Record plc

PRESS RELEASE

16 June 2009

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009

Record plc, the specialist currency investment manager, today announces its audited results for the year ended 31 March 2009.

Financial highlights:

- Management fee income of £45.6m (up 4%)
- Performance fee income of £1.4m (down 94%)
- Pre tax profit £26.8m (down 34%)
- Continued strong balance sheet with no debt and cash of £29.8m
- 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 the year ended 31 March 2008
- Basic EPS 8.73 pence per share (2008: 12.65 pence per share)
- 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.

Operating highlights:

- Growing demand for Passive and Active Hedging Products
- Investment performance was negative for the year; although performance improved towards the end of the year
- Client numbers fell by 20 to 121 by year end 31 March 2009

* 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.

Commenting on the results Neil Record, Chairman and Chief Executive Officer of Record plc, said:

"Last year was undoubtedly a very challenging period for financial services companies and Record faced a number of challenges during this period. Unprecedented levels of volatility, and extreme risk aversion resulting in a strong anti carry trend, meant that the performance of the Absolute Return products was negative for the year, although performance improved more recently.

Against this backdrop the financial performance of the business held up well with management fees growing by 4% offset by significantly lower performance fees, pre tax profits of £26.8m and a strengthening of the balance sheet.

Looking to the current year, business has started on a positive note with the commencement of a very large Active Hedging mandate and we anticipate the signing of a second US active hedging mandate shortly. These combined mandates are estimated at $6bn (AuME)".

Analyst briefing

There will be a presentation for analysts at 9.30am, today - Tuesday 16 June 2009 - at the offices of JPMorgan Cazenove Limited at 20 Moorgate London EC2R 6DA. A copy of the presentation will be made available on the Group's website at www.recordcm.com.

For further information, please contact:

Record plc: +44 1753 852222

Neil Record
Chief Executive Officer

Paul Sheriff
Chief Financial Officer

Hogarth Partnership +44 207 357 9477

Nick Denton, Julian Walker, Vicky Watkins

Consolidated Income Statement for the year ended 31st March 2009

	2009 £'000	2008 £'000
REVENUE		
Management fees	45,561	43,987
Performance fees	1,436	22,160
Other revenue	(201)	82
TOTAL REVENUE	46,796	66,229
Cost of sales	(11)	(296)
GROSS PROFIT	46,785	65,933
Administrative expenses*	(20,928)	(26,667)
OPERATING PROFIT	25,857	39,266
Finance income	917	1,134
Finance costs	(5)	(7)
PROFIT BEFORE TAX	26,769	40,393
Taxation	(7,494)	(12,480)
PROFIT AFTER TAX	19,275	27,913
Basic earnings per share	8.73p	12.65p
Diluted earnings per share	8.72p	12.62p

*Note: comparative figure includes £1,293k of non-recurring costs related to the IPO.

Consolidated Balance Sheet as at 31st March 2009

	2009		2008	
	£'000	**£'000**	**£'000**	**£'000**
NON-CURRENT ASSETS				
Property, plant and equipment	368		611	
Deferred tax assets	146		46	
		514		657
CURRENT ASSETS				
Trade and other receivables	7,742		8,917	
Cash and cash equivalents	29,798		22,545	
		37,540		31,462
CURRENT LIABILITIES				
Trade and other payables	(7,076)		(7,191)	
Corporation tax liabilities	(3,774)		(6,356)	
Derivative financial liabilities	(13)		(23)	
		(10,863)		(13,570)
NET CURRENT ASSETS		26,677		17,892
TOTAL NET ASSETS		**27,191**		**18,549**
EQUITY				
Issued share capital	55		55	
Share premium account	1,809		1,809	
Capital redemption reserve	20		20	
Retained earnings	25,307		16,665	
TOTAL EQUITY		**27,191**		**18,549**

‘Set against the most challenging markets and economic backdrop of a generation, Record has maintained the consistency of its investment processes, and enjoyed substantial loyalty from clients. The operating profit margin remained strong at 55% and whilst AuME declined by 43%, the largest component was exchange rate differences that had no impact on fee income. Overall income was down by 29% with management fee income (excluding performance fees) up 4%’.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER’S STATEMENT

It is now a given that the events of the last twelve months, both in the world economy and in the financial services sector, have been unprecedented. Record’s challenge has been to maintain consistency in its investment approach, while dealing with the very high level of disruption in the currency markets and the understandable concerns of clients.

Record has two main investment products: Currency for Absolute Return, and Currency Hedging. Currency for Absolute Return is our main income source, accounting for 83% of client income in the year to March 2009.

Our Currency for Absolute Return product is based on our belief in two fundamental characteristics in the currency markets – the ‘carry trade’ and ‘momentum’. The carry trade is based on the observation that investing in currencies with higher real (i.e. after inflation) interest rates using lower real interest rate currencies has generated attractive excess returns over very long periods of time (30+ years). In the year on which I am reporting (but not generally), returns on the carry trade have been highly correlated with equity market returns, and have accordingly been negative. As the credit crunch has unfolded, the carry trade has become associated in the minds of investors with generalised investment risk, so that when risk-aversion reduced and the mood improved, as it did in April-July 2008 and again in February and March 2009, the carry trade generated positive returns. In August and October 2008, and again in January 2009, when extreme risk aversion dominated, the carry trade generated strongly negative returns.

We believe the behaviour of the carry trade in the credit crunch period has arisen mainly through what now appears to be a large implicit exposure to the carry trade by the banking sector. The carry trade is unusual, in that while it is widely accepted as a long-term (although volatile) source of excess return, it is hardly exploited at all by the institutional investment sector. Instead, it seems that not just the known candidates (hedge funds, currency managers like Record) exploited the carry trade going into the credit crunch, but also the world’s banking system. Then with the wholesale destruction of bank credit in the second half of 2008, there was near-panic buying of low interest currencies (particularly Yen), and similarly panic selling of high (or formerly high) interest rate currencies (Sterling, Australian Dollar, New Zealand Dollar).

Against these headwinds, our risk-control process (which exploits the momentum characteristic of the currency market) worked well. Our clients therefore experienced much lower losses and volatility of returns than they would have done without this fundamental part of our process.

However, the second half of calendar year 2008 saw another challenge – the normally highly liquid and low-cost foreign exchange markets suffered a serious blow with the collapse of Lehman Brothers, a major foreign exchange market-maker. During the four or so weeks of unresolved crisis in the banking sector in September-October, the currency market experienced the worst period of prolonged illiquidity, particularly in the forward market, that I have seen in 30 years. The illiquidity was not evidenced by low volumes – quite the contrary – but by the temporary breakdown of the network arrangements which allow market-makers to offload their currency positions cheaply and easily to other banking counterparties. The collapse of confidence in bank credit meant that many of the interconnections in the market failed, forcing banks to offset currency risk internally, much reducing transactional efficiency, and sharply increasing the costs of dealing to customers. While the immediate crisis in the foreign exchange market has now subsided, forward currency market pricing has been left with an implied credit element, which makes the selection of our counterparties, and the minimising of dealing costs to our clients a real test of our dealing team's skills.

Despite these evident challenges for our absolute return product, I am confident that Currency for Absolute Return is continuing to develop a secure place in many institutional investors' portfolios, and indeed that allocations to this asset class could be substantially increased in the coming years. In particular, we believe that 'carry' is now sufficiently established and understood to begin a transition from an 'alpha' to a 'beta'. This is investment parlance for saying that we believe that the carry trade is such a stable and persistent source of excess return, available to all investors (not just the above median half), with such strong fundamental underpinnings, that it qualifies to be an asset class, like equities, fixed income, property, etc.

As a result of the credit crunch and risk aversion of investors, risk reduction has naturally risen up the agenda of investors. This has meant that we are seeing an increasing demand for both our Passive and Active currency hedging products.

New hedging clients come to us in two ways: either they decide through longer-term analysis that currency hedging is a strategic need for their portfolio, or an event in the market (usually a strong market movement in either direction) creates an immediate tactical response. We have seen very large currency movements in the past year, so that both these routes are active sources of new hedging clients at the moment. In particular, we have signed a large US State Pension Fund for Active Hedging and anticipate the signing of a second US Active Hedging mandate shortly. These will build up over the coming year, but when the mandates are fully mature they will add approximately $6 billion to our AuME.

We are working very actively in the US, where we think there are significant opportunities to build our hedging (as well as our absolute return) client-base and it is from the US that we expect the majority of new business to come in the coming year.

Set against the most challenging markets and economic backdrop of a generation, Record has maintained the consistency of its investment processes, and enjoyed substantial loyalty from clients. Whilst AuME declined by 43%, the largest component was exchange rate differences that had no impact on fee income. Overall income was down by 29% with management fee income (excluding performance fees) up 4%. The operating profit margin remained strong at 55%.

Overall profit before tax was £26.8m and earnings per share were 8.73 pence per share. The proposed final dividend is maintained at 2.16 pence per share and together with the interim dividend takes the total dividend for the year to 4.59 pence per share.

The balance sheet has strengthened during the year with shareholders' funds rising by 47% to £27.2m and cash balances increasing by £7.3m to £29.8m. The Group has a significant regulatory capital surplus and has cash reserves equivalent to over two years operating costs.

Further detailed analysis of the results for the year can be found in the Business review.

Currency for Absolute Return is a six-year-old product for Record, which experienced very strong demand from institutional investors particularly in 2006 and 2007, and hence rapid growth in AuME over that period. At 31 March 2009, AuME for Absolute Return stood at $13.4bn (2008: $29.0bn). Whilst performance has been negative during the last twelve months and there has been a reduction in client numbers, we believe that the investment case remains strong and that there remains significant potential for growth in this product.

Active Currency Hedging is our longest-standing product, with continuous client track records since 1985. AuME at 31 March 2009 stood at $4.0bn. Recent growth in this product has been strong, although this has yet to be evident in reported AuME figures or income. We are currently experiencing increased interest and take-up in the US, as investors seek to capture and retain currency gains they have made in the past five years on international investments.

Passive Currency Hedging, at $13.0bn AuME, accounted for 41% of Group-wide AuME at 31 March 2009, but only 3% of fee income in the year ended 31 March 2009. We decided in 2006 that we did not wish to offer a stand-alone product in this low-margin sector, the exception being where the mandate is combined with either an Absolute Return or Active Hedging account. In this difficult market environment we are seeing a renewed interest in execution only Passive Hedging where higher fee rates can be achieved.

Investment philosophy

Our investment philosophy is now well established. We believe that long-term returns for investment clients in the currency market are only reliably available by exploiting long-term and persistent inefficiencies. By contrast, while there are undoubtedly short-term currency market anomalies that appear and disappear (as in all markets), we do not aim to use these to add value for our clients, since we believe our ability as a firm to do this consistently over long horizons is low. We have maintained this philosophy in the face of extraordinarily volatile and disrupted market conditions, and we intend to continue to do so.

At the core of our philosophy, we recognise and exploit two currency market inefficiencies (I use the term in the sense of ‘opportunities’) – ‘carry’ and ‘momentum’. I have already discussed these above. We also recognise a third inefficiency – ‘mean reversion’ – which we also think is a stable inefficiency. Many ‘fundamental’ currency managers aim to exploit long-term mean-reversion, but we take the view that the variability of the currency valuation cycle length, and the stretchiness of the ‘elastic band’ that pulls currencies back to ‘fair value’, are both factors which make exploiting this inefficiency very difficult. Instead, we exploit mean reversion at the other end of the horizon spectrum (i.e. a month or less) in a small part of our portfolio to act as a diversifier to the two main processes.

Our Active Hedging product uses primarily one inefficiency – momentum – to allow our clients to effectively insure their portfolios against adverse currency moves in a very efficient and low-cost manner. We do not generally exploit carry in our hedging products.

Investment performance

The year ending 31 March 2009 has been one of negative performance for our Currency for Absolute Return product. Expressed as a % of underlying assets with no gearing (‘gearing one’ basis), the excess return of our segregated composite was (3.5%).

The negative return was substantially accounted for by ‘anti-carry’ behaviour in the currency market. If we measure this performance against a ‘currency carry’ benchmark, a comparable long-term volatility benchmark would have shown a (5.6%) return. This illustrates that our clients did not suffer anything like as much as they would have done had we not employed our active risk-management process.

We maintain a range of pooled funds, which enable clients to treat Currency for Absolute Return like an asset class – i.e. to invest in a Unit Trust, and have no further administrative commitments or financial liability. The currency excess return of these funds (which range in ‘gearing’ from 2.5 to 7 times the ‘gearing one’ product, and whose expected volatility ranges between 10% and 28% p.a.) are as follows:

Annual Returns of Record Umbrella Currency Funds; year to 31 March 2009			
Fund Name	***Gearing***	***Annual Return %***	***Volatility since inception % p.a.***
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

*Included for comparison to global equities

We have maintained the daily liquidity of pooled funds even in the darkest days of September and October 2008, and this has enabled both those clients who believe that the carry trade has gone away (either temporarily or permanently) to exit our funds quickly and at no cost; and also those who believe in long-term mean reversion to enter, also quickly and at no cost.

Aligned Incentives

Record operates a profit share scheme whereby 30% of operating profits are distributed between all members of staff. Every member of staff is entitled to a profit-share, and the distribution amongst the staff is determined by each members' profit-share 'units' and their salary. These are determined in a formal six-monthly or annual process. There are no other incentive scheme arrangements across the group, save for the Record Share Scheme under which awards are made on an ad hoc basis.

The Board is actively reviewing its succession-planning arrangements, and we believe that it is vital that the next generation of management are appropriately incentivised through long term share ownership, not just as receivers of profit-share payments. The Remuneration Committee has proposed certain changes to the existing scheme that seek to further align the interests of management with those of shareholders through a significant proportion of future profit share payments being share-based. It is proposed to maintain the overall cost of the profit share scheme at 30% of operating profits over the medium term.

Board changes and Personnel

During the year there was one change to the Board, with Paul Sheriff joining as Chief Financial Officer on 1st December 2008. Paul was previously Group Finance Director at Arbuthnot Banking Group PLC, and prior to this was Commercial Finance Director for Prudential's UK & European operations. I am delighted to welcome Paul to the Board and look forward to his contribution to the future success of Record.

Mike Timmins left the Board and retired on 30th November 2008. Mike joined Record in 1992 as the Finance Director of what was then a small private company. He quickly established a very well managed finance department, and was a vital part of the small management team that worked over the next 17 years to establish Record as a key player in the currency asset management sector. I am personally grateful to Mike for his support to me and the company over this period, and I wish him well in his retirement.

Peter Wakefield, Chief Operating Officer, has indicated that he wishes to retire from Record to pursue other interests outside Financial Services. He will be leaving the Board on 28 August 2009. The Board has decided that the activities of the Chief Operating Officer will be split between the Chief Financial Officer and the Chief Investment Officer.
Peter joined Record in 1999, and quickly became expert in all our currency products, building strong relationships with investment consultants and clients. He led the development of the

pooled funds and was a key part of the IPO team in 2007. His good judgement and sharp intelligence will be missed.

The Board has recognised the need for a third Non-executive Director, and the process to indentify an appropriate candidate is well advanced. The Board anticipates making an announcement in the near future.

In addition to the Board changes outlined above, the senior management team has been strengthened over the last year, particularly in the client team with the addition of two senior staff-members, James Wood-Collins, who joins us from JP Morgan Cazenove, and Adrian Jackson from Russell Investment Group.

On behalf of the Board I extend our thanks to all staff for their commitment to the business and their hard work in this very difficult environment.

Group strategy and growth plans

Record has seen strong growth over the last five years, particularly in investors seeking to generate a return through currencies. We see this continuing and envisage significant opportunities arising as a result of the turmoil in the financial markets. The Board are seeking to position Record to exploit opportunities as and when they arise.

In these challenging markets, we are seeing an increased focus on balance sheet risk management. Sterling investors (and to a lesser extent US Dollar investors) that have been passively hedged have seen significant cash outflows, while those investors that were unhedged have seen significant currency gains on international portfolios that they wish to protect. Investors are looking at alternative solutions to these two extremes and we believe that Record's Active Hedging product is well positioned to exploit any opportunities that arise

Record believes the currency carry trade to be an investable product that over 30 years would have delivered a total return comparable to that of global equities and superior to that of global bonds, at volatility comparable to bonds and superior to equities. Long-term correlations between a 'carry' index and either equities or bonds are low. We believe that this qualifies currency 'carry' to be an asset class in its own right. Record intends to launch a 'beta' product that tracks a measurable index later in the year, and to widen the range of return-seeking products it offers to give potential investors the fullest range of ways to invest in this asset class.

Clients continue to approach Record with specific and varied currency requirements. In order to deliver tailored solutions to clients, we continue to invest in people and systems that enable Record to offer the appropriate services.

We also believe that the next twelve months will see investors re-assess investment allocations and believe that currency could be a beneficiary. The Board also continues to position Record to benefit from developing interest in emerging market currencies.

In conclusion, I am grateful to our stakeholders – staff, shareholders and clients - for their loyalty to Record in this most difficult of the 25 years that Record has been in existence. The board remains committed to the programme that I have set out, and believes that the opportunities for those specialist asset managers that survive the current turmoil will be very exciting indeed.

Neil Record

Chairman and Chief Executive Officer

Business review

This was a very challenging year for the Group, which saw AuME (US$) decrease by 43%, fee income decrease by 29% and profit before tax decrease by 34%. AuME measured in Sterling fell by a lower amount of 21% and management fee income increased by 4%.

Overview of financial year to 31 March 2009 (FY09)

The twelve months to 31 March 2009 was a very challenging period in the history of the Group with currency markets exhibiting unprecedented levels of volatility and a period of strong anti-carry behaviour. The Absolute Return products saw negative performance for the year as a whole, although performance improved in the final quarter of the year and was positive in the final month. The Group saw significant falls in AuME, client numbers, fee income and operating profit. Management fee income saw a small increase and AuME when measured in Sterling saw a smaller decline. The balance sheet of the Group remained strong with substantial cash and capital resources available to the Group.

AuME movements result both from factors within Record's control and external factors. External factors include the Sterling/USD exchange rate and the underlying asset value (usually equities) on which hedging mandates are based. External factors accounted for 57% of the fall in AuME during the year.

Summary of highlights

- $31.5bn AuME at 31 March 2009 was 43% lower than the prior year.
- AuME in Sterling decreased to £22.0bn at 31 March 2009, 21% lower than at 31 March 2008.
- Client numbers decreased to 121 at 31 March 2009, 14% lower than at 31 March 2008.
- Management fee income of £45.6m was 4% higher than the previous year.
- Performance fee income of £1.4m was 94% lower than the previous year.
- Operating profit margin to 31 March 2009 of 55% compared to 61% (ex-IPO costs) for the year ended 31 March 2008.
- Basic EPS decreased to 8.73p compared to 12.65p for the year to 31 March 2008.
- Proposed final dividend for the six months to 31 March 2009 is 2.16p per share. Total dividend for the year 4.59p per share.

The Key Performance Indicators are:

KPIs	**2009**	**2008**
• AuME at 31 March – US Dollars	$31.5bn	$55.7bn
• AuME at 31 March - Sterling	£22.0bn	£28.0bn
• Currency Alpha Composite*	(3.49%)	(2.39%)
• Client numbers at 31 March	121	141
• Number of employees at 31 March	62	54
• Operating costs**: management fees cover	4.6 times	5.0 times
• Total remuneration : total revenue cover	2.8 times	3.0 times
• Operating profit margin (ex IPO costs)	55%	61%
• Profit Before Tax	£26.8m	£40.4m
• Basic EPS	8.73 pence	12.65 pence

* Currency Alpha Composite – an investment return track record generated by the aggregation of all standard segregated track records for Record's Currency for Absolute Return product. The Currency Alpha Composite is asset-weighted, based on AuME for each account. At 31 March 2009, there were 18 accounts and $6.8 billion in assets in the Currency Alpha Composite.

** excluding related profit share and IPO costs

Results for FY09

The following key performance indicators confirm the challenging environment that the Group has encountered during the financial year to 31 March 2009:

AuME – decreased by $24.2 billion (down 43%) during the year. AuME decreased across all products with the most significant reductions in the Absolute Return products. The largest component of the decrease is due to the significant changes in the USD/Sterling exchange rate. This exchange rate has limited impact on income as the majority of mandates are Sterling denominated. AuME when measured in sterling decreased by £6.0bn (down 21%).

Client numbers – this represents the number of separate legal entities that have invested in a Record fund or appointed Record directly as an investment manager. Each entity may have more than one mandate. The number of clients at 31 March 2009 was 14% lower than at the previous year end.

Number of employees – the number of employees increased from 54 to 62 during the year to 31 March 2009. This is an increase of 15% due to the continued strengthening of the research, trading and support services teams. Overall employee costs when compared to the level of income and profit before tax indicates the low level of fixed costs.

Operating costs to management fees – the movement in AuME and increase in operating costs resulted in a small reduction in the cover of management fees to operating costs to 4.6 times (2008: 5.0 times).

Total remuneration to revenue – the operational leverage experienced a small reduction in the ratio of total remuneration costs to revenue which for the year to 31 March 2009 was 2.8 times covered (2008: 3.0 times).

Operating profit margin – a combination of significantly reduced performance fees, marginally higher costs, and a reduced profit share cost resulted in the operating profit margin reducing to 55% for the year to 31 March 2009 (2008: 61% ex IPO costs).

Basic EPS – the decrease in revenues is reflected in the Group's earnings per share decreasing to 8.73p per share (2008: 12.65p per share).

AuME

The fall in AuME of $24.2bn in the 2009 financial year is analysed in the chart below:

AuME Movement in the year ended 31 March 2009	
	$ billion
AuME at 31 March 2008	**$55.7**
Net client inflows/(outflows)	($6.2)
Investment performance impact	($4.1)
Equity market impact	($3.5)
Foreign exchange impact	($10.4)
AuME at 31 March 2009	**$31.5**

The Group has seen net outflows of $6.2bn from clients including a $1.6bn inflow from new clients. Other movements included:

(i) A fall of $10.4bn due to changes in exchange rates over the period, which affects the conversion of non-US Dollar mandate sizes into US Dollar AuME. NB this does not have an equivalent impact on the Sterling value of fee income.

(ii) A fall of $4.1bn due to investment performance in the Group's pooled funds, which is compounded on a geared basis into the AuME in those funds.

(iii) A fall of $3.5bn related to the levels of global stock and other markets as many mandate sizes are linked to stock and other market levels.

Of these movements, (i) and (iii) are outside the control of the Group.

When expressed in Sterling, AuME in the 2009 financial year fell by 21% to £22.0bn (2008: £28.0bn). This fall is more representative of the impact of AuME on underlying management fee income with 74% of mandates being denominated in Sterling, 9% being denominated in US Dollars, 9% being denominated in Swiss Francs and 8% being denominated in Euros.

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. As widespread risk aversion continued, lower interest rate currencies continued to increase in value compared to higher interest rate currencies as institutions and individuals closed 'carry trade positions', leading to 'anti-carry' trends in many currency pairs. These trends took spot rates in many currency pairs to levels far from long-term averages. As a result, and despite the built-in risk controls, the Trend/FRB strategy produced a negative return over the period.

Incremental to losses from the Trend/FRB strategy, were losses arising from the Range Trading strategy which runs in parallel with the Trend/FRB strategy. This strategy relies on certain currency pairs trading in a narrow range to each other, and has the advantage of generally being uncorrelated to the return from the Trend/FRB strategy. Whilst this proved to be the case between April and September 2008, in October 2008 the extreme currency volatility disrupted the range-trading of even historically reliable currency pairs, such that losses were sustained.

Although the market has been challenging during the period for investors generally, we are confident that the fundamental principles underlying the Trend/FRB strategy and the Range Trading strategy still exist in the foreign exchange markets. In particular, with respect to the Trend/FRB strategy, we believe that the core contributors to this return will be as prevalent over the foreseeable future as they have been over most of the past thirty years. Once the FRB reasserts itself in the foreign exchange markets, we are confident that investment performance will improve.

Product Range

The AuME decreased through the year for all products. The Absolute Return* product decreased by $15.6bn, a 54% decrease during the year. Record's Absolute Return products are offered on either a segregated mandate basis or through pooled funds, where clients subscribe for units in funds for which Record is the distributor and investment manager. The most notable AuME decline was in pooled funds that generally have a higher level of gearing (down 66% in the period). A further fall in AuME is anticipated in the short term for segregated mandates as a result of the loss of a major client announced in May 2009.

* The Absolute Return product involves Record entering into currency contracts with the objective of generating positive returns.

Active Hedging** mandates benefitted from net client inflows of $0.9bn. However this was offset by a combination of the movement in the Sterling/USD exchange rate and the fall in value of the underlying assets (typically international equities) that the hedging programme is established to hedge against. The aggregate of these movements is a fall in AuME of $1.0bn (a 20% decrease) in the year. Indications are that certain groups of investors may be seeking to protect existing gains or limit currency risk on portfolios denominated in currencies other than their base currencies by choosing to hedge their currency exposures actively rather than passively. If these indications are sustained and translate into new client business for Record, the Active Hedging AuME is likely to increase in both absolute and proportional terms. Record has signed a US Active Hedging mandate that it anticipates will grow beyond $4 billion over the next twelve months and commenced the programme in May 2009. A further

US Active Hedging mandate has been secured and it is anticipated that this mandate will be signed in the coming months.
** The Active Hedging product seeks to eliminate the negative impact of currency movements on an investment portfolio that is not denominated in the client's base currency but does not resist the beneficial impacts.

Passive Hedging*** AuME decreased by $5.3bn (a 29% decrease in the year). This decrease was principally the result of a combination of the movement in the Sterling/USD exchange rate and the fall in value of the underlying assets (typically international equities) that the hedging programme is established to hedge against. A number of passive mandates are linked to overall programmes under which an additional Absolute Return or Active mandate incorporates an element of Passive Hedging.

*** The Passive Hedging product seeks to eliminate fully the economic impact of currency movements on an investment portfolio that is not denominated in the client's base currency.

AuME by product				
AuME $ billions	**31-Mar-09**		**31-Mar-08**	
Absolute Return - segregated	8.3	27%	14.1	25%
Absolute Return - pooled	5.1	16%	14.9	27%
Sub-Total Absolute Return	13.4	43%	29.0	52%
Active Hedging	4.0	13%	5.0	9%
Passive Hedging	13.0	41%	18.3	33%
Cash	1.1	3%	3.4	6%
Total	**31.5**	**100%**	**55.7**	**100%**

AuME by product				
AuME £ billions	**31-Mar-09**		**31-Mar-08**	
Absolute Return - segregated	5.8	27%	7.1	25%
Absolute Return - pooled	3.5	16%	7.5	27%
Sub-Total Absolute Return	9.3	43%	14.6	52%
Active Hedging	2.8	13%	2.5	9%
Passive Hedging	9.1	41%	9.2	33%
Cash	0.8	3%	1.7	6%
Total	**22.0**	**100%**	**28.0**	**100%**

The overall product mix, whilst being 43% of AuME from the Absolute Return products (2008: 52%) has become more diversified during the year with Hedging AuME growing to 54% of AuME (2008: 42%). Both Absolute Return and Active Hedging, which together represent 56% of AuME (2008: 61%), are higher margin products compared to Passive Hedging. Absolute Return pooled funds made up 16% of AuME (2008: 27%) and Absolute Return segregated funds 27% of AuME (2008: 25%).

Client Numbers

At 31 March 2009 Record had 121 clients. The Group has experienced a sustained period of growth in client numbers over the previous three financial years with client numbers growing from 31 as at 1 April 2005 to 141 as at 31 March 2008. The net decline in client numbers in the 2009 financial year (minus 20) leaves client numbers higher than 31 March 2007 (89).

Client numbers by product		
	31-Mar-09	**31-Mar-08**
Absolute Return - segregated	20	27
Absolute Return - pooled	87	106
Sub-Total Absolute Return	107	133
Active Hedging	4	5
Passive Hedging	10	3
Total	**121**	**141**

The client losses were particularly prevalent in the pooled Absolute Return product, with clients down from 106 to 87 in the year. The pooled fund structure enables smaller clients to access the investment process and as a result there is a greater number of clients of a smaller average size than with segregated accounts. One of the features of the pooled funds is to provide daily liquidity to investors. This daily liquidity is believed to have been a contributory factor for certain investors' disinvestments.

Substantially all of Record's clients are wholesale investors with corporate and public pension funds collectively representing 77% of the Group's AuME at 31 March 2009.

AuME by Client type				
AuME $ billions / %	**31-Mar-09**		**31-Mar-08**	
Government & Public funds	15.4	49%	24.6	44%
Corporate Pension funds	9.0	28%	19.2	35%
Foundations & Investment funds	7.1	23%	11.9	21%
Total	**31.5**	**100%**	**55.7**	**100%**

AuME by Client location				
AuME $ billions / %	**31-Mar-09**		**31-Mar-08**	
UK	14.4	46%	32.0	58%
Europe (excluding UK)	13.3	42%	17.8	32%
North America	2.0	6%	3.5	6%
Rest of the World	1.8	6%	2.4	4%
Total	**31.5**	**100%**	**55.7**	**100%**

Gearing

The Absolute Return product allows clients to pick the level of exposure they desire in the currency programme. The pooled funds offer clients the ability to be 2.5, 3.5, 5, 6 or 7 times geared with Sterling, US Dollars or Euros as the base currency. The segregated mandates allow clients individually to pick the level of gearing.

The level of gearing has a direct impact on the level of volatility to which the investment will be exposed. A seven times geared fund should anticipate volatility of 28%, compared to a 2.5 times geared fund volatility of 10%. An equity portfolio, by comparison, typically has a volatility of around 15%.

This level of gearing obviously impacts the returns that clients have experienced and this has been particularly relevant in an environment of predominantly negative returns. Certain segregated clients, with low levels of gearing (less than 1 times in some instances), have seen relatively modest losses in absolute terms when compared to other asset classes. Conversely, pooled clients in the higher geared funds have seen significant losses that have increased their propensity to redeem their investment.

Financial review

Total revenue decreased by 29% to £46.8m, principally due to the significant reduction in performance fees. Total expenditure (excluding IPO costs) decreased by 18% to £20.9m through a reduction in the Group Profit Share cost. Profit before tax decreased by 34% to £26.8m.

£'000	**FY09**	**FY08**
Management fees	45,561	43,987
Performance fees	1,436	22,160
Other revenue	(201)	82
Total revenue	**46,796**	**66,229**
Personnel (excluding Group Profit Share Scheme)	(5,628)	(5,101)
Non-personnel cost	(4,220)	(3,740)
Total expenditure (excl. Group Profit Share Scheme)	**(9,848)**	**(8,841)**
Group Profit Share Scheme	(11,091)	(16,829)
Operating profit before IPO costs	**25,857**	**40,559**
%	***55.3%***	***61.2%***
Non recurring IPO costs	-	(1,293)
Net interest received	912	1,127
Profit before tax	**26,769**	**40,393**
Tax	(7,494)	(12,480)
Profit after tax	**19,275**	**27,913**

Fees

Over a three year period, the growth in the number of clients and increase in AuME has driven the growth in total fee income, which was equal to a compound annual growth rate of 61% for the period 1 April 2006 to 31 March 2009. In the financial year ended 31 March 2009, the fall in the number of clients and the associated decline in AuME together with a significant reduction in performance fees have driven a decline in total fee income of 29%. Excluding performance fees, management fees increased by 4%.

Record charges fees to its clients based upon the AuME of the product provided. 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 have 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 existing arrangement together with a ‘high water mark’ at inception of the mandate. It is anticipated that all pooled clients who currently pay management fees only will take up this offer.

Average management fee rates by product – (bps*)		
Product	**FY09**	**FY08**
Absolute Return:		
- pooled	29.8	30.0
- segregated	27.2	25.3
Absolute Return – combined average	**28.5**	**27.9**
Active Hedging	**20.6**	**22.5**
Passive Hedging	**1.7**	**1.3**
Composite average fee rate	**17.1**	**16.3**

*bps = basis points which are 100th of one percentage point

(Achieved average management fee rates = fees earned in period / average AuME through period)

Both management fees and performance fees are normally invoiced on a quarterly basis, although Record invoices management fees for some of its larger clients on a monthly basis. Performance fees 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. Record charges similar fees for both segregated and pooled Absolute Return mandates.

Total fee analysis		
Fees £m	**FY09**	**FY08**
Management	45.6	44.0
Performance	1.4	22.1
Other	(0.2)	0.1
Total	**46.8**	**66.2**

Management Fees

Management fee income during the 2009 financial year was £45.6m (2008: £44.0m). The table below shows strong growth in both Hedging products, with management fee income attributable to Active Hedging up 27% in the period and Passive Hedging up 36%. The management fee income attributable to the Absolute Return product is down 0.3% to £38.0m. Whilst management fee income has actually increased for the year as a whole, there was a softening of management fee income in the second half in the Absolute Return pooled funds that saw a significant fall in AuME, partially offset by increased management fee income across the Hedging products.

Management fee by product (excluding performance fees)		
Fees £m	**FY09**	**FY08**
Absolute Return - segregated	18.3	16.0
Absolute Return - pooled	19.7	22.1
Sub-Total Absolute Return	38.0	38.1
Active Hedging	6.1	4.8
Passive Hedging	1.5	1.1
Total	**45.6**	**44.0**

Performance Fees

Performance fees earned in the year were £1.4m compared with £22.1m in the previous year (a decrease of 94%). Performance fee structures apply primarily to Absolute Return mandates. Clients may choose between management fee only structures or lower management fees with performance fee structures. The balance is evenly split between management fee only clients and management fees with performance fee clients. It is anticipated that the majority of pooled fund clients will take up the offer to move from management only fees to management plus performance fees whilst maintaining a 'high water mark' at inception of the mandate. This would result in a significantly higher proportion of management plus performance fee mandates.

Group Profit Share Scheme

The Group operates a Group profit share scheme such that 30% of operating profit before interest, tax and profit share is made available to be awarded to employees.

Operating margin

The operating profit for the financial year ended 31 March 2009 of £25.9m was £14.7m lower than the operating profit for the previous financial year (2008: £40.6m - before IPO costs of £1.3m). The Group achieved an operating profit margin of 55% for the financial year ended 31 March 2009 (61% in 2008 ex IPO costs). This results principally from lower fee income offset by a reduction in group profit share.

During the financial year ended 31 March 2009, total operating expenditure (ex IPO costs in financial year ended 31 March 2008) of the Group decreased by £4.7m to £20.9m, a decrease of 18%. This results from a £1.0m increase in expenditure offset by a £5.7m reduction in the group profit share scheme.

Personnel

In order to support the growth of the business over the previous three years, the number of employees in the Group has increased to 62 at 31 March 2009 from 54 at 31 March 2008. The key areas of growth have been the research, trading and support services teams.

The recruitment process has been carefully structured to ensure that the right people are recruited to the Group, and this continues with a comprehensive induction programme for all new joiners to facilitate their introduction to Record. With staff retention being a key HR strategy, staff turnover has again been very low this year (6%) which includes the retention of all newly recruited staff. An improved performance review and objective setting process, personal development planning including the development of career paths, together with the continuation of our open and involving office culture, are all key priorities in the development and retention of our staff. In addition the Group Profit Share Scheme facilitates acquisition of equity in the Company by staff, improving both motivation and retention.

Personnel costs (excluding Group Profit Share Scheme) increased to £5.6m which represented a 10% increase on the previous year. Of the net increase of eight staff during the year, two were in investment research, two were in trading, one in client services and the balance of three in the support services of IT, compliance, finance and legal. The Group profit share scheme is currently 30% of pre-profit share EBIT and decreased to £11.1m from £16.8m in the previous financial year. This represents a year on year decrease of 34% compared with a 29% year on year decrease in total fee income.

Cash flow

The Group's ability to generate cash has remained strong. The Group generated £7.3m of net cash flow during the financial year ended 31 March 2009. The cash generated from operations before tax was £27.2m, £10.2m was paid in taxation and £10.1m was paid in dividends. At 31 March 2009 the closing cash and cash equivalents was £29.8m.

Capital management

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 built a financial model to assist it in estimating future capital requirements over a four-year time horizon under various scenarios. The Group has no debt. Shareholders funds were £27.2m at 31 March 2009 (2008: £18.5m).

Regulatory capital

The Group has an established process for reviewing and amending its Internal Capital

Adequacy Assessment Process ('ICAAP'). The process involves an active risk-based approach to monitoring and managing risks, and ensuring that it maintains a minimum amount of capital to cover those risks. At 31 March 2009 Record had Tier 1 capital of £18.5m which provided excess regulatory capital throughout the year. The Group's capital resources were comfortably in excess of the regulatory requirements throughout the year.

Dividends

An interim dividend of 2.43p per share was paid on 30 December 2008 in respect of the six months to 30 September 2008. The Board has recommended maintaining a final dividend of 2.16p per share, equivalent to £4.8m. This would take the overall dividend to 4.59p per share, representing a 53% payment of profits after tax for the year ended 31 March 2009.

Subject to shareholder approval, the dividend will be paid on 5 August 2009 to shareholders on the register on 26 June 2009, the ex-dividend date being 24 June 2009.

Regulatory environment

Record Currency Management Limited ('RCML') is authorised and regulated in the UK by the Financial Services Authority. RCML is additionally registered as an Investment Adviser with the Securities and Exchange Commission in the United States and in the category of International Adviser (Investment Counsel & Portfolio Manager) with the Ontario Securities Commission in Ontario.

The ICAAP came into effect on 1 January 2008 involving the Group's assessment of its key risks and how much capital it needs in respect of those risks. The Group holds a significant capital surplus over the regulatory requirement.

Risk management

The Board recognises that risk is inherent in all business, markets and instruments in which the Group operates and therefore places high priority on ensuring there is a strong risk management culture within the Group. Effective risk management and strong internal controls are central to the Group's business model and during the year the Group has made further progress in developing this framework.

The Audit Committee was established to provide oversight and independent challenge in relation to internal control and risk management systems and procedures. The compliance director is responsible for ensuring compliance with appropriate legal and other regulatory standards, and for internal risk review of operational processes. Additionally, Mazars LLP were appointed during the course of the financial year to provide ongoing additional assurances in respect of Record's Internal Controls arrangements.

The Board has established a Risk Management Committee which is chaired by the Chief Operating Officer and has the Chief Financial Officer, the Head of Operations, the Head of Portfolio Management and the Compliance Director as members. The Committee reviews existing and new risks, and the incidence and nature of any operational errors with the objective of ensuring that adequate systems and controls are in place to minimise and preferably eliminate such errors and their impact on both the Group and its clients.

The Group appointed Grant Thornton UK LLP as the reporting accountant for its Audit and Assurance 01/06 (AAF) report. There are two types of assurance engagements associated with the framework: "reasonable" assurance engagements and "limited" assurance engagements. The Group undertakes the higher standard of "reasonable" assurance engagements.

Below we summarise the Group's principal risks.

Investment process and performance

The Group is paid by its clients to generate positive investment performance over the medium and long term by taking investment risk on their behalf. Any sustained period of poor investment performance reduces the value of the AuME in the Group's pooled funds, and could lead to mandate terminations by clients, to loss of confidence in the Group's investment model by clients, potential clients, and the investment consultants who advise them.

Operational risk management

Operational risk is the risk of loss to the Group resulting from inadequate or failed internal processes and/or systems, or from external events impacting on its processes and/or systems.

In general, Record seeks to mitigate operational risks by implementing a strong control environment and actively managing these risks through the work of the Risk Management Committee. Record additionally prepares an annual AAF 01/06 report. The contents of this report, which have been independently reviewed and tested by Grant Thornton UK LLP, provide assurances of the Group's procedures and controls to mitigate operating risk.

The Group's investment processes are at the day-to-day level systematic and non-discretionary in nature. The systematic process is implemented by a proprietary IT system (ROMP) which prompts trades that are executed by a dedicated trading team without discretion. ROMP therefore controls the trading to ensure that portfolios are both within the investment guidelines agreed with clients and within the structure dictated by the investment process. A dedicated portfolio management team oversee investment process and provide post-trade compliance assurances whose reports are also part of the ROMP system. The Group is consequently exposed to the risk of a failure of ROMP or other IT systems. The Group has an in-house IT team dedicated to the support and development of ROMP.

The Group has developed comprehensive disaster recovery and business contingency plans, and reviews these regularly. These cover scenarios from server failure to destruction of the Group's offices. All server and network components are designed for disaster recovery. Alternative office facilities and equipment are available at a disaster recovery provider should the premises be compromised. Disaster recovery procedures are tested on a regular basis at the site of the disaster recovery provider.

Credit and market risks

The Group is exposed to credit risk in respect of the cash it holds on deposit with banks, and to market risk with respect to the exchange rates at which it converts its non-Sterling income into Sterling.

The Group has adopted a credit risk policy to manage its credit risks, under which it keeps its cash on deposit with at least two A1/A+ or better rated banks at any one time. The Group has adopted a policy of hedging its non-Sterling income from the moment of invoice until the anticipated date of receipt, by using forward fixed rate currency sales contracts.

The Group regularly reviews these two policies to ensure that they remain appropriate to its business and to market conditions as these evolve.

Staffing

The Group's success depends partly on its ability to attract, motivate and retain highly-skilled personnel. Loss of key personnel could impact on the management of the Group and/or lead to a loss of AuME.

The Group's investment process is steered by an Investment Committee of three, and managed on a day-to-day basis by a systematic process which is not reliant on any individual employee. In addition, all clients have two contact points to ensure continuity in the client relationship.

The Group also seeks to retain staff through competitive pay and benefits packages, through deferred and/or 'locked-in' share ownership arrangements, and by developing a collaborative and enjoyable working environment and ethos.

The Company considers that its remuneration policy, and in particular the operation of the Group Profit Share Scheme, promotes effective risk management.

Distribution

The Group's products are distributed predominantly with the support of the investment consultancy businesses of the major actuarial firms. The Group is consequently exposed to loss of confidence within these firms in the management of the Group, in its investment processes, or in currency management in general.

The Group devotes considerable senior management time and effort to its relationships with the investment consultancy firms that are important to it, to ensure that developments within the Group and in its investment research and processes are understood by these firms.

The Group is also developing distribution through other channels, such as third-party marketing and manager of managers' structures.

Reputation

Many of the risks noted above could also be affected by, or could themselves affect, the wider reputation of the Group. The Group seeks to maintain its strong reputation at all times, particularly by treating its clients and other business contacts fairly and with high levels of client service; and by recruiting high calibre staff who act upon the Company's intentions in this regard at all times.

The new financial year

The challenging business environment is reflected in the financial performance for the year to 31 March 2009. Progress has been made in strengthening the management team, continued development of risk management processes and strengthening of internal controls within the Group. The Group continues to invest in enhanced processes and systems that will position the business to benefit when market conditions improve.

There are particular opportunities in the current environment for the Group's Active Hedging product and this is demonstrated through the commencement of a $4bn US mandate. The Group is committed in its fundamental belief in the forward rate bias and anticipates the resumption of positive returns from this investment strategy.

RECORD PLC

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £'000	2008 £'000
REVENUE			
Management fees		45,561	43,987
Performance fees		1,436	22,160
Other revenue		(201)	82
TOTAL REVENUE	3	46,796	66,229
Cost of sales		(11)	(296)
GROSS PROFIT		46,785	65,933
Administrative expenses*		(20,928)	(26,667)
OPERATING PROFIT	4	25,857	39,266
Finance income		917	1,134
Finance costs		(5)	(7)
PROFIT BEFORE TAX		26,769	40,393
Taxation	7	(7,494)	(12,480)
PROFIT AFTER TAX		19,275	27,913
Basic earnings per share	8	8.73p	12.65p
Diluted earnings per share	8	8.72p	12.62p

*Note: comparative figure includes £1,293k of non-recurring costs related to the IPO.

RECORD PLC

GROUP BALANCE SHEET AS AT 31 MARCH 2009

	Notes	**2009**		**2008**	
		£'000	**£'000**	**£'000**	**£'000**
NON-CURRENT ASSETS					
Property, plant and equipment	11	368		611	
Deferred tax assets	16	146		46	
			514		657
CURRENT ASSETS					
Trade and other receivables	13	7,742		8,917	
Cash and cash equivalents	14	29,798		22,545	
			37,540		31,462
CURRENT LIABILITIES					
Trade and other payables	15	(7,076)		(7,191)	
Corporation tax liabilities	15	(3,774)		(6,356)	
Derivative financial liabilities	15	(13)		(23)	
			(10,863)		(13,570)
NET CURRENT ASSETS			26,677		17,892
TOTAL NET ASSETS			**27,191**		**18,549**
EQUITY					
Issued share capital	17	55		55	
Share premium account		1,809		1,809	
Capital redemption reserve	18	20		20	
Retained earnings		25,307		16,665	
TOTAL EQUITY			**27,191**		**18,549**

RECORD PLC

COMPANY BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009		2008	
		£'000	£'000	£'000	£'000
NON-CURRENT ASSETS					
Investments	12		30		30
CURRENT ASSETS					
Trade and other receivables	13	3		21	
Cash and cash equivalents	14	2,018		2,129	
			2,021		2,150
CURRENT LIABILITIES					
Trade and other payables	15	(28)		(10)	
Corporation tax liabilities	15	(18)		(18)	
			(46)		(28)
NET CURRENT ASSETS			1,975		2,122
TOTAL NET ASSETS			**2,005**		**2,152**
EQUITY					
Issued share capital	17	55		55	
Share premium account		1,809		1,809	
Capital redemption reserve	18	20		20	
Retained earnings		121		268	
TOTAL EQUITY			**2,005**		**2,152**

RECORD PLC

GROUP STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total shareholder's equity
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2008	**55**	**1,809**	**20**	**16,665**	**18,549**
Profit for the year	-	-	-	19,275	19,275
Employee share options	-	-	-	88	88
Dividends paid	-	-	-	(10,142)	(10,142)
Own shares held by EBT	-	-	-	(579)	(579)
As at 31 March 2009	**55**	**1,809**	**20**	**25,307**	**27,191**

GROUP STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total shareholder's equity
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2007	55	1,636	20	13,172	14,883
Profit for the year	-	-	-	27,913	27,913
Employee share options	-	-	-	1	1
Dividends paid	-	-	-	(24,151)	(24,151)
Issue of Shares	-	173	-	-	173
Own shares held by EBT	-	-	-	(270)	(270)
As at 31 March 2008	55	1,809	20	16,665	18,549

COMPANY STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total shareholder's equity
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2008	**55**	**1,809**	**20**	**268**	**2,152**
Profit for the year	-	-	-	9,995	9,995
Dividends paid	-	-	-	(10,142)	(10,142)
As at 31 March 2009	**55**	**1,809**	**20**	**121**	**2,005**

COMPANY STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total shareholder's equity
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2007	55	1,636	20	143	1,854
Profit for the year	-	-	-	24,276	24,276
Dividends paid	-	-	-	(24,151)	(24,151)
Issue of Shares	-	173	-	-	173
As at 31 March 2008	55	1,809	20	268	2,152

RECORD PLC

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	2009		2008	
	£'000	**£'000**	**£'000**	**£'000**
Profit after tax	19,275		27,913	
Adjustments for:				
Corporation tax	7,494		12,480	
Finance income	(917)		(1,134)	
Finance expense	5		7	
Loss on disposal of property, plant and equipment	-		1	
Depreciation of property, plant and equipment	363		313	
Share-based payments expense	-		1	
		26,220		39,581
Changes in working capital				
Decrease/(Increase) in receivables		1,038		(753)
(Decrease)/Increase in payables		(27)		3,442
Increase/(Decrease) in other financial liabilities		(11)		23
CASH INFLOW FROM OPERATING ACTIVITIES		27,220		42,293
Interest paid		(5)		(6)
Corporation taxes paid		(10,176)		(8,815)
NET CASH INFLOW FROM OPERATING ACTIVITIES		17,039		33,472
CASH INFLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(120)		(219)	
Interest received	1,054		1,022	
NET CASH INFLOW FROM INVESTING ACTIVITIES		934		803
CASH OUTFLOW FROM FINANCING ACTIVITIES				
Purchase of treasury shares	(578)		(270)	
Cash inflow from issue of shares	-		173	
Dividends paid to equity shareholders	(10,142)		(24,151)	
CASH OUTFLOW FROM FINANCING ACTIVITIES		(10,720)		(24,248)
NET INCREASE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		7,253		10,027
Cash and cash equivalents at the beginning of the period		22,545		12,518
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		29,798		22,545

RECORD PLC

COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	2009		2008	
	£'000	**£'000**	**£'000**	**£'000**
Profit after tax	65		76	
Adjustments for:				
Corporation tax	19		18	
Finance income	(84)		(93)	
		-		1
Changes in working capital				
Decrease in receivables		-		6
(Decrease)/Increase in payables		19		(1)
CASH INFLOW FROM OPERATING ACTIVITIES		19		6
Corporation taxes paid		(19)		(10)
NET CASH INFLOW FROM OPERATING ACTIVITIES		-		(4)
CASH INFLOW FROM INVESTING ACTIVITIES				
Dividends received	9,930		24,200	
Interest received	101		73	
NET CASH INFLOW FROM INVESTING ACTIVITIES		10,031		24,273
CASH OUTFLOW FROM FINANCING ACTIVITIES				
Cash inflow from issue of shares	-		173	
Dividends paid to equity shareholders	(10,142)		(24,151)	
CASH OUTFLOW FROM FINANCING ACTIVITIES		(10,142)		(23,978)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD		(111)		291
Cash and cash equivalents at the beginning of the period		2,129		1,838
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,018		2,129

1. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(a) Accounting convention

Basis of preparation

The Group and Company have prepared their financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the European Union as at 31 March 2009. The financial statements have been prepared on an historical cost basis, modified to include fair valuation of derivative financial instruments.

The preparation of financial statements in accordance with the recognition and measurement principles of IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The bases for management judgements, estimates and assumptions are discussed further in note 2.

Early adoption of International Financial Reporting Standards ('Standards')

At the date of authorisation of the consolidated financial information, the following Standards and Interpretations were in issue but not yet mandatory and have not been applied in the consolidated financial information:

IFRS 8 Operating Segments (effective 1 January 2009);
IFRS 7 (Amended 2009) Improving Disclosures about Financial Instruments (effective 1 January 2009);
IAS 1 (Revised 2007) Presentation of Financial Statements (effective 1 January 2009).

The Directors do not anticipate that the adoption of these Standards will have a material impact on the Company's consolidated financial statements in the period of initial application. However, the Directors are aware that the application of IFRS 8 will alter the amount and complexity of disclosure contained in their next financial statements. IAS 1 will also impact on the way information is presented in the financial statements. There are other standards and interpretations that are in issue but not yet effective, but they are not expected to impact the Group's financial statements.

The Company is taking advantage of the exemption in section 230 of the Companies Act 1985 not to present its individual income statement and related notes that form part of the financial statements. The Group profit after tax for the year includes a loss of £146,602 (2008 profit: £124,666) which is dealt with in the financial statements of the holding company.

(b) Basis of consolidation

The financial statements of entities treated as subsidiaries have been consolidated using consistent accounting policies.

Subsidiaries are entities where the Company has the power to govern the financial and operating policies, generally accompanied by a share of more than 50% of the voting rights. Intra-group balances and any unrealised gains and losses on income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(c) Segment reporting

Group management consider that its services comprise one business segment (being provision of currency management services) and that it operates in a market that is not bound by geographical constraints. A segment is a distinguishable component of an entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(d) Foreign currencies

Foreign currency transactions are translated into Sterling using the exchange rates prevailing on the dates of the transactions. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (see note 19 Financial risk management). The Group does not apply hedge accounting.

(e) Revenue recognition

Revenue is recognised in the income statement as and when the services are rendered, and when it is probable that the economic benefits associated with the transactions will flow to the entity. It is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Management fees are accrued on a daily basis based upon Assets under Management Equivalents (AuME). Should performance fees be applicable then these are receivable based on the performance of each relevant fund or mandate as at the quarter end date. Such fees are recognised by the Group on a quarterly basis subject to termination mid-quarter when performance fees may be receivable and calculated to the date of termination.

(f) Employee benefits

The Group operates defined contribution pension plans for the benefit of certain employees. The Group makes contributions to independently administered plans, such contributions being recognised as an expense when they fall due. The Group has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

(g) Share-based payments

The Group issues share awards to employees. Share options issued under the Group Bonus Scheme and the Flotation Bonus 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 the income statement over the period in which the bonus is earned, the equity component is charged to the income statement over the vesting period of the option.

All other awards have been classified as equity-settled under IFRS 2. The fair value of the amounts payable to employees under these awards is recognised as an expense over the vesting period of the option, with a corresponding increase in equity.

The fair value amounts for the options issued since listing on the London Stock Exchange were determined using quoted share prices. Further details on the share-based compensation plans are included in note 17.

(h) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The asset subject to the finance lease is depreciated over the shorter of its useful life and the lease term. The corresponding rental obligations, net of finance charges, are included as a liability.

Leases of property, plant and equipment where the Group does not have substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term. Incentives provided by the lessor are credited to the income statement on a straight-line basis over the full lease term.

(i) Dividend distribution

Interim and special dividends are recognised when paid and final dividends when approved by shareholders.

(j) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the income statement in the period in which they are incurred.

Property, plant and equipment are assessed for impairment where there is an indication of impairment. Where impairment exists, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in the income statement. The depreciation charge for the asset is then adjusted to reflect the asset's revised carrying amount.

Depreciation is provided on all property, plant and equipment and is calculated on a straight-line basis to allocate cost less assessed residual value, other than assets in the course of construction, over the estimated useful lives, as follows:

Computer equipment - 50% per annum
Fixtures and fittings - 25% per annum
Leasehold improvements - over the full term of the lease

The assets' useful lives and residual values are reviewed and, if appropriate, adjusted at each balance sheet date.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the income statement.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value net of transaction costs and subsequently measured at amortised cost under the effective interest method, less impairment. Provision for impairment is established when there is objective evidence that the

Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits held with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(m) Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(n) Derivative financial liabilities

The Group uses foreign exchange forward contracts to manage its foreign currency exposures. Derivatives are initially recognised at cost on the date on which the contract is entered into unless fair value at acquisition is different to cost, in which case fair value is recognised. Subsequently they are measured at fair value with gains and losses recognised in the income statement. Transaction costs are immediately recognised in the income statement.

(o) Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, if the deferred tax arises from the initial recognition of goodwill or initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not recognised. Deferred tax is determined using tax rates and laws that have been enacted (or substantially enacted) by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

(p) Own shares

The Record plc Employee Benefit Trust (EBT) was formed under a Trust Deed dated 19 December 2007 to hold shares acquired under the Record plc share based compensation plans. A total of 696,972 (2008; 168,287) Ordinary Shares were held in the EBT at the balance sheet date. 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 income statement. Further information regarding the Record plc share-based compensation plans and relevant transactions made during the year are included in note 17.

(q) Group and Company reserves

The share premium account records the difference between the nominal value of shares issued and the value of the consideration received. The use of the share premium account is governed by the Companies Act 1985.

Where shares have been redeemed or purchased wholly out of the Company's profits, the Companies Act 1985 requires a transfer to the capital redemption reserve equal to the amount by which the Company's issued share capital is diminished. Furthermore the provisions of the Act relating to a reduction of the Company's share capital apply as if the capital redemption reserve were paid up share capital of the Company.

2. Critical accounting estimates and judgements

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Note 17 covers the assumptions made in calculating the fair value of share options offered by the Group to its employees. The Directors have judged that the Group does not bear substantially all the risks and rewards of ownership of its leasehold premises and therefore accounts for the leases as operating leases as described in note 21.

3. Segmental analysis

The Directors consider that its services comprise one business segment (being the provision of currency management services) and that it operates in a market that is not bound by geographical constraints.

For management purposes, the Group sub-divides the single business 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 investment management and other Group activities including consultancy.

Product Class		
Fees	**FY09**	**FY08**
	£'000	£'000
Active hedging		
Management fees	6,065	4,785
Performance fees	831	142
Passive hedging		
Management fees	1,547	1,144
Absolute Return segregated funds		
Management fees	18,261	15,941
Performance fees	-	7,419
Absolute Return pooled funds		
Management fees	19,688	22,117
Performance fees	605	14,599
Other revenues	(201)	82
Total	**46,796**	**66,229**

(b) Geographical regions served

The geographical analysis of turnover is based on destination. 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.

Currency Management Income by Geographical Region		
Fees	**FY09**	**FY08**
	£'000	£'000
North America	5,193	5,102
UK	27,388	48,840
Other European	9,249	8,995
Rest of World	5,167	3,210
Other Group Activities	(201)	82
Total	**46,796**	**66,229**

4. Operating Profit

Operating profit for the year is stated after charging / (crediting):

	FY09	**FY08**
	£'000	£'000
Depreciation of property, plant and equipment	363	313
Fees payable to the Company's auditors for the audit of the Company's annual accounts	32	27
The audit of the Company's subsidiaries, pursuant to legislation	31	28
Other services pursuant to such legislation	59	113
Other services relating to taxation	29	22
Operating lease rentals: Land and buildings	195	195
Loss on sale of property, plant and equipment	-	1
Exchange losses on hedging activities	782	58
Other exchange (gains) / losses	(538)	96

Record was admitted to the official list of the UK listing authority on 3 December 2007. In the year ended 31 March 2008, nonrecurring costs totalling £1,292,193 were charged against the income statement within administrative expenses in this respect.

5. Staff Costs

The average monthly number of employees, including Directors, employed by the Group during the year was:

	FY09	**FY08**
Client Services	9	7
Investment and Research	10	7
Operations	18	16
Information Systems	6	4
Finance and Administration	6	6
Compliance	2	1
Corporate	7	6
Annual Average	**58**	**47**

The Company had no employees during the year (2008: nil).

The aggregate payroll costs of the above employees, including Directors, were as follows:

	FY09	FY08
	£'000	£'000
Wages and salaries	14,408	19,044
Social security costs	1,822	2,499
Pension costs	489	386
Equity-settled share-based payments	149	1
Aggregate payroll costs	**16,868**	**21,930**

6. Directors' remuneration

Aggregate emoluments of the Directors	**FY09**	**FY08**
	£'000	£'000
Emoluments (excluding pension contribution)	6,402	9,626
Pension contribution	198	184

During the year, six Directors of the Company (2008: five) participated in the Company's Group Personal Pension Plan; a defined contribution pension scheme.

In the previous year a loan was made to L F Hill in respect of personal expenses paid by the Company, and was settled in full in April 2008.

Name	**Date of Loan**	**Outstanding at 01/04/08**	**Outstanding at 31/03/09**	**Maximum liability in period**
L F Hill	31/03/08	£4,524	-	£4,524

7. Taxation – Group

	FY09	**FY08**
Tax expense comprises:	£'000	£'000
Current tax expense	7,594	12,565
Adjustments recognised in current year in relation to the current tax of prior years	-	3
Total current tax	7,594	12,568
Deferred tax (income) relating to the origination and reversal of temporary differences	(100)	(88)
Total tax expense	**7,494**	**12,480**

The total charge for the year can be reconciled to the accounting profit as follows:

	FY09	**FY08**
	£'000	£'000
Profit before taxation	26,769	40,393
Taxation at the standard rate of tax in the UK of 28% (2008: 30%)	7,495	12,118
Tax effects of:		
Other disallowable expenses and non-taxable income	10	347
Capital allowances for the period lower than depreciation	57	46
Lower tax rates on UK subsidiary undertakings	(6)	(10)
Adjustments recognised in current year in relation to the current tax of prior years	(50)	3
Other temporary differences	(12)	(24)
Total tax expense recognised in income statement	**7,494**	**12,480**

At the period end the Group had net deferred tax assets of £146,598 (2008: £46,371). At the balance sheet date there were earned and unearned share options not exercised with an intrinsic value for tax purposes of £460,002 (2008: £144,727). On exercise the Group will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price.

The standard rate of corporation tax in the UK is 28% (2008: 30%). A full corporation tax computation is prepared at the year end. The actual charge as a percentage of the profit before tax may differ from the underlying tax rate. Differences typically arise as a result of capital allowances differing from depreciation charged, and certain types of expenditure not being deductible for tax purposes, other differences may also arise.

The tax charge for the year ended 31 March 2009 was £7,494,179 (2008: £12,480,139) which was 28.0% of profit before tax (2008: 30.9%).

8. 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 year.

Diluted earnings per share are 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 financial year attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

	FY09	**FY08**
Weighted average number of shares used in calculation of basic earnings per share	220,878,796	220,739,001
Effect of dilutive potential ordinary shares – share options	246,472	499,040
Weighted average number of shares used in calculation of diluted earnings per share	221,125,268	221,238,041

	pence	**pence**
Basic earnings per share	8.73	12.65
Diluted earnings per share	8.72	12.62

The potential dilutive shares for 2008 relate to the share options in place at the beginning of the year that were exercised during the year. In 2009, the Group granted 488,967 share options with a potentially dilutive effect.

9. Dividends

The dividends paid by the Group during the year ended 31 March 2009 totaled £10,141,982 (4.59p per share). The dividends paid during the year ended 31 March 2008 totalled £24,150,890 (10.91p per share), which included a special dividend of £20,000,000 paid on 9 November 2007.

10. Retirement benefit obligations

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £489,490 (2008: £386,142).

11. Property, plant and equipment – Group

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
2009	£'000	£'000	£'000	£'000
Cost				
At 1 April 2008	483	628	253	1,364
Additions	23	81	16	120
Disposals	-	(69)	-	(69)
At 31 March 2009	506	640	269	1,415
Depreciation				
At 1 April 2008	212	426	115	753
Charge for the year	103	203	57	363
Disposals	-	(69)	-	(69)
At 31 March 2009	315	560	172	1,047
Net book amounts				
At 31 March 2009	191	80	97	368
At 1 April 2008	271	202	138	611

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
2008	£'000	£'000	£'000	£'000
Cost				
At 1 April 2007	473	495	200	1,168
Additions	10	156	53	219
Disposals	-	(23)	-	(23)
At 31 March 2008	483	628	253	1,364
Depreciation				
At 1 April 2007	116	279	67	462
Charge for the year	96	169	48	313
Disposals	-	(22)	-	(22)
At 31 March 2008	212	426	115	753
Net book amounts				
At 31 March 2008	271	202	138	611
At 1 April 2007	357	216	133	706

	Group		Company	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
	£'000	£'000	£'000	£'000
Trade payables	130	68	-	-
Amounts owed to Group undertaking	-	-	28	10
Other payables	760	270	-	-
Other tax and social security	442	759	-	-
Accruals and deferred income	5,744	6,094	-	-
	7,076	**7,191**	**28**	**10**

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Current tax liabilities

	Group		Company	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
	£'000	£'000	£'000	£'000
Corporation Tax	3,774	6,356	18	18

Derivative financial liabilities

	Group		Company	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
	£'000	£'000	£'000	£'000
Derivative financial liabilities	13	23	-	-

The Group uses forward exchange contracts to reduce the risk associated with sales denominated in foreign currencies. At 31 March 2009 there were outstanding contracts with a principal value of £3,375,693 (2008; £2,840,495) for the purchase of foreign currencies in the normal course of business. The fair value of the contracts is calculated using the market forward contract rates prevailing at 31 March 2009. Further detail including sensitivity analysis on the fair value of outstanding contracts is contained in note 19.

The net gain or (loss) on financial liabilities at fair value is included in other income. The net loss on financial liabilities is as follows:

	FY09	FY08
	£'000	£'000
Net gain or (loss) on financial liabilities at fair value through income statement	**(782)**	**(58)**

16. Deferred taxation – Group

The movement in the deferred tax asset / (liability) during the year was:

	31-Mar-09	31-Mar-08
	£'000	£'000
Profit and loss account movement arising during the year	100	88
Asset/(liability) brought forward	46	(42)
Asset carried forward	**146**	**46**

The provision for deferred taxation consists of the tax effect of temporary differences in respect of:

	31-Mar-09	31-Mar-08
	£'000	£'000
Deferred tax allowance on unvested share options	103	53
Excess of taxation allowances over depreciation on fixed assets	43	(7)
	146	46

At the period end the Group had deferred net tax assets of £146,598 (2008: £46,371) including provision for share options not exercised with an intrinsic value for tax purposes of £460,002 (2008: £144,727). On exercise the Group will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price. There is no other unprovided deferred taxation.

17. Called up share capital

	2009	
	£'000	**Number**
Authorised		
Ordinary Shares of 0.025p each	100	400,000,000
Called up, allotted and fully paid		
Ordinary Shares of 0.025p each	55	221,380,800

	2008	
	£'000	**Number**
Authorised		
Ordinary Shares of 0.025p each	100	400,000,000
Called up, allotted and fully paid		
Ordinary Shares of 0.025p each	55	221,380,800

Changes to the authorised and issued share capital	**£'000**	**Number**
As at 1 April 2007	55	549,550
Exercise of share options		
'A' Ordinary Shares issued	-	3,902
Conversion of 'A' Ordinary Shares to Ordinary Shares		
Ordinary Shares of 10p each	15	150,485
'A' Ordinary Shares of 10p each	(15)	(150,485)
Ordinary Shares of 10p each	55	553,452
400 to 1 Split of Ordinary Shares		
Ordinary Shares of 0.025p each	55	221,380,800
Adjustment for own shares held by EBT	-	(168,287)
As at 31 March 2008	55	221,212,513
Adjustment for own shares held by EBT	-	(528,685)
As at 31 March 2009	55	220,683,828

The two classes of share authorised as at 1 April 2007 ranked *pari passu* in all respects save that the ‘A’ Ordinary Shares were subject to a mandatory transfer upon the termination of the shareholder’s employment. On 23 August 2007, a resolution was passed with the effect that all issued and unissued ‘A’ Ordinary Shares were converted to Ordinary Shares. On 15 November 2007, a resolution was passed with the effect that on admission to the main market for listed securities of the London Stock Exchange, all issued and unissued Ordinary Shares of 10p were each split into 400 ordinary shares of 0.025p.

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 31 March 2009, the EBT held 696,972 ordinary shares of 0.025p in Record plc (2008: 168,287).

Share-based compensation plans

During the year ended 31 March 2009 the Group has managed the following share-based compensation plans:

The Record plc Group Bonus Scheme

The Record plc Group Bonus Scheme was adopted by the company on 1 November 2007. Under the terms of the scheme rules, certain employees of the company may elect to receive a proportion of their bonus in the form of a deferred share award. The number of shares is calculated based on the residual bonus divided by the market value of the shares at grant date. The shares are available to the employee after the vesting period for nil consideration upon exercise. The Group simultaneously granted additional rights to acquire shares (‘bonus’ shares; equal to 20% of the shares elected for) to those same employees. Elected shares vest equally over the next one and two years and bonus shares will vest in full only after two years. The vesting of the shares is subject to certain good leaver provisions.

The Record plc Flotation Bonus Scheme

The Record plc Flotation Bonus Scheme was adopted by the company on 15 November 2007. As a result of flotation, a cash bonus was made on a discretionary basis to certain employees. Under the terms of the scheme rules, employees were able to elect to receive a smaller cash bonus in exchange for the right to acquire a number of shares. The number of shares was calculated based on the residual bonus divided by the market value of the shares at grant date. The shares are available to the employee after the vesting period for nil consideration upon exercise. The Group simultaneously granted additional rights to acquire shares (‘bonus’ shares; equal to 50% of the shares elected for) to those same employees. Elected shares vest equally over the next one and two years and bonus shares will vest in full only after two years. The vesting of the shares is subject to certain good leaver provisions. The rights to acquire the shares are issued under Enterprise Management Incentive Discounted Share Price (EMI DSP) option agreements.

The Record plc Share Scheme

The Record plc Share Scheme was adopted by the company on 1 August 2008. During the year two new senior employees were granted deferred share awards upon appointment. The number of shares for each employee was calculated based on £200,000 divided by the market price of one Record plc ordinary share on the day of appointment (or on the first business day after a close period, if the appointment occurred within a close period). The shares are available to the employee after the vesting period for nil consideration upon exercise. The shares vest equally on the second, third and fourth anniversary of appointment. The vesting of the shares is subject to certain good leaver provisions. The rights to acquire the shares are issued under nil cost option agreements.

Share-based payment transactions with cash alternatives

Deferred share awards granted under both the Record plc Group Bonus Scheme and the Record plc Flotation Bonus Scheme are accounted for under IFRS 2 as share-based payment transactions with cash alternatives.

Equity-settled share-based payments

Deferred share awards granted under the Record plc Share Scheme are accounted for under IFRS 2 as equity-settled share-based payment transactions

At 31 March 2009, options over 696,972 (2008; 168,287) ordinary shares of 0.025p were outstanding under the Record plc share-based compensation plans. These options are over issued shares held in an Employment Benefit Trust. Details of outstanding share options awarded to employees are set out below:

Date of grant	At 01/04/08	Granted	Exercised forfeited or vested	At 31/03/09	Exercise price £	Exercise / vesting date: From	Exercise / vesting date: To
Flotation Bonus Scheme							
21/12/07	168,287	-	(59,440)	108,847	£0.00	21/12/08	21/12/09
Group Bonus Scheme							
20/06/08	-	99,158	-	99,158	£0.00	20/06/09	20/06/10
28/11/08	-	103,669	-	103,669	£0.00	28/11/09	28/11/10
		202,827		202,827			
Record plc Share Scheme							
04/08/08	-	170,245	-	170,245	£0.00	04/08/10	04/08/12
01/09/08	-	215,053	-	215,053	£0.00	01/09/10	01/09/12
		385,298		385,298			
Total options	**168,287**	**588,125**	**(59,440)**	**696,972**			
Weighted average exercise price of options	**£nil**	**£nil**	**£nil**	**£nil**			

The Directors had no interests in the combined share option schemes at the beginning, during, nor at the end of the period.

There were no performance measures attached to vesting conditions in any of the schemes.

Fair values of share-based compensation plans

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

18. Capital redemption reserve

The Group has bought in a total of 202,072 Ordinary Shares of 10p for cancellation. The buy-ins occurred in five tranches, all occurring prior to the share split.

March 2001	66,553 Ordinary Shares of 10p
April 2004	36,357 Ordinary Shares of 10p
February 2005	50,000 Ordinary Shares of 10p
October 2005	24,581 Ordinary Shares of 10p
December 2005	24,581 Ordinary Shares of 10p

The cost of the buy-ins was taken directly to retained earnings. The nominal value of the shares was taken to a capital redemption reserve.

19. Financial risk management

The Group's current activities result in the following financial risks and management's responses to those risks in order to minimise any resulting adverse effects on the Company's financial performance.

Objectives, policies and processes for managing risk and the methods used to measure the risk

Financial assets principally comprise trade receivables and cash and cash equivalents. Financial liabilities comprise trade and other payables and derivative financial liabilities. The main risks arising from financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk each of which is discussed in further detail below. The Group monitors and mitigates financial risk on a consolidated basis and therefore separate disclosures for the Company have not been included.

The Group has implemented a framework to manage the risks of its business and to ensure that the Directors have in place risk management practices appropriate to a listed company. The management of risk is directed by the Board and reviewed by the Audit Committee.

Credit risk

The Group's Risk Management Committee has established a credit risk policy to ensure that it only trades with counterparties that meet requirements consistent with the Group's agreed risk appetite. The Chief Financial Officer is responsible for reviewing the Group's credit exposure and ensuring that any credit concerns are raised to the Risk Management Committee and that action is taken to mitigate these risks.

The table below is an analysis of financial assets by due date:

	Not past due	0-3 months past due	More than 3 months past due	**Total**
At 31 March 2009	£'000	£'000	£'000	£'000
Trade and other receivables	6,736	326	-	7,062
At 31 March 2008				
Trade and other receivables	7,758	53	-	7,811

The Group's principal financial assets are cash deposits and trade receivables. The credit risk associated with cash is limited as the financial institutions involved have high credit ratings assigned by international credit agencies. The main credit risk therefore arises from trade receivables.

All trade receivables are of a short-term nature. The Directors have a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At each balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due.

The liquidity of the Group is managed on a daily basis by Group Finance function, to ensure that the Group always has sufficient cash and cash equivalents available to meet its liabilities. It is the Group's policy to ensure that it has access to funds to cover all forecast commitments for at least the following four months.

Interest rate risk

Interest rate risk is the risk that the Group will sustain losses from adverse movements in interest bearing assets. There is an exposure to interest rates on banking deposits held in the ordinary course of business. This exposure is continually monitored to ensure that the Group is maximising its interest earning potential within accepted liquidity and credit constraints.

	Fixed Rate	Floating Rate	Not directly exposed to interest rate risk	Total
At 31 March 2009	£'000	£'000	£'000	£'000
Financial Assets				
Trade and other receivables	-	-	7,062	7,062
Cash and cash equivalents	26,828	2,970	-	29,798
Total Financial Assets	26,828	2,970	7,062	36,860
Financial Liabilities				
Trade and other payables	-	-	(1,332)	(1,332)
Derivative financial liabilities	-	-	(13)	(13)
Total Financial Liabilities	-	-	(1,345)	(1,345)

	Fixed Rate	Floating Rate	Not directly exposed to interest rate risk	Total
At 31 March 2008	£'000	£'000	£'000	£'000
Financial Assets				
Trade and other receivables	-	-	7,811	7,811
Cash and cash equivalents	22,315	230	-	22,545
Total Financial Assets	22,315	230	7,811	30,356
Financial Liabilities				
Trade and other payables	-	-	(1,097)	(1,097)
Derivative financial liabilities	-	-	(23)	(23)
Total Financial Liabilities	-	-	(1,120)	(1,120)

The Group has not performed an interest rate risk sensitivity analysis as it is not significantly exposed to interest rate movements. The nature of the Group's financial instruments means that changes in equity and effects on the consolidated profit and loss arising from interest rate movements that might reasonably be anticipated are not likely to be significant. The majority of the Group's receivables are trade receivables on 30 day terms and the Group's fixed rate cash and cash equivalents are primarily short-term treasury deposits.

The Group's policy is to hold at least four months overhead cover in cash and it uses a programme of term deposits to maximise the return on the cash.

The effective interest rates applicable to these term deposits are as follows:

	FY09	FY08
Short term deposits	**3.97%**	**5.88%**

Foreign currency risk

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates.

The Group is exposed to foreign currency risks on sales and cash holdings that are denominated in a currency other than Sterling. The principal currencies giving rise to this risk are primarily the US Dollar, the Euro, the Canadian Dollar and the Swiss Franc.

In the year ended 31 March 2009, the Group invoiced the following amounts in currencies other than Sterling.

	Local currency value	Value in reporting currency
	‘000	**£’000**
US Dollar (USD)	**21,351**	**12,687**
Swiss Franc (CHF)	**10,053**	**5,511**
Euro (EUR)	**2,134**	**1,854**
Canadian Dollar (CAD)	**1,340**	**724**
Total		**20,776**

The value of revenues for the year ended 31 March 2009 that were denominated in currencies other than Sterling was £20.8 million (44% of total revenues).

The Group’s policy is to reduce the risk associated with sales denominated in foreign currencies by using forward fixed rate currency sales contracts taking into account any forecast foreign currency cash flows.

At 31 March 2009 there were outstanding contracts with a principal value of £3,375,693 (2008; £2,840,495) for the purchase of foreign currencies in the normal course of business.

Foreign currency risk sensitivity analysis

Foreign currency amount	Sterling amount	Average strike rate	Maturity date	Market forward rate 31/03/09	Fair Value	Loss if spot rate at maturity strengthens by a further 1%
‘000	£’000				£’000	£’000
4,247 USD	2,819	1.4291	30/06/09	1.427293	(4)	(29)
525 CHF	344	1.6411	30/06/09	1.626467	(3)	(4)
556 EUR	212	1.1080	30/06/09	1.076766	(6)	(2)
					(13)	

Formatted Table

The fair value of the derivative financial liabilities is exposed to the risk of adverse foreign exchange rate movements. The table above shows the impact on both the income statement and equity of each relevant foreign currency strengthening by 1% of the market forward rate at 31 March 2009.

Company
The Company’s principal financial asset is cash deposits of £2,018,285. Of this balance, £2,017,000 is held on fixed rate deposits, the remainder on floating rate deposit.

20. Contingent liabilities

(i) The Company, together with its subsidiary undertakings, has given a cross guarantee in respect of certain indebtedness of the Group. The amount of such indebtedness at 31 March 2009 was £nil (2008: £nil). The Company considers the financial guarantee contracts to be insurance contracts.
(ii) At 31 March 2009, a subsidiary undertaking had outstanding contracts with a principal value of just under £3.4 million (2008: £2.8 million) for the sale and purchase of foreign currencies in the normal course of business. The valuation of the outstanding contracts is provided in note 19 under the fair value of derivative financial liabilities.

21. Operating lease commitments

On 25 January 2006, the Group signed a lease on new premises at Morgan House, Madeira Walk, Windsor, Berkshire. This lease expires on 19 June 2016, although may be determined five years from commencement (i.e. 24 January 2011) at the option of the tenant. The annual commitment under this lease is £229,710 (2008: £229,710). The Group has retained its lease on the premises at 32 Peascod Street, Windsor, Berkshire which has a commitment of £86,000 per annum (2008: £86,000). Those premises have been sublet at the same rate from May 2006 and the lease expires in December 2011.

At 31 March 2009 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	31-Mar-09	31-Mar-08
	£'000	£'000
Not later than one year	316	316
Later than one year and not later than five years	342	657
	658	**973**

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet dates:

	31-Mar-09	31-Mar-08
	£'000	£'000
Not later than one year	86	86
Later than one year and not later than five years	151	237
	237	**323**

22. 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 Company's subsidiary undertakings are listed in note 12, which includes a description of the nature of their business.

As at the balance sheet date, the only amounts due from related parties were Directors' loans as detailed in note 7.

The key management compensations are as follows:

	FY09	FY08
	£'000	£'000
Short-term employee benefits	10,947	15,328
Post-employment benefits	319	289
Share-based payment benefits	149	1
Total	**11,415**	**15,618**

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

	31-Mar-09	31-Mar-08
	£'000	£'000
Liabilities settled by subsidiary on behalf of parent	19	7
Net dividends received	9,930	24,200
Amounts due to subsidiaries	28	10

23. Ultimate controlling parties

As at 31 March 2009 the Company had no ultimate controlling parties, nor at 31 March 2008.

24. Capital commitments

The Group had no capital commitments as at 31 March 2009, or at 31 March 2008.

25. Post balance sheet events

There are no post balance sheet events in the period since 31 March 2009.

26. Statutory accounts

This statement was approved by the Board on 15 June 2009. The financial information set out above does not constitute the company's statutory accounts. The statutory accounts for the financial year ended 31 March 2008 have been delivered to the Registrar of Companies and received an audit report which was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 237(2) and (3) of the Companies Act 1985. The statutory accounts for the financial year ended 31 March 2009 received an audit report which was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 237(2) and (3) of the Companies Act 1985, and will be delivered to the Registrar of Companies.

Notes to Editors

This announcement includes information with respect to Record's financial condition, its results of operations and business, strategy, plans and objectives. All statements in this document, other than statements of historical fact, including words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", "continue", "project" and similar expressions, are forward-looking statements.

These forward-looking statements are not guarantees of the Company's future performance and are subject to risks, uncertainties and assumptions that could cause the actual future results, performance or achievements of the Company to differ materially from those expressed in or implied by such forward-looking statements.

The forward-looking statements contained in this document are based on numerous assumptions regarding Record's present and future business and strategy and speak only as at the date of this announcement.

The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement whether as a result of new information, future events or otherwise.