

Announcement of preliminary results for the year ended 31 December 2006

- Assets under management up 100% to \$5.24 billion (2005: \$2.62 billion)
- Pre-tax profit up 96% to £50.3 million (2005: £25.6 million*)
- Turnover increased by 107% to £118.0 million (2005: £56.9 million)
- Pre-tax return on equity of 59% based on average monthly shareholders' funds (2005: 54%)
- Basic earnings per share up 108% to 9.78p (2005: 4.70p*) and diluted earnings per share up 116% to 8.17p (2005: 3.78p*)
- Proposed final dividend per share increased to 1.35p (2005: 0.65p) to give total dividends of 1.60p per share (up 100% from 0.80p in 2005)
- Net asset value per share 26.8p (2005: 15.6p)

*Restated for the adoption of FRS20 'Share-based payment' and other non-material items, which have reduced operating expenses for the year by £53,000 and increased the result for the year by the same amount.

Operating Highlights

- Generally strong performance across our leading investment strategies
- Further progress towards building a diversified portfolio of absolute return strategies: twelve RAB funds now over \$100 million
- Achievements recognised by several awards including *EuroHedge* 'Management Firm of the Year' Award

Michael Alen-Buckley, Executive Chairman, said:

"The RAB Capital business model successfully aligns the interests of investors in our funds, shareholders and staff. On all of the key metrics we surpassed growth targets in 2006."

Philip Richards, Chief Executive, said:

"Our natural resources investing franchise is in great shape. Separately we have a more diverse business than ever before, and an even stronger balance sheet. It is an excellent base from which to advance in the year ahead."

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Chairman's and Chief Executive's Statement

Overview

The RAB Capital Group had a very strong year in 2006, reflected in both pre-tax profits (up 96% to £50.3 million from £25.6 million in 2005*) and turnover (up 107% to £118.0 million from £56.9 million in 2005). Turnover included management fees of £32.6 million (up 88% from £17.3 million in 2005) and performance fees of £85.4 million (up 117% from £39.4 million). In addition, the Group made realised investment gains of £12.1 million (2005: £7.2 million) and interest income was £2.4 million (2005: £0.8 million). Basic earnings per share rose by 108% to 9.78p (2005: 4.70p*) and diluted earnings per share by 116% to 8.17p (2005: 3.78p*).

Over the year, assets under management increased to \$5.24 billion, up 100%. This was the result of inflows, growth through positive investment performance and the contribution made by the acquisition of Northwest Investment Management Limited in September 2006. The final figure for assets under management was slightly higher than that reported in January because final net asset values for RAB funds, in aggregate, proved to be above the initial estimates.

The Group balance sheet finished the year in a strong position as shareholders' funds rose 111% to £139.5 million (2005: £66.2 million), not including unrealised investment gains of £5.3 million (2005: £12.6 million). At year end the net asset value per share was 26.8p (2005: 15.6p). The Group had a cash balance of £33.8 million (2005: £5.4 million), and investments in RAB funds had a market value of approximately £69.7 million (2005: £33.8 million). The basic weighted average number of shares in issue for 2006 was 448.7 million and the diluted number of shares for 2006 was 537.2 million. As at 31 December 2006 there were 519.8 million shares in issue.

In view of the strength of the balance sheet and the strong growth in earnings, the Board has recommended an increase in the final dividend to 1.35p per share (up 108% from 0.65 pence in 2005) to give total dividends for 2006 of 1.60p per share (up 100% from 0.80 pence in 2005). If approved at the Annual General Meeting, the final 2006 dividend will be paid on 11 May 2007 to shareholders on the register on 20 April 2007.

The Board remains committed to maintaining sufficient cash to preserve a high level of flexibility to provide, where appropriate, launch capital for new RAB funds, and to develop the business through selective acquisitions.

*restated for the adoption of FRS20 "Share-based payment" and other non-material items.

Overall costs as a proportion of turnover remained stable in 2006 compared to 2005. We indicated in the 2005 annual report that employee bonuses were expected to increase as a proportion of income before bonuses and tax. For 2006 they totalled £63.5 million (2005: £28.0 million), or 55.8% of income before bonuses and tax (2005: 52.2%). Other costs, excluding employee bonuses but including staff salaries, IT systems and legal and professional fees, increased by 66% to £18.8 million (2005: £11.3 million). We have continued to seek to standardise operating procedures and to improve operational leverage by controlling costs.

As indicated in the Group's trading update of January 2007, the tax charge is substantially below the statutory rate for 2006 mainly due to the exercise of options during 2006, which generated a tax credit of £4.0 million, and the write-back of past tax provisions of £4.8 million. These credits arose from the clarification of legislation concerning allowances against the exercise of employee share options. The Group is likely to continue to benefit from future tax credits as further share options are exercised.

From 2007 onwards the Group will adopt International Financial Reporting Standards (IFRS). The first set of financial results prepared on this basis will be the interim results for 2007. We have reviewed the impact of the transition to IFRS and expect the majority of changes to be presentational. However, the goodwill in respect of the acquisition of Northwest, previously recognised under UK GAAP, will be split between specific intangible assets, such as investment management agreements and residual goodwill. The former will be amortised and the residual goodwill will be reviewed for impairment on a regular basis.

Review of the year

After an excellent opening four months, 2006 trading became more challenging during the summer period, but conditions improved significantly in the fourth quarter. Performance for the year was generally strong among RAB's leading investment strategies. Net asset inflows were very positive in the first half and, although somewhat slower in the third quarter, revived in the final quarter of 2006.

We remain committed to our long-term vision of creating a broadly-based absolute return investment management firm and now have a diverse range of strategies, including two multi-strategy and ten single-strategy vehicles each with assets of over \$100 million.

Over the course of 2006 RAB continued to reap the benefit of our early strategic decision to build a strong natural resources investment franchise. Our well-established strategies in this area continued to grow strongly and the combined assets under management of RAB Special

Situations, RAB Energy and RAB Octane totalled almost \$2.5 billion, or just below half the Group total, at year end.

RAB Special Situations has more than doubled in size, becoming our first billion dollar investment strategy (\$1.59 billion under management at 31 December 2006). Inflows into this strategy included a \$200 million investment from the Mittal family trusts in December 2006. The strategy's AIM-listed feeder fund, RAB Special Situations Company, maintained a strong positive return for its initial investors, and conversion of the "A" warrants in May 2006 raised a further £23 million.

The RAB Energy strategy continued to perform well, finishing the year with assets of \$711 million. The more concentrated RAB Octane strategy had a successful year, and is now closed to new investment.

Assets under management by strategy

Strategies:	31 December 2006 \$m	31 December 2005 \$m
RAB Special Situations	1,594	723
RAB Energy	711	401
RAB Multi Strategy*	409	165
RAB UK	356	313
RAB EMEA	335	110
RAB Cross Europe	316	225
RAB Northwest	252	-
RAB External Managers	251	124
RAB Northwest Japan	176	-
RAB Europe	168	150
RAB Octane	159	113
RAB European Loan**	100	41
RAB European Dynamic***	89	21
RAB Northwest China Opportunities	75	-
RAB European High Yield	73	123
Cross Credit	-	36
<i>RAB Development Funds</i>	176	79
	5,240	2,624

* RAB Multi Strategy invests in other funds managed by RAB Capital

** for the year ended 31 December 2005 RAB European Loan was included in the RAB Development Funds category

*** for the year ended 31 December 2005 RAB European Dynamic was included in the RAB Europe strategy

Our long/short equity strategies made good progress during the year. One highlight was the success of the RAB EMEA strategy, which more than tripled in size during 2006. The team was further reinforced to support the creation of RAB Emerging Markets Opportunities, a new global emerging markets strategy with a concentrated approach, encompassing debt as well as

equities. RAB UK raised assets under management to over \$350 million. Despite the departure of one of its co-managers, RAB Europe maintained good performance and still increased its assets in 2006.

The internal fund-of-funds, RAB Multi-Strategy, more than doubled assets under management to over \$400 million. This included an injection of £31.25 million of the Group's own capital in order to maintain weightings across RAB funds following the Northwest acquisition. RAB External Managers doubled its assets under management.

The growth of RAB Cross Europe continued. The assets in the strategy were up by 40% over the course of the year. The Cross Credit strategy was discontinued following the departure of the portfolio manager.

In credit, the European Loan strategy reached the \$100 million level at the year end and the team was strengthened to prepare for the next phase of growth. The RAB European High Yield had a year of good performance, on the back of which it is intended to raise further assets for this strategy.

The performance of RAB Capital funds was recognised by several industry awards, including the "Management Firm of the Year Award" for 2006 at the *EuroHedge Awards* in January 2007, awarded on the basis of asset-gathering and asset-weighted returns. RAB Energy won 'Best Energy Fund' at the *Hedge Funds Review European Performance Awards 2006*. Philip Richards was voted "AIM Entrepreneur of the Year 2006" at the AIM Awards in October.

The portfolio of development funds was reviewed in late 2006 and the American, Japanese and Index Trading strategies are being discontinued. The development funds portfolio now comprises the RAB New Technologies, RAB Gold, RAB Emerging Markets Opportunities and RAB Northwest Warrant strategies.

In the area of regulated funds available to the retail investor, the RAB European Dynamic Fund grew assets under management rapidly. It returned 28% in 2006 and won a Lipper Award for "Best Equity Europe Fund" by achieving the highest consistent-return rating relative to its industry peers for the three years to end-2006. We continue to have promising distribution partnerships with BDO Stoy Hayward and Hargreaves Lansdown, while the appointment of a client relationship manager for RAB's retail marketing partners will further develop the Group's retail growth strategy.

Group strategy and acquisitions

The primary motors driving the Group's growth continue to be individual fund performance, worldwide targeted marketing, the launch of new funds, expansion into the UK retail market with regulated funds, and the acquisition of complementary businesses. In 2007 we also foresee opportunities to drive growth through the selective leveraging of our existing strengths in key areas, including launching new variants of established strategies.

In September 2006, RAB made its second strategic acquisition with the purchase of Northwest Investment Management Limited. The business has since been relocated to our Adam Street offices and made a small positive contribution to Group earnings for the year. The Northwest team specialises in Asian-focused, market-neutral trading strategies which exploit volatility. We expect our acquisition of Northwest to accelerate our growth in Asian markets and further diversify the business, bringing products which are scaleable and uncorrelated with our existing offering.

The Company's listed status on AIM provides, amongst other things, an acquisition currency for the Group. We continue to consider a number of potential targets. However, we will only pursue a prospect after undertaking considerable due diligence, and any strategic initiative will be judged primarily against its ability to add shareholder value over the longer term.

The Board has considered the strategic advantages and disadvantages of moving to the main market of the London Stock Exchange and resolved that it has no current intention of pursuing this, although it may be appropriate to review the matter as the business develops.

Shareholders and board

The strengthening and broadening of the shareholder base initiated last year was further enhanced by the consolidation of Sofina's strategic shareholding in the Company to 8.4%. In May we were pleased to appoint Sofina representative Xavier Coirbay to the Board as a non-executive Director. In December, investment vehicles of various Mittal family trusts increased their holding in RAB, which together with subsequent purchases have raised this to 8.0%.

In July 2006, Stephen Couttie, who joined RAB in July 2005 as Chief Operating Officer, was appointed to the Board as an executive Director. In February 2007 the Board's independent non-executive representation was strengthened by the appointment of Sir David Michels as a non-executive Director. Sir David was chief executive of the Hilton Group from 2000 to 2006,

and is currently a non-executive Senior Independent Director of The British Land Company, Easyjet and Marks and Spencer Group.

Outlook

We will continue to recruit talented fund managers and aim to give them the best possible environment in which to perform and flourish. We believe that investors will continue to increase their exposure to absolute return strategies, reducing their allocations to traditional assets and seeking better risk/return ratios in the next few years. After another strong year, we would like to thank all our staff, and appreciate the support of our investors and shareholders.

The opening weeks of 2007 have shown steady growth and performance, but at a slower rate than last year. As an indication, at 28 February 2007, assets under management were estimated at \$5.45 billion. We believe that RAB Capital will deliver further growth to shareholders during the course of 2007. We remain committed to the growth of the business in both the long and short-term, and to creating further value for RAB shareholders.

Michael Alen-Buckley

Philip Richards

22 March 2007

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial position and business of RAB Capital PLC. Such statements and forecasts 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 which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements and forecasts are based on information known to the Directors at the date of this announcement and represent their current view. The Directors do not undertake to update or revise any such forward-looking statements in the light of new information, future events or otherwise, and nothing in this announcement should be construed as a profit forecast.

Notes for editors

RAB Capital is a London-based absolute return investment management company which was founded in 1999 and floated on AIM in March 2004. As at 31 December 2006 RAB had \$5.24 billion of assets under management. RAB has twelve absolute return strategies, each with assets in excess of \$100 million (ten single-strategy and two multi-strategy), and also manages the AIM-listed RAB Special Situations Company.

RAB Capital's philosophy is to find highly talented investment managers and provide them with an environment where they can successfully dedicate themselves to running focused investment strategies. RAB Capital PLC is authorised and regulated by the Financial Services Authority. The Company is a constituent of the FTSE AIM UK 50 Index. The website can be found at www.rabcap.com

**Consolidated profit and loss account
For the year ended 31 December 2006**

	Note	Year to 31 December 2006			Year to 31 December 2005 (as restated)
		Total £000s	Continuing activities £000s	Acquired activities £000s	£000s
Turnover		118,007	115,054	2,953	56,918
Administrative expenses		(82,269)	(80,828)	(1,441)	(39,329)
Operating profit	5	35,738	34,226	1,512	17,589
Profit on disposal of fixed asset investments		12,122	12,122	-	7,193
Interest receivable and similar income		2,447	2,447	-	834
Profit on ordinary activities before taxation		50,307	48,795	1,512	25,616
Taxation	6	(6,431)	(5,977)	(454)	(6,638)
Profit on ordinary activities after taxation		43,876	42,818	1,058	18,978
Ordinary dividends on equity shares		3,948			2,170
Retained profit for the period	10	39,928			16,808
			Year to 31 December 2006	Year to 31 December 2005 (restated)	
Basic earnings per ordinary share	11	9.78p		4.70p	
Diluted earnings per ordinary share	11	8.17p		3.78p	

Consolidated statement of total recognised gains and losses

	Year to 31 December 2006 £000s	Year to 31 December 2005 £000s
Profit for the financial year	43,876	18,978
Currency translation differences on investments in overseas subsidiaries	71	192
Total recognised gains	43,947	19,170
Prior year adjustment	19	-
	43,966	19,170

**Consolidated balance sheet
at 31 December 2006**

	Note	31 December 2006		31 December 2005 (as restated)	
		£000s	£000s	£000s	£000s
Fixed assets					
Intangible assets			25,601		6,942
Tangible assets			1,404		778
Investments	7		64,360		21,029
Investments: Employee Benefit Trust			9,156		5,531
			100,521		34,280
Current assets					
Debtors		80,341		43,631	
Cash at bank and in hand: Employee Benefit Trust		6,804		30,509	
Cash at bank and in hand		33,840		5,371	
		120,985		79,511	
Creditors: amounts falling due within one year	9	(66,064)		(11,592)	
Net current assets			54,921		67,919
Total assets less current liabilities			155,442		102,199
Provision for liabilities and charges					
Remuneration provision: Employee Benefit Trust			(15,960)		(36,040)
			139,482		66,159
Capital and reserves					
Called up share capital			520		423
Share premium account	10		30,147		13,171
Merger reserve	10		27,373		13,509
Other reserves	10		3,330		943
Profit and loss account	10		78,112		38,113
Total shareholders' funds – equity interests			139,482		66,159

Consolidated cash flow statement For the year ended 31 December 2006

	Year to 31 December 2006		Year to 31 December 2005	
	£000s	£000s	£000s	£000s
Net cash inflow from operating activities		40,069		27,888
Returns on investments and servicing of finance				
Interest and dividends received		2,447		834
Taxation		(10,239)		(5,890)
 Capital expenditure and financial investment				
Purchase of tangible fixed assets	(984)		(605)	
Purchase of fixed asset investments	(47,355)		(16,015)	
Purchase of employee benefit trust investments	(3,625)		(5,296)	
Disposal of fixed asset investments	16,291		18,744	
		<u>(35,673)</u>		<u>(3,172)</u>
 Acquisitions and disposals				
Cash paid for acquisition of subsidiary	(6,597)		(3,117)	
Cash acquired on purchase of subsidiary	1,646		2,441	
		<u>(4,951)</u>		<u>(676)</u>
Equity dividends paid		(3,948)		(2,170)
 Management of liquid resources				
Increase in short-term deposits		<u>(12,426)</u>		<u>(545)</u>
Net cash (outflow)/inflow before financing		<u>(24,721)</u>		<u>16,269</u>
Financing				
Issue of share capital		17,059		2,247
Costs associated with share issue		-		(44)
Increase (decrease) in cash		<u>(7,662)</u>		<u>18,472</u>

The increase in net funds, comprising cash and short-term deposits, was £4,764,000 (2005: £19,017,000).

The increase in net funds, excluding those of the Employee Benefit Trust, was £28,469,000 (2005: £3,508,000).

Notes to the accounts

1. **Statutory accounts.** The preliminary results for the year ended 31 December 2006 are unaudited. The financial information included in this statement does not constitute the Group's statutory accounts within the meaning of Section 240 of the Companies Act 1985 for the years ended 31 December 2005 or 2006. The financial information for 2005 has been derived from the statutory accounts for that year which have been delivered to the Registrar of Companies and include the Independent Auditors' report on those accounts which was unqualified, and which have been restated following the change in accounting policy set out in Note 2. The Independent Auditors' report on the statutory accounts for the year ended 31 December 2006 has not yet been signed. Those accounts are expected to be sent to shareholders on 11 April 2007 and will be delivered to the Registrar of Companies after the Annual General Meeting to be held on 3 May 2007 at The Royal Society of Arts, 8 John Adam Street, London WC2N 6EZ.

Further copies of the report will be available from the Company Secretary at the registered office, and on the Company's website at www.rabcap.com.

2. **Basis of preparation and change in accounting policy.** The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention. In preparing the financial statements for the current year, the Group has adopted FRS20 "Share-based payment". The results for the year ended 31 December 2005 have been restated as though the Group had adopted FRS20 from 1 January 2005. The Group has also restated certain non-material expenses reported by Cross Asset Management Limited in 2005. The effect has been to reduce the operating expenses for the year by £53,000 and to increase the result for the year by the same amount, while the closing reserves have been increased by £19,000.
3. **Goodwill.** Goodwill arising on the acquisition of subsidiaries (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised, classified as an intangible fixed asset on the balance sheet and amortised on a straight line basis over its estimated useful life of up to 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.
4. **Employee share options.** The intrinsic value of share options and similar instruments issued to employees is charged to the profit and loss account over the period to which the employee's performance relates. The equivalent credit is charged to reserves.

5. **Operating profit**

	2006	2005
	£000s	£000s
Operating profit is stated after charging:		
Staff costs	71,712	33,537
Auditors' remuneration	103	75
Auditors' remuneration - non-audit work	337	416
Operating leases	494	538
Amortisation of intangible fixed assets	716	180
Depreciation of tangible fixed assets	408	379
Foreign exchange loss (gain)	413	(327)

In addition to the remuneration disclosed above, the Company's auditors received £92,000 in connection with the acquisition of Northwest Investment Management Limited which has been capitalised in the cost of the investment.

6. Taxation

Analysis of the tax charge for the year

	2006 £000s	2005 £000s
Current tax on income for the year	12,038	7,341
Adjustments in respect of previous periods	(4,798)	(419)
Current tax charge	7,240	6,922
Deferred tax	(809)	(284)
Total	6,431	6,638

Factors affecting the tax charge for the year

	2006 £000s	2005 £000s
Profit on ordinary activities before taxation	50,307	25,616
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	15,092	7,685
Effect of:		
Disallowed expenses and non taxable income	957	292
Depreciation in excess of capital allowances	(16)	25
Exercise of share options	(3,995)	(508)
Utilisation of tax losses in subsidiaries	-	(153)
Adjustments in respect of prior period	(4,798)	(419)
Current tax charge for the period	7,240	6,922

During the year the legislation concerning the deductibility for corporation tax purposes of gains arising on the exercise of certain classes of share options was clarified, with the result that the Company has been able to retrospectively claim deductions in respect of share options exercised in 2004 and 2005. The result has been a reduction in the corporation tax charge for previous periods of £4,798,000.

As at the balance sheet date there were options vested but not exercised with an intrinsic value for tax purposes of £11,716,000 (2005: £2,748,000). 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 deferred tax credit in respect of this is limited by reference to the charge in these accounts for employee share options of £2,387,000 (2005: £943,000).

7. Fixed asset investments

	Group Investments
	£000s
At 1 January 2005	21,029
Additions	47,355
Acquisitions	-
Disposals	(4,169)
Foreign exchange gain on investments held by subsidiary undertaking	145
At 31 December 2006	64,360

The Group's investments are principally in the funds it manages, some of which are listed. The Directors' opinion of the market value at the balance sheet date is £69,661,000 (2005: £33,635,000). Unrealised gains not recognised in these accounts are £5,301,000 (2005: £12,606,000) and tax payable on these gains would be £1,590,000 (2005: £3,782,000).

	Group 2006 £000s	Company 2006 £000s	Group 2005 £000s	Company 2005 £000s
Listed investments included above				
- cost	35,765	35,765	4,598	1,557
- market value	37,113	37,113	5,798	2,138

The Company owns 100% of the share capital of RAB Partners Limited, an investment management company which is incorporated in the Cayman Islands.

The Company also owns 100% of the issued share capital of Cross Asset Management Limited, an investment management company registered in England and Wales, and I2S Limited, an investment advisory company registered in England and Wales, which in turn owns 100% of the share capital of Leumas Limited, an investment company incorporated in Jersey.

During the year, the Company acquired 100% of the issued share capital of Northwest Investment Management Limited, an investment management company registered in England and Wales. Details of this acquisition are given in Note 8.

8. Acquisition of Northwest Investment Management Limited

The consolidated profit and loss account and consolidated cash flow statement include the results for Northwest Investment Management Limited from 1 September 2006, the date of acquisition.

The fair values, which equalled the book values of the assets and liabilities acquired, were as follows:

Details	Consideration £000s	Fair value £000s	Goodwill £000s
Cash paid on acquisition	5,172	-	-
Deferred cash consideration (paid in October 2006)	1,100	-	-
Shares issued	13,878	-	-
Costs of acquisition	325	-	-
Cash acquired on acquisition	-	1,646	-
Tangible fixed assets	-	50	-
Debtors	-	609	-
Creditors: amounts falling due within one year	-	(969)	-
Corporation tax	-	(246)	-
Deferred tax	-	10	-
	20,475	1,100	19,375

The results of Northwest Investment Management Limited since the acquisition are separately disclosed in the consolidated profit and loss account as acquired activities.

The profits/(losses) after tax of Northwest Investment Management Limited in respect of the year to 31 December 2005 being its financial year end prior to acquisition, and other disclosable periods were as follows:

	1 Jan 2006 – 1 Sept 2006 £000s	1 Jan 2006 – 31 Dec 2006 £000s	1 Jan 2005 – 31 Dec 2005 £000s
Turnover	4,496	7,449	5,077
Operating profit/(loss)	793	2,305	(222)
Profit on ordinary activities before taxation	793	2,305	(206)
Taxation	(226)	(680)	-
Profit/(loss) on ordinary activities after taxation	567	1,625	(206)

There were no recognised gains and losses in these periods other than the profit/(loss) for the year.

9. Creditors: amounts falling due within one year

Creditors includes employee bonuses accrued at 31 December 2006, whereas bonuses in respect of 2005 were an obligation of the Employee Benefit Trust at 31 December 2005 and included within the remuneration provision.

10. Reserves

	Profit & loss £000s	Share premium £000s	Merger reserve £000s	Other reserves £000s	Total £000s
At January 2006					
As previously stated	38,096	13,171	13,509	941	65,717
Prior year adjustment	17	-	-	2	19
As restated	38,113	13,171	13,509	943	65,736
Profit for the financial year					
	43,876	-	-	-	43,876
Exchange gain from revaluation of opening reserves of subsidiary					
	71	-	-	-	71
Arising on share issues					
	-	16,976	13,864	-	30,840
Equity dividends paid					
	(3,948)	-	-	-	(3,948)
Arising from employee share options					
	-	-	-	2,387	2,387
	78,112	30,147	27,373	3,330	138,962

11. Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit for the year of £43,876,000 (2005 (as restated): £18,978,000) and on 448,691,917 (2005: 403,449,962) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per ordinary share is based on profit for the year of £43,876,000 (2005 (as restated): £18,978,000) and on 537,202,708 (2005: 502,100,158) ordinary shares, calculated as follows:

	2006	2005
Basic weighted average number of shares	448,691,917	403,449,962
Dilutive effect of options	45,468,789	54,549,381
Dilutive effect of convertible shares	43,042,002	44,100,815
	537,202,708	502,100,158