RAB CAPITAL PLC

Announcement of unaudited preliminary results for the year ended 31 December 2007

Financial Highlights

- Assets under management up 38% to $7.24 billion (2006: $5.24 billion)
- Pre-tax profit up 1% to £51.1 million (2006: £50.6 million*)
- Net income up 3% to £137 million (2006: £133 million*)
- Diluted earnings per Ordinary share down 4% to 6.28p (2006: 6.53p*)
- Proposed final dividend of 1.80p per Ordinary share (2006: 1.35p) to give total dividends of 2.40p per Ordinary share (up 50% from 1.60p in 2006)
- Strong cash generation and strong balance sheet
- Net asset value per Ordinary share 34.7p** (2006: 28.4p*)

* restated for the adoption of International Financial Reporting Standards (IFRS) as adopted in the European Union
** based on shares in issue less those held in treasury at 31 December 2007

Operating Highlights

- Robust business performance in more challenging market conditions
- Improved diversity of the RAB fund range
- First overseas office established in Hong Kong
- Continued investment in new products and distribution capability

Philip Richards, Chief Executive, said:
“In 2007 our business model was tested and proved durable. RAB funds protected investors’ capital and achieved decent positive returns, as evidenced by our RAB Multi-Strategy fund at 10.2%.”

Michael Alen-Buckley, Executive Chairman, said:
“Our investment in business infrastructure, products and distribution continues to underpin the scope for future growth. Nervousness in global markets will bring many challenges and opportunities in 2008 and RAB is in good shape to take them on.”

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RAB CAPITAL PLC

Chairman and Chief Executive's Statement

Overview

The RAB Capital Group enjoyed a strong first half in 2007 followed by weaker trading in the second half as credit and liquidity issues impacted negatively on global equity markets. In spite of the more challenging conditions, the business proved robust and achieved marginally higher profit before tax for the full year of £51.1 million (2006: £50.6 million, restated for the adoption of IFRS†) and net income of £137 million (2006: £133 million).

Fees were drawn from a broader range of investment strategies, a reflection of the programme of fund launches and acquisitions which have diversified the business since flotation in 2004. An increased proportion of revenues (42%) were derived from management fees (2006: 28%).

Assets under management, the driver of management fees, grew by 38% to $7.2 billion (2006: $5.2 billion). Over half of the increase was a result of net inflows to our funds, a significant part resulted from positive investment performance and the remainder reflected the acquisition of the business of Pi Investment Management in October 2007.

Assets under management by fund

Funds:	31 December 2007 $m	31 December 2006 $m	AUM Increase/ (Decrease) (%)	Fund Return 2007 (%)
RAB Special Situations	2,066	1,594	30	9.3
RAB Energy	980	711	38	5.0
RAB-Northwest	470	252	87	27.4
RAB Multi Strategy*	467	409	14	10.2
RAB EMEA	449	335	34	19.7
RAB External Managers	414	251	65	10.2
RAB Cross Europe	290	316	(8)	1.7
RAB UK	283	356	(21)	8.0
RAB Europe	207	168	23	12.3
RAB-Pi Asia	194	-	-	5.2
RAB Octane	189	159	19	11.4
RAB Global Mining and Resources	171	-	-	5.9#
RAB-Northwest China Opportunities	155	75	107	45.8
RAB European Loan	140	100	40	(4.2)
RAB Emerging Market Opportunities**	122	29	321	28.2
RAB European Dynamic	108	89	21	12.7
RAB-Northwest Warrant***	102	27	278	47.8
RAB-Northwest Japan	80	176	(55)	9.7
RAB European Credit Opportunities	74	73	1	9.6
RAB Development Funds	281	120	134	N/A
	7,242	**5,240**	**38**	

* RAB Multi Strategy invests wholly in other RAB funds. Smaller investments in other RAB funds are made by European Credit Opportunities and Special Situations.

** for the year ended 31 December 2006, RAB Emerging Market Opportunities was included in the RAB Development Funds category.

*** for the year ended 31 December 2006, RAB-Northwest Warrant was included in the RAB Development Funds category.

from launch on 12 November 2007.

† all comparatives have been restated for IFRS.

Total administrative costs for the year grew to £86.0 million (2006: £82.0 million). A significant part of the cost base is performance-related compensation linked to pre-tax profits. The overall increase in administrative costs was just 5% notwithstanding the continued investment in new products and infrastructure which increased fixed costs to £27.2 million (2006: £18.5 million). Excluding non-cash charges these fixed costs were £19.3 million (2006: £15.2 million).

RAB's cash generation remained extremely strong. Non-cash charges - principally the amortisation of intangibles arising on acquisition and the recognition of costs associated with share-based payments - totalled £7.9 million (2006: £3.3 million). Free cash earnings after taxation were £46.9 million (2006: £47.2 million) or 92% (2006: 93%) of pre-tax profits (see Note 4(A)).

The Group balance sheet continued to strengthen and constitutes an important strategic asset, providing the flexibility to support the organic development of the business, pursue selected acquisition opportunities, and, in the right circumstances, buy back shares. During 2007 there was a higher level of investment in RAB funds, including new launches, but also a higher level of realisations. After buying back 23.2 million shares in the last two months of the year the Group had a cash balance of £53.1 million (2006: £33.8 million) at year-end, and investments in RAB funds with a value of £96.8 million (2006: £69.7 million). Cash balances and investments in RAB funds were equivalent to 28.6p per share (2006: 19.9p) at year-end.

Shareholders' funds rose 23% to £182 million (2006: £148 million), equivalent to 34.7p per Ordinary share (2006: 28.4p). The basic weighted average number of Ordinary shares in issue in 2007 was 537.6 million (2006: 448.7 million) and the diluted number of Ordinary shares was 573.8 million (2006: 537.2 million). As at 31 December 2007 there were 547.3 million Ordinary shares in issue (2006: 519.9 million). This figure does not reflect buybacks of 23.2 million shares made in the last two months of the year which were cancelled in 2008. The Group continued to acquire further shares in 2008 until the beginning of the close period and at 29 February 2008 514.7 million shares were in issue.

Share buybacks have had an anti-dilutive impact. The exercise of share options and the conversion of C1 Convertible shares have assisted in narrowing the gap between basic and diluted earnings per Ordinary share. For 2007 basic earnings per Ordinary share were 6.70p (2006: 7.82p) and diluted earnings per Ordinary share 6.28p (2006: 6.53p).

In the light of the robust performance of the business in 2007 and the further strengthening of the balance sheet, the Board has decided to recommend a final dividend of 1.80p per Ordinary share (2006: 1.35p) resulting in total dividends for 2007 of 2.40p per Ordinary share (2006: 1.60p), an increase of 50%. If approved at the Annual General Meeting, the 2007 final dividend will be paid on 9 May 2008 to shareholders on the register on 25 April 2008.

Review of the Year

After a strong first half, 2007 trading became more challenging from August onwards. Despite the efforts of central banks to ease monetary conditions and inject liquidity, credit and liquidity issues impacted negatively on equity and other asset markets. In this context, the Group's investment strategies delivered a decent overall performance, partly due to the low level of gearing of the funds. The weighted average return of RAB funds in 2007 was 11.7% after fees.

Generally speaking, the performance of our leading natural resource and energy strategies, whilst still positive, failed to match the levels achieved in 2006 and previous years. In other areas performance was encouraging. Returns from the Asia-focused RAB-Northwest funds, in particular the Warrant and China Opportunities strategies, were outstanding. Returns from the emerging markets funds RAB EMEA and RAB Emerging Market Opportunities were impressive.

Net asset flows were good in the first half and remained positive through all four quarters of 2007 but overall they were slightly below those of 2006 and in the second half the pace of asset-gathering was undermined by the state of global financial markets. Our largest single launch of 2007 was RAB Global Mining and Resources, with assets under management of $171 million at year-end. Three further absolute return funds were launched over the course of the year: RAB Asian Fixed Income Opportunities, RAB Market Cycles, and RAB Global Financials. The latter three funds are listed within the RAB Development Funds category, alongside RAB Innovations and RAB Gold.

The increasing diversity of the RAB funds range is illustrated by the fact that at year-end we had seventeen strategies larger than $100 million, a key milestone where a fund starts to make a material profit contribution. At the end of 2006 we had only twelve strategies larger than $100m. In Asian-focused strategies, a key component of our diversification plans, we have now reached critical mass, with over $1 billion under management. This follows the excellent progress made by the Northwest team since joining the Group in September 2006, and the recent acquisition of the business of Pi Investment Management. In addition, many of the investments made by our largest fund, RAB Special Situations, are linked to infrastructure development and urbanisation taking place at a rapid pace in China, India and emerging Asia.

During 2007 our growth in Asia was supported by investment in the infrastructure of the business. In October a new regulated subsidiary RAB Capital (Asia) Limited opened for business based in our first overseas office in Hong Kong. The new facility now houses part of the Northwest team, including both fund managers and marketers, and our new colleagues from the former Pi business. In addition we have taken a minority stake in a Japanese distributor. These initiatives will open new distribution channels in the region, and improve our fund managers' access to Asian markets. In the case of those markets where the Group has had a relatively low level of representation, we will consider opening further offices provided this is supported by a strong business case.

Our product quality continues to be endorsed by success in winning a number of industry accolades. At the annual *AsiaHedge* Awards held in Hong Kong in the autumn, RAB-Northwest China Opportunities Fund won the prize for the best arbitrage and market neutral fund. This follows success at the *Hedge Funds Review* 2007 European Performance Awards for RAB Special Situations ('Best Natural Resources/Energy Fund') and for RAB Capital PLC ('Best Overall Group'). RAB Special Situations also topped *Barron's* inaugural Hedge Fund 50 global rankings.

During the year we initiated a further programme of investment in our distribution capability. Our investor base is largely European and we wish to diversify our asset flows and to attract larger institutional allocations. We have made a number of senior hires and expanded the size of our marketing and client services teams. Given the broadening of the product range, we have also introduced a greater degree of specialisation to the marketing team.

In the area of regulated retail funds, our award-winning RAB European Dynamic product continued to prosper.

Group Strategy and Acquisitions

Since RAB Capital joined the Alternative Investment Market in 2004 there has been no change in our growth strategy. The primary motors 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 October 2007 we completed our third strategic acquisition, the business of Hong Kong-based Pi Investment Management. The teams who joined RAB as part of our previous acquisitions, Northwest (2006) and Cross (2005), continue to progress. We continue to review acquisition targets, but will only pursue acquisition opportunities after extensive due diligence and after ensuring that they will contribute to shareholder value.

Outlook

The opening weeks of 2008 have seen a continuation of liquidity concerns, investor nervousness and high volatility for markets, presenting headwinds both for our investment strategies and for our distribution plans. As of 29 February 2008 our assets under management were estimated to be $6.9 billion. RAB strategies remain cautiously positioned and fund managers are seeking to keep gearing low. As at 29 February weighted average leverage across all our strategies stood at approximately 17%.

The Board will strive to build further shareholder value in 2008. The starting point is a broader scope of revenue opportunities arising from improved business diversity, greater global marketing reach and a strong and liquid balance sheet.

Michael Alen-Buckley
Philip Richards
14 March 2008

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 29 February 2008 RAB had an estimated $6.9 billion of assets under management. At 31 December 2007 RAB had 17 absolute return strategies with assets in excess of $100 million (15 single-strategy and 2 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.

RAB CAPITAL PLC

Consolidated income statement
For the year ended 31 December 2007

		2007			2006
	Note	Total £000s	Pre-existing activities £000s	Acquired activities £000s	£000s
Revenue	3	**125,192**	124,346	846	119,856
Net gains on disposal of available-for-sale financial assets		**10,931**	10,931	-	12,122
Interest receivable and similar income		**4,159**	4,157	2	2,447
Gross income		**140,282**	139,434	848	134,425
Cost of sales		**(3,223)**	(3,223)	-	(1,849)
Net income		**137,059**	136,211	848	132,576
Administrative expenses		**(85,968)**	(85,164)	(804)	(81,953)
Share of post-tax results from associates		**(3)**	-	(3)	-
Profit on ordinary activities before taxation	4	**51,088**	51,047	41	50,623
Taxation		**(15,052)**	(15,039)	(13)	(15,539)
Profit on ordinary activities after taxation attributable to equity holders of the parent		**36,036**	36,008	28	35,084

	Note	2007	2006
Basic earnings per Ordinary share	6	**6.70p**	7.82p
Diluted earnings per Ordinary share	6	**6.28p**	6.53p

All of the above amounts relate to continuing activities.

Statement of recognised income and expense

	Note	2007 £000s	2006 £000s
Profit for the financial year		**36,036**	35,084
Net gains on the revaluation of available-for-sale financial assets	9	**11,675**	4,817
Revaluation reserve transfer on sale of available-for-sale financial assets	9(A)	**(10,931)**	(12,122)
Tax credit recognised in respect of the exercise of options		**2,898**	8,819
Deferred tax in respect of share-based payments		**16**	3,993
Deferred tax in respect of available-for-sale financial assets		**(102)**	2,192
Total recognised gains and losses attributable to equity holders of the parent		**39,592**	42,783

RAB CAPITAL PLC

Balance sheet
at 31 December 2007

	Note	2007 £000s	2006 £000s
Assets			
Non-current assets			
Goodwill	7	**19,061**	17,927
Other intangible assets	7	**16,997**	11,486
Investment in associates		**262**	-
Property, plant and equipment		**2,599**	1,404
Available-for-sale financial assets	9	**96,780**	69,661
Deferred tax assets		**1,921**	598
Total non-current assets		**137,620**	101,076
Current assets			
Trade and other receivables		**58,286**	79,919
Cash and cash equivalents		**53,120**	33,840
Total current assets		**111,406**	113,759
Total assets		**249,026**	214,835
Liabilities			
Non-current liabilities			
Deferred tax liabilities		**(65)**	(190)
Current liabilities			
Trade and other payables		**(63,127)**	(63,885)
Current tax liabilities		**(4,141)**	(2,913)
Total current liabilities		**(67,268)**	(66,798)
Total liabilities		**(67,333)**	(66,988)
Net assets		**181,693**	147,847
Equity			
Called up share capital		**547**	520
Share premium account		**43,535**	30,147
Other reserves		**38,454**	33,961
Retained earnings		**99,157**	83,219
Equity attributable to the equity holders of the parent		**181,693**	147,847

RAB CAPITAL PLC

Cash flow statement
For the year ended 31 December 2007

	2007	2006
	£000s	£000s
Cash flows from operating activities		
Profit on ordinary activities after taxation	**36,036**	35,084
Share of post-tax results from associates	**3**	-
Amortisation of intangible assets	**1,815**	499
Depreciation of property, plant and equipment	**714**	408
Share-based payments charge	**5,398**	2,387
Gains on disposal of available-for-sale financial assets	**(10,931)**	(12,122)
Interest receivable and similar income	**(4,159)**	(2,447)
Taxation expense	**15,052**	15,539
	43,928	39,348
Changes in operating assets and liabilities		
Decrease / (increase) in receivables	**21,633**	(35,962)
(Decrease) / increase in trade and other payables	**(758)**	34,908
Cash generated from operating activities	**64,803**	38,294
Taxation paid	**(12,445)**	(10,239)
Net cash generated from operating activities	**52,358**	28,055
Cash flows generated from investing activities		
Interest received	**4,085**	2,447
Dividends received	**74**	-
Acquisition of investment in associates	**(265)**	-
Consideration paid for acquisitions	**(4,128)**	(6,597)
Cash acquired with acquisitions	**-**	1,646
Purchase of property, plant and equipment	**(1,906)**	(984)
Purchase of available-for-sale financial assets	**(102,794)**	(55,826)
Disposal of available-for-sale financial assets	**87,350**	24,617
Net cash outflow used in investing activities	**(17,584)**	(34,697)
Cash flows generated from financing activities		
Equity dividends paid	**(10,476)**	(3,948)
Issue of Ordinary share capital	**13,415**	17,059
Purchase of own shares by Employee Benefit Trust	**(2)**	-
Repurchase of own shares	**(18,431)**	-
Net cash inflow generated from / (outflow used in) financing activities	**(15,494)**	13,111
Net increase in cash and cash equivalents	**19,280**	6,469
Cash and cash equivalents at 1 January	**33,840**	27,371
Cash and cash equivalents at 31 December	**53,120**	33,840

Notes to the accounts

1. Statutory accounts

In the current year the Company and the Group have adopted all of the standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for the Group's financial year beginning on 1 January 2007.

The results for the year ended 31 December 2007 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 2006 or 2007. The financial information for 2006 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. The Independent Auditors' report on the statutory accounts for the year ended 31 December 2007 has not yet been signed. Those accounts are expected to be sent to shareholders on 4 April 2008 and will be delivered to the Registrar of Companies after the Annual General Meeting to be held on 6 May 2008 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 address, and on the Company's website at www.rabcap.com.

2. Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

3. Revenue

Key components of revenue are:

	2007 **£000s**	2006 £000s
Management fees	**52,752**	33,591
Performance fees	**72,011**	86,152
Distribution and advisory fees	**429**	113
	125,192	119,856

4. Profit for the year

	2007 **£000s**	2006 £000s
Profit for the year has been arrived at after charging:		
Staff costs	**74,017**	71,712
Operating leases	**680**	494
Amortisation of intangible assets	**1,815**	499
Depreciation of property, plant and equipment	**714**	408
Foreign exchange loss	**99**	413

(A) Free cash earnings after taxation

		2007 **£000s**	2006 £000s
Cash flow from operating activities			
Profit on ordinary activities before taxation		**51,088**	50,623
Amortisation of intangible assets		**1,815**	499
Depreciation of property, plant and equipment		**714**	408
Share-based payments charge		**5,398**	2,387
Cash generated from ordinary activities		**59,015**	53,917
Effective tax charge	- income statement charge	**(15,052)**	(15,539)
	- tax credit recognised in respect of the exercise of options	**2,898**	8,819
Free cash earnings after taxation		**46,861**	47,197

5. Dividends

	2007 £000s	2006 £000s
Amounts recognised as distributions to equity holders in the year:		
Prior year final paid: 1.35p (2005: 0.65p) per 0.1p Ordinary share	**7,196**	2,833
Current year interim paid: 0.60p (2006: 0.25p) per 0.1p Ordinary share	**3,280**	1,115
	10,476	3,948

The Directors have proposed a final dividend in respect of the financial year ending 31 December 2007 of 1.80p per Ordinary share (2006: 1.35p), or £9,434,000 (2006: £7,018,000) based on the Ordinary shares in issue and excluding those held in treasury at 31 December 2007. The proposed dividend is subject to approval by shareholders and has not been included as a liability in these financial statements.

6. Earnings per Ordinary share

The calculation of basic earnings per Ordinary share is based on the profit for the year of £36,036,000 (2006: £35,084,000) and on 537,550,297 (2006: 448,691,917) 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 £36,036,000 (2006: £35,084,000) and on 573,835,154 (2006: 537,202,708) Ordinary shares, calculated as follows:

	2007	2006
Basic weighted average number of shares	**537,550,297**	448,691,917
Dilutive effect of share-based payments	**33,668,633**	45,468,789
Dilutive effect of convertible shares	**1,406,172**	43,042,002
Dilutive effect of shares to be issued for acquisition of the Pi business	**1,210,052**	-
	573,835,154	537,202,708

7. Goodwill and intangible assets

Details	**Goodwill £000s**	**Intangible assets £000s**	**Total £000s**
Cost			
At 1 January 2006	6,942	-	6,942
Acquisitions	10,985	11,985	22,970
At 31 December 2006	17,927	11,985	29,912
Acquisitions (see Note 8)	1,134	7,326	8,460
At 31 December 2007	19,061	19,311	38,372
Amortisation			
At 1 January 2006	-	-	-
Charge for year	-	499	499
At 31 December 2006	-	499	499
Charge for year	-	1,815	1,815
At 31 December 2007	-	2,314	2,314
Net book amount			
At 1 January 2006	6,942	-	6,942
At 31 December 2006	17,927	11,486	29,413
At 31 December 2007	19,061	16,997	36,058

Intangible assets comprise capitalised investment management and non-compete agreements acquired as part of business combinations.

Intangible assets are amortised on a straight-line basis over their useful lives with the cost included in administrative expenses in the income statement.

8. Business combination

On 2 October 2007 the Group completed the acquisition of the business of Hong Kong-based Pi Investment Management Limited and British Virgin Island-based Pi Investment Management (BVI) Limited (together 'the Pi business') for a consideration of £8.5 million, payable in cash and shares as follows:

Consideration	**Consideration £000s**	**Fair value £000s**	**Number of Ordinary shares**
Cash paid on acquisition	3,974		
Deferred cash consideration (paid in December 2007)	3		
Costs of acquisition	151		
Shares to be issued			
First consideration shares	3,727		4,193,265
Second consideration shares	608		714,168
Intangible assets		7,326	
Office equipment		3	
	8,463	7,329	4,907,433
Goodwill		1,134	

The intangible assets acquired were identified as investment management agreements of the funds and clients and vendor non-compete agreements.

The goodwill acquired relates to other intangible assets not identified under IFRS 3 such as: the contribution of the assembled workforce; acquisition costs; and the 'going concern' element of the business.

The fair value of the consideration shares has been determined by predicting the share price at issuance using a Monte Carlo simulation model and discounting this back to present value. The key assumptions used were:

Share price at date of acquisition	96.75p
Expected volatility	30%
Discount rate	10%

The first consideration shares are issuable in three equal annual instalments beginning on the first anniversary of the acquisition. The second consideration shares are issuable in five equal annual instalments again beginning on the first anniversary of the acquisition.

The results of the Pi business since the acquisition are disclosed separately in the consolidated income statement as acquired activities. Had the Pi business been acquired on 1 January 2007 the revenue generated for the financial year would have been £2.5 million. As the Company purchased the Pi business but not all of the contracts and tangible assets from the Pi companies, it is not practical to present the profit that the Pi business would have generated for the financial year.

9. Available-for-sale financial assets

	2007 £000s	2006 £000s
At 1 January	**69,661**	33,635
Additions	**102,794**	55,826
Disposals	**(87,350)**	(24,617)
Gain on movement in fair value	**11,675**	4,817
At 31 December	**96,780**	69,661

The fair value of the investments in funds is determined by using the net asset valuation of the funds at the balance sheet date. The net asset value of each of the funds is calculated by a third party.

The Group's investments are principally in the funds it manages, some of which are listed.

(A) Gains on disposal

	2007 £000s	2006 £000s
Proceeds on disposal	**87,350**	24,617
Original book cost	**(76,419)**	(12,495)
Gains on disposal	**10,931**	12,122