Record plc
Interim Report
Six months ended 30 September 2010

Currency management

Record plc is a specialist currency manager, providing both Currency for Return and Currency Hedging mandates to institutional clients

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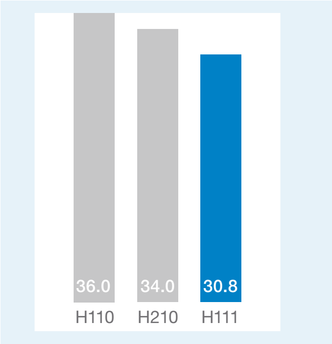
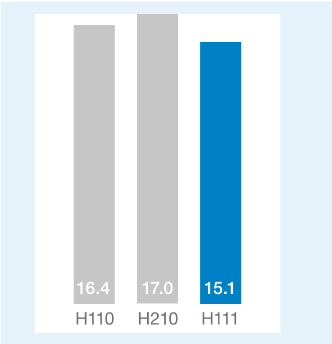
Assets under Management Equivalents[1] 'AuME' of US$30.8bn as at 30 September 2010 (US$34.0bn as at 31 March 2010)

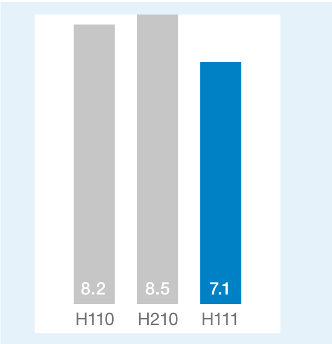
AuME at period end ($bn)



Revenue (£m)



Profit before tax (£m)



Management fees of £15.0m for the six month period to 30 September 2010 (£16.1m for the six month period to 30 September 2009)

Profit before tax of £7.1m for the six month period to 30 September 2010 (£8.2m for the six month period to 30 September 2009)

Basic eps of 2.26p for the six month period to 30 September 2010 (2.68p for the six month period to 30 September 2009)

An interim dividend of 2.0p per share will be paid on 21 December 2010

	Six months ended 30 Sep 10	Six months ended 30 Sep 09	Year ended 31 Mar 10
AuME (US$)	**$30.8bn**	$36.0bn	$34.0bn
AuME (GB£)	**£19.5bn**	£22.5bn	£22.4bn
Alpha composite performance	**(2.49%)**	0.89%	(0.73%)
Client numbers	**57**	118	93
Average management fee rate	**14.7bps**	14.8bps	15.2bps
Management fees	**£15.0m**	£16.1m	£33.2m
Performance fees	**nil**	£0.2m	£0.2m
Profit before tax	**£7.1m**	£8.2m	£16.7m
Operating margin	**46%**	49%	49%
Basic earnings per share	**2.26p**	2.68p	5.39p
Dividend per share in respect of the period	**2.00p**	2.00p	4.59p

1 AuME
As a currency manager Record manages only the impact of foreign exchange and not the underlying assets, therefore its 'assets under management' are notional rather than real. To distinguish this from the AUM of conventional asset managers, Record uses the concept of Assets under Management Equivalents (AuME) and by convention this is quoted in US Dollars.

Chairman's Statement

I am pleased to present Record plc's interim report for the six months to 30 September 2010.

Neil Record
Chairman

Highlights of the period

The six months to 30 September 2010 have continued to be challenging for Record, and in particular for our Currency for Return product. Dynamic Hedging has grown to represent close to 60% of our revenue for the six months to 30 September 2010 and has performed in line with client expectations, allowing US clients to benefit from foreign currency strength and protecting UK clients from foreign currency weakness. Investment performance of our Currency for Return product has been negative during this period leading to significant net outflows.

We are planning to bring a number of new products to market and have begun marketing index products and emerging market currency products to existing and new clients. Emerging market currencies are of particular interest to clients and a range of products have been developed which will be launched in the second half of the financial year. Interest has been expressed in the new index-tracking products and if adopted by investment consultants these could be a substantial income stream over the long term.

Assets under Management Equivalents ('AuME') fell to $30.8bn at 30 September 2010, compared to $34.0bn at 31 March 2010. The largest component of the decrease was the net outflow from Currency for Return of $3.0bn. Performance in Currency for Return contributed to a $0.6bn reduction over the six month period. Foreign exchange movements accounted for a $1.1bn increase and equity market performance accounted for a $1.0bn decrease in mandate sizes. The number of clients fell in the six months to 57 (93 at 31 March 2010), predominantly due to the redemptions by pooled Currency for Return clients.

Management fees decreased to £15.0m for the six months to 30 September 2010, a decrease of 7% compared to the six months to 30 September 2009. Given prior valuation levels (or 'high water marks') achieved there were no performance fees earned in the period. Profit before tax for the period of £7.1m was 14% lower than for the equivalent period in the prior year.

The operating margin, at 46%, was also less than that achieved in the six months to 30 September 2009 (49%) although the decline was less marked than that in revenues. This reflects the flexibility in our cost base, not least due to Record's Group Profit Share (GPS) scheme which sets aggregate profit share at a long term average 30% of pre-GPS operating profit.

An interim dividend of 2.0p per share will be paid on 21 December 2010. The Board's intention, subject to satisfactory business performance and outlook, is to seek to maintain the dividend in the current financial year at 4.59p per share. The Board will review the dividend policy ahead of the year ending 31 March 2011 financial results in June 2011 to determine an appropriate dividend policy based on the prevailing business environment at that time.

As I announced in September, I have relinquished the role of Chief Executive to James Wood-Collins. I remain as Chairman, in an executive position to which I will commit four days a week, playing an active role with clients, investment consultants and other external parties, as well as maintaining involvement in Record's products and product development. The splitting of the Chairman and Chief Executive role is consistent with good corporate governance and represents a significant step in handing over day to day responsibility to a second generation of management.

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

Investment performance

Investment performance of our Currency for Return products was negative for the six month period, particularly in May and August.

May's underperformance came after a positive April, but was followed by negative performance in June, rounding off a disappointing first quarter (April – June 2010) for the product. As the credibility of Greek austerity plans was brought into question, global equities and the Euro retreated. Risk aversion and concerns surrounding global growth hit high interest rate 'commodity' currencies, leading to poor performance from forward rate bias (FRB) strategy. Volatility spiked in May resulting in elevated risk management costs as our Alpha composite delivered an ungeared return of -2.2% over the quarter.

The second quarter (July – September 2010) was the subject of mixed fortunes, with positive performance in July and September more than offset by negative performance in August. This period saw risk aversion come and go, and while equities recovered some of their losses from the previous quarter, FRB strategies focused on major 'G5' currencies (i.e. US Dollar, Euro, Japanese Yen, Pound Sterling and Swiss Franc) such as Record's generated negative performance. Though the core strategy suffered, the product was able to benefit modestly from the range trading nature of certain currency pairs. Our ungeared Alpha composite delivered a modest negative return of -0.3%.

In summary, investment performance over the six months has been negative, with directionless markets creating little opportunity for our Currency for Return product to profit, while high currency market volatility increased the cost of risk-managing our exposures. Having considered very carefully the design of our underperforming Currency for Return process, and the assumptions and investment beliefs that underpin it, we have come to the view that we will not be making any fundamental changes to our investment process. Based on our understanding of the currency markets and our twenty five years of experience, we are confident that our investment returns in the long term will match our own expectations and those of our clients.

Strategy, growth plans and outlook

The movements in exchange rates over the last three years have caused investors to re-examine their strategy for managing exchange rate exposure. In addition, the trend of US investors moving towards Global Equity benchmarks typically increases international equity exposure, and the attention given to currency risk. Whilst Record faces challenges in gaining acceptance for the Dynamic Hedging product with consultants and clients there remains a good opportunity to build on the track record to date.

Conversely, the negative investment performance for Currency for Return clients is expected to result in further outflows in the coming months. It is likely that a sustained period of positive performance will be a prerequisite for future inflows to this product.

We continue to pursue opportunities in emerging market currencies and anticipate a range of products being launched in the second half of the financial year. The first product has been run internally for twelve months and variations on this product are being discussed with new and existing clients.

In the medium to long term, the 'asset class project' has continued with the launch, in conjunction with FTSE, of the second currency index with ten developed market currencies, the FTSE Currency FRB10 index. This index's greater allocation to less liquid developed market currencies and absence of risk controls has given it a better performance profile than our established Alpha composite programme over the last 18 months. We intend to launch a pooled fund to track this index from December 2010. The successful trial of our internal fund, combined with the launch of the FRB10 index-tracking product, has generated positive interest from investment consultants.

Our sales activities are focused on those products above, whose recent track records are encouraging, as well as engaging with clients to create specific solutions to their currency needs. Where possible, these specific solutions are created with a view to their subsequent scalable extension to other clients.

In order to position Record to benefit from developments in the currency market, the Group has continued to recruit talented individuals, to enhance its processes and to invest in systems infrastructure. In particular, the Group anticipates its new back office system will be implemented in the second half of the financial year.

We continue to believe that Record is well regarded for its currency expertise and in the short term is well placed to win business where clients are seeking to reduce risk from existing currency exposure, and where recent product performance is positive.

Neil Record
Chairman

15 November 2010

Interim Management Review

Business overview

Whilst the first half of the financial year has seen AuME and client numbers decrease when compared to the preceding six months, the Group delivered pre tax profit of £7.1m and maintained the interim dividend at 2.0p per share. The Group's hedging business has remained broadly stable over the first six months which contrasts with the continuation of the reduction in Currency for Return mandates, most notably for pooled accounts. The Group is committed to broadening its product offering and intends to launch an emerging markets currency pooled fund and a pooled fund to track the FTSE Currency FRB10 Index before the end of the year. The Group's core distribution strategy is to continue to focus on its relationships with investment consultants, supplemented by direct marketing by the in-house client team.

Investment performance

The processes that underpin our Dynamic Hedging and Currency for Return products are fundamentally different. Dynamic Hedging seeks to allow our clients to benefit from foreign currency strength while protecting them from foreign currency weakness. The core investment process for the Currency for Return products is the Trend/Forward Rate Bias (FRB) strategy, which relies on the tendency of higher interest rate currencies to outperform lower interest rate currencies over the long term. In addition to the FRB strategy, the Currency for Return product has a Range Trading strategy which relies on certain currency pairs trading in a narrow range to each other, and has the advantage of being generally uncorrelated to the return from the Trend/FRB strategy.

Performance for US Dollar based Dynamic Hedging, for the period from April to September 2010, was distinct between the two quarters. US Dollar strength in the first quarter, which provided a favourable hedging environment, was contrasted by US Dollar weakness in the second quarter, which proved unfavourable for hedging. Despite delivering a negative return, the Dynamic Hedging programme was able to limit losses as the US Dollar weakened, allowing clients to benefit overall from the strength of foreign currencies in their underlying portfolios.

From the UK perspective, hedging clients saw a slight strengthening of Sterling. Despite weakness versus the Japanese Yen, Sterling showed strength relative to the US Dollar and Euro – the largest weights in many international programmes – as investors generally saw small currency losses on foreign exposures. The cost of risk-managing these currency exposures was relatively high as a result of Sterling weakness in both August and May, preventing our Dynamic Hedging from generating outperformance over the period.

For Currency for Return, the period from April to September 2010 was a period of mixed performance with three positive and three negative months. Overall performance during the period was negative (2.5%) for the ungeared Alpha composite. The underperformance was driven by fluctuating risk aversion and the lack of positive performance from the high interest rate currencies in the major 'G5' universe. Performance of the Range Trading strategy was marginally negative over the period.

Returns of Record Umbrella Currency Funds; six months to 30 September 2010

Fund Name	Gearing	Half year return %	Volatility since inception % p.a.
Alpha composite	1	(2.5%)	2.9%
FTSE Currency FRB 5 GBP Excess return [1 2]	1	(3.4%)	5.9%
Carry 250	2.5	(8.6%)	13.0%
Cash Plus	7	(18.7%)	20.4%
Equity Plus	6	(19.4%)	31.5%
US Cash Plus	7	(20.1%)	20.9%
US Equity Plus	6	(22.9%)	26.0%
Sterling 10	2.5	(6.2%)	6.6%
Sterling 20	5	(11.5%)	11.6%
Emerging market currency seed product	2	(2.5%)	16.1%
Global Equities [2] (S&P 500)	N/A	(2.4%)	N/A

[1] Source: FTSE
[2] Included for comparison.

Client development

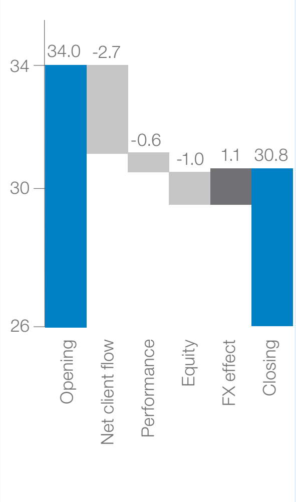
Client numbers decreased to 57 at 30 September 2010 (93 at 31 March 2010).

Client numbers

Product	As at 30 Sep 10	As at 30 Sep 09	As at 31 Mar 10
Currency for Return – segregated	**9**	16	14
Currency for Return – pooled	**25**	84	61
Currency for Return – combined	**34**	100	75
Dynamic Hedging	**10**	10	10
Passive Hedging	**21**	23	22
Less clients with >1 product	**(8)**	(15)	(14)
Total clients	**57**	**118**	**93**

Interim Management Review
continued

AuME growth bridge
Six months to 30 September 2010 ($bn)



AuME analysis

As previously noted, the Group's Assets under Management Equivalents ('AuME') was $30.8bn at 30 September 2010, a decrease of $3.2bn during the six month period.

AuME movement in the six months to 30 September 2010

	$ billions
AuME at 31 March 2010	**34.0**
Net client outflows	(2.7)
Investment performance impact	(0.6)
Equity market impact	(1.0)
Foreign exchange impact	1.1
AuME at 30 September 2010	**30.8**

Net client flows

During the six months to 30 September 2010 net client outflows were $2.7bn, principally due to reductions in pooled and segregated Currency for Return mandates of $3.0bn offset by a small increase for Passive Hedging.

Investment performance

Negative investment performance during the period contributed a $0.6bn decline in AuME since investment returns are compounded on a geared basis into the AuME of the pooled funds managed by Record.

Stock and other market performance

Record's AuME is also affected by movements in stock and other market levels because substantially all the Passive and Dynamic Hedging, and some of the Currency for Return mandates, are linked to stock and other market levels. Market performance had a negative impact, decreasing AuME in the six months to 30 September 2010 by $1.0bn.

Forex

The foreign exchange impact of expressing non-US$ AuME in US$ was the second largest factor. 69% of the Group's AuME is non-US$ denominated and expressing this in US$ increased AuME for the period by $1.1bn.

Product mix

The factors determining the movements in AuME also impact its composition. At 30 September 2010 Currency for Return represented 13% of total AuME, which was split between segregated (7% of total AuME) and pooled mandates (6% of total AuME). This is down from 28% at 30 September 2009 and 23% at 31 March 2010. Dynamic Hedging represents $11.5bn and 37% of total AuME at 30 September 2010, up from 31% at 30 September 2009 and 35% at 31 March 2010.

AuME by product expressed in US Dollars

AuME $ billions	As at 30 Sep 10		As at 30 Sep 09		As at 31 Mar 10	
Currency for Return – segregated	**2.1**	**7%**	4.2	12%	3.6	11%
Currency for Return – pooled	**1.9**	**6%**	6.0	16%	4.1	12%
Currency for Return – combined	**4.0**	**13%**	10.2	28%	7.7	23%
Dynamic Hedging	**11.5**	**37%**	11.1	31%	12.0	35%
Passive Hedging	**14.8**	**48%**	13.4	37%	13.4	39%
Cash	**0.5**	**2%**	1.3	4%	0.9	3%
Total	**30.8**	**100%**	**36.0**	**100%**	**34.0**	**100%**

AuME by product expressed in Sterling

AuME £ billions	As at 30 Sep 10		As at 30 Sep 09		As at 31 Mar 10	
Currency for Return – segregated	**1.4**	**7%**	2.6	12%	2.4	11%
Currency for Return – pooled	**1.2**	**6%**	3.8	16%	2.7	12%
Currency for Return – combined	**2.6**	**13%**	6.4	28%	5.1	23%
Dynamic Hedging	**7.2**	**37%**	6.9	31%	7.9	35%
Passive Hedging	**9.4**	**48%**	8.4	37%	8.8	39%
Cash	**0.3**	**2%**	0.8	4%	0.6	3%
Total	**19.5**	**100%**	**22.5**	**100%**	**22.4**	**100%**

AuME composition by product and base currency

Base currency billions	Currency for Return Segregated 30 Sep 10	Currency for Return Segregated 31 Mar 10	Currency for Return Pooled 30 Sep 10	Currency for Return Pooled 31 Mar 10	Dynamic Hedging 30 Sep 10	Dynamic Hedging 31 Mar 10	Passive Hedging 30 Sep 10	Passive Hedging 31 Mar 10
Sterling	**GBP 0.5**	GBP 1.3	**GBP 1.2**	GBP 2.4	**GBP 1.0**	GBP 1.1	**GBP 3.2**	GBP 3.0
US Dollar	**USD 0.6**	USD 0.8	**–**	–	**USD 8.9**	USD 9.4	**–**	–
Swiss Franc	**CHF 0.7**	CHF 0.7	**–**	–	**CHF 0.8**	CHF 0.9	**CHF 8.5**	CHF 8.2
Euro	**–**	–	**–**	EUR 0.3	**–**	–	**EUR 0.8**	EUR 0.8
Canadian Dollar	**CAD 0.2**	CAD 0.2	**–**	–	**–**	–	**–**	–
Total	**USD 2.1**	**USD 3.6**	**USD 1.9**	**USD 4.1**	**USD 11.5**	**USD 12.0**	**USD 14.8**	**USD 13.4**

The AuME composition has also changed marginally in terms of the underlying base currencies due to the loss of Sterling-denominated mandates. Swiss Franc is the base currency for 33.3% of total AuME at 30 September 2010 (31 March 2010: 27.5%), Sterling is the base currency for 32.0% of total AuME at 30 September 2010 (31 March 2010: 37.0%), and US$ is the base currency for 30.9% of total AuME at 30 September 2010 (31 March 2010: 30.3%).

AuME by client type

AuME $ billions	As at 30 Sep 10		As at 30 Sep 09		As at 31 Mar 10	
Government and public funds	**18.7**	**61%**	20.6	57%	20.2	59%
Corporate	**8.2**	**27%**	10.9	30%	9.5	28%
Foundations and investment funds	**3.9**	**12%**	4.5	13%	4.3	13%
Total	**30.8**	**100%**	**36.0**	**100%**	**34.0**	**100%**

AuME by client location

AuME $ billions	As at 30 Sep 10		As at 30 Sep 09		As at 31 Mar 10	
UK	**9.8**	**32%**	14.9	41%	12.5	37%
Europe (excluding UK)	**12.2**	**40%**	11.9	33%	12.0	35%
North America	**8.8**	**28%**	9.2	26%	9.5	28%
Total	**30.8**	**100%**	**36.0**	**100%**	**34.0**	**100%**

Product development

As highlighted in the Chairman's statement, Record continues to focus on bringing new products to market. An index product, Carry 250, that tracks the FTSE Currency FRB5 Index has been run for over twelve months and has demonstrated successfully that the index can be replicated and tracked closely. The FTSE Currency FRB10 Index, with ten developed market currencies, has been launched and an FRB10 Index tracking fund will be launched in December 2010. The seed investment in Carry 250 will be rolled over into this new index product.

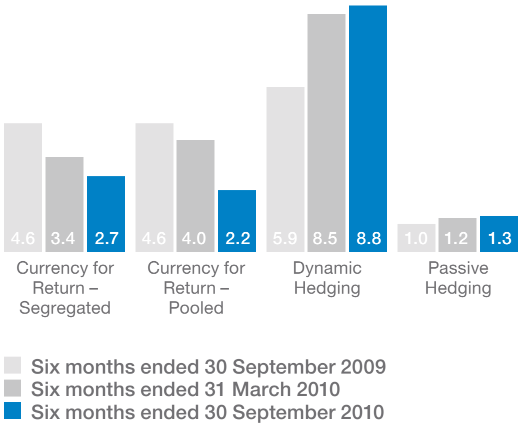
The first emerging market currency product has also been run successfully for twelve months with a seed investment of £1m from the Group. A series of emerging market currency strategies are being discussed with new and existing clients. An emerging market currency pooled fund is currently being developed. It is hoped that there will be client additions for emerging market currency products in the next twelve months.

Further currency strategies are being explored by the client and research teams and it is anticipated that further products and strategies will be launched in the coming twelve months.

Revenue

Management fee income for the six months to 30 September 2010 was £15.0m, which was 6.9% lower than for the six months to 30 September 2009 (£16.1m). Currency for Return products generated lower management fees and both Dynamic Hedging and Passive Hedging generated higher management fees during the six months to 30 September 2010. In the six months to 30 September 2010 Dynamic Hedging generated 58.7% of the management fee income, with Currency for Return generating 32.7%.

Management fees by product (£m)



Management fees by product (£m)

Product	Six months ended 30 Sep 10	Six months ended 30 Sep 09	Year ended 31 Mar 10
Currency for Return – segregated	**2.7**	4.6	8.0
Currency for Return – pooled	**2.2**	4.6	8.6
Currency for Return – combined	**4.9**	9.2	16.6
Dynamic Hedging	**8.8**	5.9	14.4
Passive Hedging	**1.3**	1.0	2.2
Total management fee income	**15.0**	**16.1**	**33.2**

The average fee rate achieved for segregated Currency for Return mandates increased to 29.9bps whilst the pooled fee rate declined marginally to 24.2bps (25.7bps and 24.4bps respectively for the six months to 30 September 2009). The average Dynamic Hedging management fee rate increased to 24.0bps (six months to 30 September 2009: 23.1bps).

Record typically offers all Currency for 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.

Average management fee rates by product (bps*)

Product	Six months ended 30 Sep 10	Six months ended 30 Sep 09	Year ended 31 Mar 10
Currency for Return – segregated	**29.9**	25.7	26.6
Currency for Return – pooled	**24.2**	24.4	24.4
Currency for Return – combined	**27.1**	25.0	25.4
Dynamic Hedging	**24.0**	23.1	23.7
Passive Hedging	**2.9**	2.4	2.6
Composite average fee rate	**14.7**	**14.8**	**15.2**

* bps = basis points = 1/100th of 1 percentage point

There were no performance fees earned during the six months to 30 September 2010 compared with £0.2m during the same period to 30 September 2009. A fuller explanation of market conditions and the implications for investment performance of our Currency for Return product is given in the Chairman's statement. A further factor in explaining performance fees is that our performance fee structures are subject to a 'high water mark' clause that states that cumulative performance, typically since inception of the mandate, must be above the previous high point on which performance fees were charged before performance fees are charged again.

Expenditure

Expenditure in the six months to 30 September 2010 fell £0.2m to £8.1m from £8.3m in the six months to 30 September 2009. The reduction was primarily in the Group Profit Share (GPS) scheme which was 30% of pre-GPS operating profit in the period, partially offset by an increase to non-personnel costs.

Expenditure analysis

	Six months ended 30 Sep 10	Six months ended 30 Sep 09	Year ended 31 Mar 10
Personnel costs	**3.0**	3.1	6.1
Non-personnel costs	**2.1**	1.7	3.8
Expenditure excluding Group Profit Share	**5.1**	4.8	9.9
Group Profit Share	**3.0**	3.5	7.1
Total expenditure	**8.1**	**8.3**	**17.0**

The Group is currently in the process of replacing its back office systems and going forward it is anticipated that this will result in a small increase in system costs. The new system will support the Group in its desire to expand its range of products and instruments in the future.

Operating margins

The operating profit for the six months to 30 September 2010 of £7.0m (46.3% operating margin) reflects the lower management fee income and lack of performance fees in the period and compares with the operating profit of £8.0m (49.1% operating margin) for the same period in 2009. The reduction in management fees of £1.1m compares with the reduction of £1.0m in operating profit.

Operating cash flow

The Group generated £9.2m of net cash flow from operating activities during the six months ended 30 September 2010 (six months ended 30 September 2009: £5.8m). Taxation paid during the period was £2.4m compared with £3.8m for the six months to 30 September 2009. On 4 August 2010 the Group paid a final dividend of 0.59p per share in respect of the six month period ended 31 March 2010. This equated to a distribution to shareholders of £1.3m.

The Board's objective is to retain sufficient capital within the business to meet continuing obligations, to sustain future growth and to provide a buffer against adverse market conditions. The Group has no debt to repay or to service. Shareholders' funds were £29.6m at 30 September 2010 (30 September 2009: £28.3m).

Dividends

The Group will pay an interim dividend of 2.0p per share in respect of the six months ended 30 September 2010. The dividend will be paid on 21 December 2010 to shareholders on the register on 26 November 2010. The dividend payment will equate to a distribution of £4.4m in total and will leave approximately £22.3m of cash on the balance sheet which is significantly higher than necessary to satisfy the financial resources and liquidity requirements of the FSA and represents over two years of current overhead cover.

Subject to business conditions in the second half of the financial year and outlook, the Group currently intends to maintain the dividend at 4.59p for the financial year ending 31 March 2011.The dividend policy will be further reviewed at the year end.

Principal risks and uncertainties

The principal risks and uncertainties documented in the Annual Report and Accounts for the year ended 31 March 2010 are still relevant to Record.

The six months to 30 September 2010 has seen the risk associated with account concentration increase. The proportion of management fee income generated from the largest client has increased from 23% at 31 March 2010 to 32% at 30 September 2010. Similarly the proportion of management fee income generated from the largest five clients has increased from 40% at 31 March 2010 to 57% at 30 September 2010 and for the largest ten clients from 55% at 31 March 2010 to 74% at 30 September 2010.

The proportion of revenue earned in foreign currency has also increased in the period from 56% for the year ended 31 March 2010 to 67% for the six months ended 30 September 2010. The Group hedges the accrued foreign currency income transaction risk using forward currency contracts.

The level of AuME and fee income is dependent on currency values, performance of underlying assets (typically international equities) and the clients' investment strategies.

Cautionary statement

This interim report contains certain forward looking statements with respect to the financial condition, results, operations and business of Record. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied in this interim report. Nothing in this interim report should be construed as a profit forecast.

Statement of Directors' responsibilities

The Directors of Record plc confirm that, to the best of their knowledge, the condensed set of financial statements below have been prepared in accordance with IAS 34 'Interim Financial Reporting', and that the interim management report above includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Neil Record
Chairman

15 November 2010

Paul Sheriff
Chief Operating Officer / Chief Financial Officer

15 November 2010

Independent review report to Record plc

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the related notes. We have read the other information contained in the half yearly financial report which comprises only the headlines, Chairman's Statement, interim management review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting,' as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London

15 November 2010

Consolidated statement of comprehensive income

	Note	Unaudited Six months ended 30 Sep 10 £'000	Unaudited Six months ended 30 Sep 09 £'000	Audited Year ended 31 Mar 10 £'000
Revenue	3	**15,060**	16,392	33,424
Cost of sales		**–**	–	–
Gross profit		**15,060**	16,392	33,424
Administrative expenses		**(8,090)**	(8,346)	(16,972)
Operating profit		**6,970**	8,046	16,452
Finance income		**92**	136	220
Profit before tax		**7,062**	8,182	16,672
Taxation		**(2,010)**	(2,261)	(4,720)
Profit after tax		**5,052**	5,921	11,952
Other comprehensive income				
Net losses on held for sale financial assets		**(90)**	–	(60)
Income tax relating to components of other comprehensive income		**19**	–	13
Total comprehensive income for the period		**4,981**	5,921	11,905
Total comprehensive income for the year attributable to:				
Owners of the parent		**4,981**	5,921	11,905
Earnings per share for profit attributable to the equity holders of the Company during the period				
(expressed in pence per share)				
Basic earnings per share	4	**2.26**	2.68	5.39
Diluted earnings per share	4	**2.25**	2.68	5.38

The notes on pages 22 to 28 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	Unaudited As at 30 Sep 10 £'000	Unaudited As at 30 Sep 09 £'000	Audited As at 31 Mar 10 £'000
Non-current assets				
Property, plant and equipment		**263**	292	205
Intangible assets		**765**	–	535
Deferred tax assets		**62**	173	143
		1,090	465	883
Current assets				
Trade and other receivables		**6,887**	8,335	8,325
Derivative financial assets	6	**62**	–	98
Cash and cash equivalents		**27,111**	27,120	21,861
		34,060	35,455	30,284
Current liabilities				
Trade and other payables		**(4,480)**	(4,692)	(3,874)
Corporation tax liabilities		**(1,925)**	(2,810)	(2,384)
Derivative financial liabilities	6	**–**	(82)	(149)
		(6,405)	(7,584)	(6,407)
Net current assets		**27,655**	27,871	23,877
Non-current assets classified as held for sale (disposal group)	7	**850**	–	940
Total net assets		**29,595**	28,336	25,700
Equity				
Issued share capital	8	**55**	55	55
Share premium account		**1,809**	1,809	1,809
Capital redemption reserve		**20**	20	20
Retained earnings		**27,711**	26,452	23,816
Total equity		**29,595**	28,336	25,700

The notes on pages 22 to 28 are an integral part of these consolidated financial statements.

Consolidated statement of cash flow

	Unaudited Six months ended 30 Sep 10 £'000	Unaudited Six months ended 30 Sep 09 £'000	Audited Year ended 31 Mar 10 £'000
Profit after tax	**5,052**	5,921	11,952
Adjustments for:			
Corporation tax	**2,010**	2,261	4,720
Finance income	**(92)**	(136)	(220)
Depreciation of property, plant and equipment	**106**	128	250
Share-based payments expense	**217**	43	251
	7,293	8,217	16,953
Changes in working capital			
Decrease/(increase) in receivables	**1,441**	(600)	(651)
Increase/(decrease) in payables	**606**	(1,849)	(3,202)
Decrease in other financial assets	**36**	–	–
(Decrease)/increase in other financial liabilities	**(149)**	69	(902)
Cash inflow from operating activities	**9,227**	5,837	12,198
Corporation taxes paid	**(2,367)**	(3,788)	(6,094)
Net cash inflow from operating activities	**6,860**	2,049	6,104
Cash flow from investing activities			
Purchase of property, plant and equipment	**(166)**	(52)	(87)
Purchase of intangible assets	**(230)**	–	(535)
Interest received	**89**	144	229
Net cash (outflow)/inflow from investing activities	**(307)**	92	(393)
Cash flow from financing activities			
Purchase of treasury shares	**–**	(52)	(52)
Dividends paid to equity shareholders	**(1,303)**	(4,767)	(13,596)
Cash outflow from financing activities	**(1,303)**	(4,819)	(13,648)
Net increase/(decrease) in cash and cash equivalents in the period	**5,250**	(2,678)	(7,937)
Cash and cash equivalents at the beginning of the period	**21,861**	29,798	29,798
Cash and cash equivalents at the end of the period	**27,111**	27,120	21,861
Closing cash and cash equivalents consists of:			
Cash at bank and in hand	**27,111**	27,120	21,861
	27,111	27,120	21,861

The notes on pages 22 to 28 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Unaudited	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2009	**55**	**1,809**	**20**	**25,307**	**27,191**
Dividends paid	–	–	–	(4,767)	(4,767)
Own shares held by EBT	–	–	–	(52)	(52)
Employee share options	–	–	–	43	43
Transactions with owners	**–**	**–**	**–**	**(4,776)**	**(4,776)**
Profit and total comprehensive income for the period	–	–	–	5,921	5,921
As at 30 September 2009	**55**	**1,809**	**20**	**26,452**	**28,336**
Dividends paid	–	–	–	(8,829)	(8,829)
Own shares held by EBT	–	–	–	1	1
Employee share options	–	–	–	208	208
Transactions with owners	**–**	**–**	**–**	**(8,620)**	**(8,620)**
Profit for the period	–	–	–	6,031	6,031
Other comprehensive income					
Loss on non-current assets held for sale	–	–	–	(60)	(60)
Income tax relating to components of other comprehensive income	–	–	–	13	13
Total comprehensive income for the period	–	–	–	5,984	5,984
As at 31 March 2010	**55**	**1,809**	**20**	**23,816**	**25,700**
Dividends paid	–	–	–	(1,303)	(1,303)
Employee share options	–	–	–	217	217
Transactions with owners	**–**	**–**	**–**	**(1,086)**	**(1,086)**
Profit for the period	–	–	–	5,052	5,052
Other comprehensive income					
Loss on non-current assets held for sale	–	–	–	(90)	(90)
Income tax relating to components of other comprehensive income	–	–	–	19	19
Total comprehensive income for the period	–	–	–	4,981	4,981
As at 30 September 2010	**55**	**1,809**	**20**	**27,711**	**29,595**

The notes on pages 22 to 28 are an integral part of these consolidated financial statements.

Notes to the accounts
For the six months ended 30 September 2010

1 Basis of preparation
The condensed set of financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2010 (which were prepared in accordance with IFRSs as adopted by the European Union) have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

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

The accounting policies, presentation and methods of computation applied in the interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2010.

3 Segmental analysis
The Directors, who together are the entity's Chief Operating Decision Maker, consider that its services comprise one operating segment (being the provision of currency management services) and that it operates in a market that is not bound by geographical constraints.

For management purposes, the Group sub-divides the single business segment into two currency management products being Hedging and Currency for Return and reports its performance between two fee structures being management fees and performance fees. Revenue information analysing the aforementioned products is presented on page 23.

3 Segmental analysis continued

(a) Product class

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

Currency management income by product and fee type	Six months ended 30 Sep 10 £'000	Six months ended 30 Sep 09 £'000	Year ended 31 Mar 10 £'000
Dynamic Hedging			
Management fees	**8,813**	5,921	14,432
Passive Hedging			
Management fees	**1,278**	1,026	2,211
Currency for Return – segregated			
Management fees	**2,735**	4,577	8,038
Currency for Return - pooled			
Management fees	**2,177**	4,598	8,563
Performance fees	**–**	220	224
	15,003	16,342	33,468
Other revenues	**57**	50	(44)
Total	**15,060**	16,392	33,424

(b) Countries served

The geographical analysis of revenue is based on the destination (i.e. the location of the client to whom the services are provided). All turnover originated in the UK. All assets of the Group are located in the UK.

Other group activities contribute less than 1% of the total Group income. They are not considered significant and they are not analysed by geographical region.

3 Segmental analysis continued
(b) Countries served continued

Currency management income by country	Six months ended 30 Sep 10 £'000	Six months ended 30 Sep 09 £'000	Year ended 31 Mar 10 £'000
UK	**5,070**	7,766	14,885
US	**6,926**	3,992	10,921
Switzerland	**2,545**	2,192	4,568
UAE	**–**	721	720
Other	**462**	1,671	2,374
	15,003	16,342	33,468
Other Group activities	**57**	50	(44)
Total	**15,060**	**16,392**	**33,424**

During the six months ended 30 September 2010, £4.8m or 31.9% of the Group's revenue was accounted for by a single client. No other clients accounted for more than 10% of the Group's revenue during the period.

4 Earnings per share
Basic earnings per share is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated as for the basic earnings per share with a further adjustment to the weighted average number of ordinary shares to reflect the effects of all potential dilution.

There is no difference between the profit for the financial year attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

	Six months ended 30 Sep 10	Six months ended 30 Sep 09	Year ended 31 Mar 10
Weighted average number of shares used in calculation of basic earnings per share	**220,874,485**	220,668,098	220,699,697
Effect of dilutive potential ordinary shares – share options	**355,560**	416,830	418,793
Weighted average number of shares used in calculation of diluted earnings per share	**221,230,045**	221,084,928	221,118,490

	pence	pence	pence
Basic earnings per share	**2.26**	2.68	5.39
Diluted earnings per share	**2.25**	2.68	5.38

4 Earnings per share continued

The potential dilutive shares relate to the share options and deferred share awards granted in respect of three of the Group's incentive schemes i.e. the Group Bonus Scheme, the Flotation Bonus Scheme and the Share Scheme. There were share options and deferred share awards in place at the beginning of the period over 586,068 shares. During the period options were exercised, or share awards vested, over 220,632 shares.

Share awards made under the aforementioned schemes are delivered wherever possible through market purchases, not through the issue of new shares, and this remains the intention for the future in order to avoid dilution.

5 Dividends

The dividends paid by the Group during the six months ended 30 September 2010 in respect of the year ended 31 March 2010 totalled £1,302,689 (0.59p per share). The dividends paid during the year ended 31 March 2010 totalled £13,595,519 (6.16p per share, which included the accelerated dividend of 2.00p per share in March 2010). The dividends paid during the six months ended 30 September 2009 totalled £4,766,771 (2.16p per share).

6 Derivative financial assets and liabilities

The Group has committed seed capital to a new product, being a £1,000,000 investment in an emerging markets currency segregated mandate. This is a geared investment that invests in long emerging market currencies and short developed market currencies. These contracts are classified as financial assets held for trading. At 30 September 2010 there were outstanding contracts with a principal value of £3,363,728 (31 March 2010: £3,195,836; 30 September 2009: £nil) 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 30 September 2010.

	As at 30 Sep 10 £'000	As at 30 Sep 09 £'000	As at 31 Mar 10 £'000
Derivative financial assets – forward foreign exchange contracts held for trading	**28**	–	98

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

	Six months ended 30 Sep 10 £'000	Six months ended 30 Sep 09 £'000	Year ended 31 Mar 10 £'000
Net (loss) or gain on forward exchange contracts at fair value through profit or loss	**(30)**	–	119

6 Derivative financial assets and liabilities continued

The Group uses forward exchange contracts to reduce the risk associated with sales denominated in foreign currencies. At 30 September 2010 there were outstanding contracts with a principal value of £4,171,559 (31 March 2010: £4,710,619; 30 September 2009: £3,662,048) for the sale 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 30 September 2010.

	As at 30 Sep 10 £'000	As at 30 Sep 09 £'000	As at 31 Mar 10 £'000
Derivative financial assets/(liabilities) – forward foreign exchange contracts held to hedge cash flow	**34**	(82)	(149)

The net gain on forward foreign exchange contracts held to hedge cash flow is as follows:

	Six months ended 30 Sep 10 £'000	Six months ended 30 Sep 09 £'000	Year ended 31 Mar 10 £'000
Net gain on fair value through profit or loss	**209**	250	259

7 Non-current assets held for sale (disposal group)

From time to time, the Group injects capital into funds operated by the Group to trial new products (seed capital). On 1 October 2009 the Group placed £1,000,000 in the Record Currency Fund Carry 250. The only other investor in this fund is Neil Record, Chairman of Record plc; therefore the fund is under de facto control of the Group. In accordance with SIC-12 and IAS 27, such funds are considered to be under control of the Group and as such the fund becomes a subsidiary of the Group. As the Group expected to reduce its holding within twelve months, the investment was considered to be a disposal group classified as being held for sale as it was considered highly probable that the fund would not remain under the control of the Group one year after the original investment was made.

At 30 September 2010 the Group had not redeemed its seed capital in this fund. As noted in paragraph 9 of IFRS 5, an extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group). During the initial one-year period, the market conditions that existed at the date the asset was classified initially as held for sale deteriorated, largely as a result of the negative performance of the fund, precluding the launch of the fund to external investors and consequently the redemption of the Group's seed capital.

The Board has set a date of 1 December 2010 for the redemption of its unit holding in the Carry 250 fund, the proceeds of which will be used to seed an alternative index tracking product based on the FTSE FRB10 Index. As such, the conditions in IFRS 5 paragraph B1(c) for an exception to the one-year requirement in paragraph 8 are met. At the end of the initial one-year period, the asset continues to be classified as held for sale.

	As at 30 Sep 10 £'000	As at 30 Sep 09 £'000	As at 31 Mar 10 £'000
Seed capital classified as being held for sale (disposal group)	**850**	–	940

The underlying assets that comprise the disposal group classified as held for sale under IFRS 5 are themselves available for sale financial assets, and therefore are measured in accordance with IAS 39.

8 Called up share capital

The share capital of Record plc consists only of fully paid ordinary shares with a par value of 0.025p. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

	As at 30 Sep 10		As at 30 Sep 09		As at 31 Mar 10	
	£'000	Number	£'000	Number	£'000	Number
Authorised						
Ordinary shares of 0.025p each	100	400,000,000	100	400,000,000	100	400,000,000
Called up, allotted and fully paid						
Ordinary shares of 0.025p each	55	221,380,800	55	221,380,800	55	221,380,800

Changes to issued share capital

	£'000	Number
As at 1 April 2009	55	220,683,828
Adjustment for own shares held by EBT	–	(41,140)
As at 30 September 2009	55	220,642,688
Adjustment for own shares held by EBT	–	152,044
As at 31 March 2010	55	220,794,732
Adjustment for own shares held by EBT	–	220,632
As at 30 September 2010	**55**	**221,015,364**

9 Share-based payments

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

The Group has also issued nil cost options over a total of £400,000 worth of issued shares to two senior employees. The fair value of these options is charged to the income statement over the vesting period of the options. The first vesting of shares under this scheme occurred in the period, with 128,434 shares vesting.

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

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

10 Own shares

The Record plc Employee Benefit Trust (EBT) was formed to hold shares acquired to meet obligations for share awards made to employees. A total of 168,287 ordinary shares were acquired on 21 December 2007 under the Record plc Flotation Bonus Scheme by the Trust, a further 282,926 shares have been purchased under the Record plc Group Bonus Scheme and 383,531 shares were purchased in respect of nil cost options awarded to two senior employees. A total of 469,308 shares have vested. The EBT continues to hold 365,436 shares at 30 September 2010 (31 March 2010: 586,068; 30 September 2009: 738,112). The holding of the EBT comprises own shares that have not vested unconditionally to employees of the Group. Own shares are recorded at cost and are deducted from retained earnings. The EBT is consolidated in the Group financial statements.

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

11 Related parties transactions

The related parties transactions during the period are consistent with the categories disclosed in the Annual Report for the year ended 31 March 2010.

The compensation and dividends paid to key management personnel is as follows:

	Six months ended 30 Sep 10 £'000	Six months ended 30 Sep 09 £'000	Year ended 31 Mar 10 £'000
Short-term employee benefits	**2,583**	3,925	5,866
Post-employment benefits	**144**	175	325
Share-based payments	**883**	82	2,171
Dividends	**657**	3,070	7,669
	4,267	7,252	16,031

All transactions with related parties were on an arm's length basis.

12 Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Information for shareholders

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

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

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