employees. A total of 96,632 share options have vested. The EBT continues to hold 783,112 shares at 30 September 2009. 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. The EBT is consolidated in the Group financial statements.

Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group statement of comprehensive income

6 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 period attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

	Six months ended 30 Sep 09	Six months ended 30 Sep 08	Year ended 31 Mar 09
Weighted average number of shares used in calculation of basic earnings per share	**220,668,098**	221,069,397	220,878,796
Effect of potential dilution – share options	**416,830**	89,212	246,472
Weighted average number of shares used in calculation of diluted earnings per share	**221,084,928**	221,158,609	221,125,268

	pence	pence	pence
Basic earnings per share	**2.68**	4.86	8.73
Diluted earnings per share	**2.68**	4.85	8.72

The potential dilutive shares relate to the share options granted in respect of the Group's three incentive schemes i.e. the Group Profit Share scheme, the Flotation Bonus Scheme and the Share Scheme. There were 696,972 share options in place at the beginning of the period, 41,320 were exercised during the year. In June 2009, the Group granted a further 82,460 share options with a potentially dilutive effect.

7 Trade and other receivables

Other receivables as at 30 September 2009 included £1m held by Northern Trust (the Custodian of the Record Umbrella Fund) which was subsequently subscribed into the newly created Carry 250 fund on 1 October 2009. The Carry 250 fund is a sub-fund of the Record Umbrella Fund. The subscription is seed capital for the sub-fund which is expected to be redeemed in the near future once the sub-fund reaches a sufficient size.

Notes to the accounts continued
For the interim period ended 30 September 2009

8 Called up share capital

	Six months ended 30 Sep 09		Six months ended 30 Sep 08		Year ended 31 Mar 09	
	£'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 authorised and issued share capital

	£'000	Number
As at 1 April 2008		
Ordinary Shares of 0.025p each	55	221,212,513
Adjustment for own shares held by EBT	–	(480,328)
As at 30 September 2008	55	220,732,185
Adjustment for own shares held by EBT	–	(48,357)
As at 31 March 2009	55	220,683,828
Adjustment for own shares held by EBT	–	(41,140)
As at 30 September 2009	**55**	**220,642,688**

The Group has established an Employee Benefit Trust (EBT) to hold shares to be used to meet future liabilities relating to the Group's share-based compensation plans. Under IFRS the EBT is considered to be under de facto control of the Group, and has therefore been consolidated into the Group. As at 30 September 2009, the EBT held 738,112 Ordinary Shares of 0.025p in Record plc (30 September 2008: 648,615; 31 March 2009: 696,972).

9 Dividends
The dividends paid by the Group during the six months ended 30 September 2009 totalled £4,766,771 (2.16p per share) in respect of the year ended 31 March 2009. The dividends paid in the year ended 31 March 2009 totalled £10,141,982 (4.59p per share). This included a final dividend of £4,778,190 (2.16p per share) paid in respect of the year ended 31 March 2008 and an interim dividend of £5,363,792 (2.43p per share) paid on 30 December 2008.

10 Related party transactions

The Group considers parties to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The key management compensations are as follows:

	Six months ended 30 Sep 09 £'000	Six months ended 30 Sep 08 £'000	Year ended 31 Mar 09 £'000
Short-term employee benefits	**3,925**	5,457	10,947
Post-employment benefits	**175**	160	319
Share-based payment benefits	**82**	–	149
	4,182	5,617	11,415

Transactions with subsidiaries

Details of transactions between the Company and its subsidiaries, which are related parties of the Company, are shown below:

	Six months ended 30 Sep 09 £'000	Six months ended 30 Sep 08 £'000	Year ended 31 Mar 09 £'000
Liabilities settled by subsidiary on behalf of parent	**–**	–	19
Net dividends received	**4,782**	4,530	9,930

	2009 £'000	2008 £'000	2009 £'000
Amounts due to subsidiaries	**1,028**	10	28

11 Post balance sheet events

There are no post balance sheet events in the period since 30 September 2009.

Shareholder's notes

Information for shareholders

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Principal UK trading subsidiaries
Record Currency Management Limited
Registered in England and Wales
Company No. 1710736

Record Group Services Limited
Registered in England and Wales
Company No. 1927639

Further information on Record plc can be found on the Group's website: www.recordcm.com

Dates for interim dividends

First interim dividend	
Ex-dividend date	25-Nov-09
Record date	27-Nov-09
Second interim dividend	
Ex-dividend date	17-Feb-10
Record date	19-Feb-10

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