



RAB Capital plc
Interim results for the six months ended 30 June 2008
Published 30 July 2008

Financial Performance

- Assets under management \$5.9 billion (June 2007: \$6.7 billion; December 2007: \$7.2 billion)
- Pre-tax profit £12.5 million (June 2007: £22.7 million)
- Revenue £35.4 million (June 2007: £46.5 million)
- Basic earnings per Ordinary share 1.70p (June 2007: 2.91p) and diluted earnings per Ordinary share 1.63p (June 2007: 2.71p)
- Interim dividend maintained at 0.60p per Ordinary share (June 2007: 0.60p)
- Net asset value per Ordinary share of 31.7p (June 2007: 32.3p) and cash/investments per Ordinary share of 24.4p (June 2007: 25.5p)

Operational Performance

- Long-biased natural resources strategies impacted by challenging market conditions
- Encouraging first half performances from some long/short equity and non-directional strategies
- Growth of RAB Gold as the asset class attracts interest

Michael Alen-Buckley, Executive Chairman, said:

“As indicated at our Annual General Meeting in May, the first half of 2008 has been a challenging environment and we have not escaped from the falls across global securities markets. We are not expecting any respite before the end of the year. Our balance sheet and cash flow remain strong, and we will continue to invest in the business”.

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Chairman's and Chief Executive's Statement

Financial Overview

The RAB Capital Group experienced challenging market conditions in the first half of 2008 as the global credit crunch continued to affect sentiment in securities markets. Revenue fell by 24% to £35.4 million (June 2007: £46.5 million) and pre-tax profits were down by 45% to £12.5 million (June 2007: £22.7 million).

Earnings per Ordinary share fell by 42% to 1.70p (June 2007: 2.91p) and diluted earnings per Ordinary share fell 40% to 1.63p (June 2007: 2.71p). The Board has declared an interim dividend of 0.60p per Ordinary share (June 2007: 0.60p) which will be paid on 5 September 2008 to shareholders on the register as at 8 August 2008.

Assets under management were \$5.9 billion as at 30 June 2008, compared with \$7.2 billion as at 31 December 2007 and \$6.7 billion as at 30 June 2007.

Assets under management by strategy

	30 June 2008	31 December 2007	First half 2008 AUM increase/ (decrease)	30 June 2007	First half 2008 return [#]
Strategies:	\$m	\$m	(%)	\$m	(%)
RAB Special Situations	1,436	2,062	(30)	2,267	(23.1)
RAB Energy	751	986	(24)	1,014	(10.6)
RAB-Northwest	439	457	(4)	372	(6.5)
RAB External Managers	424	414	2	255	0.8
RAB Multi Strategy*	390	467	(16)	495	(4.9)
RAB EMEA	303	449	(33)	395	(11.2)
RAB Cross Europe	270	290	(7)	411	10.2
RAB Europe	246	207	19	190	8.9
RAB Octane	218	198	10	175	2.6
RAB Global Mining and Resources	210	171	23	-	16.4
RAB-Northwest China Opportunities	174	154	13	133	5.2
RAB UK	166	284	(42)	304	1.3
RAB Emerging Market Opportunities**	130	122	7	57	(13.3)
RAB European Dynamic	105	109	(4)	111	4.4
RAB-Pi Asia	104	194	(46)	-	(1.6)
RAB Gold***	96	45	113	37	0.8
RAB-Northwest Japan	76	80	(5)	127	(12.4)
RAB European Credit Opportunities	67	74	(9)	92	6.8
RAB European Loan	62	140	(56)	147	(15.5)
RAB-Northwest Warrant****	55	102	(46)	80	(46.3)
RAB Development Funds	207	237	(13)	80	n/a
	5,929	7,242	(18)	6,742	

[#] The return shown is that of the base currency share class of the principal fund within the strategy.

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

** For the period ended 30 June 2007, RAB Emerging Market Opportunities was included in the RAB Development Funds category.

*** For the periods ended 30 June and 31 December 2007, RAB Gold was included in the RAB Development Funds category.

**** For the period ended 30 June 2007, RAB-Northwest Warrant was included in the RAB Development Funds category.

Management fees increased by 11% to £26.8 million (June 2007: £24.0 million). Performance fees were £8.3 million (June 2007: £22.4 million). The largest contributors of crystallised performance fees in the first half were RAB Global Mining and Resources, RAB Cross Europe, RAB-Northwest China Opportunities, RAB Octane and RAB European Credit Opportunities. Investments in RAB funds produced a net gain in the income statement of £1.9 million (June 2007: £6.8 million). Interest receivable and similar income was £1.8 million (June 2007: £2.3 million).

Administrative costs of £25.4 million in the first half (June 2007: £31.0 million) included a significantly reduced bonus provision of £10.2 million (June 2007: £18.6 million). Other costs, excluding bonuses but including staff salaries, IT systems and legal and professional costs, rose by 22% to £15.2 million as a result of the expansion of the business over the course of 2007, including the opening of our Hong Kong office and the acquisition of the Pi Asset Management business in October 2007. Non-cash charges contributed £3.9 million (June 2007: £3.6 million) of this total.

The Group balance sheet at 30 June 2008 showed cash of £43.3 million. This was reduced by £9.8 million from 31 December 2007 principally as a result of an outlay of £15.7 million to buy back 24.8 million Ordinary shares which represented 4.7% of the equity in issue at the time. At 30 June 2008 the number of Ordinary shares in issue* was 504.8 million and the weighted average number of diluted Ordinary shares was 532.4 million over the period.

Our balance sheet is strong and at the AGM in May 2008 shareholders renewed the Board's authority to make market purchases of up to 75,904,691 Ordinary shares. This power can be used if the Board considers it to be in the best interests of shareholders. Net assets at 30 June were 31.7p per Ordinary share (June 2007: 32.3p).

Business Review

Global equity markets in the first half of 2008 continued to be undermined by investor nervousness in the face of the credit crunch and the spectre of resurgent inflation. In these conditions, performance across the range of RAB Capital investment strategies was mixed. Our long-biased natural resources strategies, RAB Special Situations and RAB Energy, were negatively impacted by the reduction of liquidity in businesses with a smaller market capitalisation as investors generally favoured more liquid assets. This was despite the fact that the outlook for many of the underlying investments in our natural resources strategies continued to develop favourably.

By contrast, those RAB long/short equity funds investing in larger capitalisation equities generally achieved better returns in the period. RAB Global Mining and Resources, launched in November 2007, was our best-performing fund in the first half and RAB Europe's returns were among the best in

* net of 4,250,000 Ordinary shares held in treasury awaiting cancellation



its peer group. Our gold fund, RAB Gold, doubled in size as the asset class attracted increasing interest. On the whole the non-directional funds handled the difficult market conditions well. RAB Cross Europe made impressive returns while RAB-Northwest China Opportunities had a positive first half. Since acquisition in 2006 the RAB-Northwest funds have grown assets under management from \$502 million to \$752 million on a like-for-like basis.

In fixed income the RAB European Loan fund was affected by adverse conditions in the loan markets. However, the broader-mandated RAB European Credit Opportunities fund was one of the top performing fixed income strategies in its peer group over the first half.

Among our regulated funds, RAB European Dynamic continued to perform well in the first half.

The reduction in assets under management in the first half of 2008 was in part a reflection of net outflows and, to a lesser degree, negative investment performance. In a harsh asset-raising environment, with many markets now at levels more or less consistent with accepted definitions of 'bear markets', inflows as a proportion of our overall assets under management were considerably lower and gross redemptions in the first half of 2008 were higher than in the comparable period in 2007.

We continue to invest to strengthen our distribution capability, recently appointing a new Head of Sales and adding to our Hong Kong-based marketing resources.

Principal Risks and Uncertainties

The Group is exposed to the following principal risks:

- **Investment risk**

The Group's income is largely derived from managing investors' assets. Fund managers make investment decisions with the aim of delivering good returns over time. Investment risk is the risk that sustained poor performance and conditions in global markets negatively affect investment sentiment and ultimately the Group's core income stream.

In aggregate the RAB funds are exposed to the global equity, credit and fixed income markets. The firm is also exposed to the risk of redemptions undermining the earnings base of the business.

- **Employee risk**

In common with most businesses, the Group's employees are essential to the continued growth and success of the Group. The ability to attract and retain talented people is not only vital for delivering stakeholder value, but also for managing the other principal risks.

- **Operational risk**

A serious error or breakdown in operations could lead to economic loss and/or reputational damage.

The principal risks to which the business may be exposed in the second half of 2008 remain the same.

Outlook

We believe that 2008 will continue to be a challenging year. In this month's difficult securities market conditions assets under management were down to \$5.4 billion as at 24 July 2008. Income and profits for RAB have in the past been weighted towards the second half of the year because we only book performance fees once they are realised, which is mainly at 31 December. However, we enter the second half of 2008 with significantly lower unrecognised performance fees, earned across fewer funds than twelve months ago, and a number of our funds are trading at levels below their high water mark. There has been no evidence to date of an easing in conditions for asset-raising. Looking further ahead, we continue to believe that our funds are positioned in sectors of the market that offer the potential for good investment returns over time. We continue to seek longer term distribution benefits through improvements in our penetration of certain markets and by opening up new marketing channels.

The long term track record of the RAB funds is strong, as demonstrated by the annualised return of 13.9% achieved by our internal fund-of-funds RAB Multi-Strategy (Sterling Q class) since inception on 30 June 2003 to 30 June 2008, against 7.2% returned by the MSCI World Index (local currency) over the same period[#]. As and when the effects of the credit crunch eventually ease, this track record should stand us in good stead.

Michael Alen-Buckley

Executive Chairman

Philip Richards

Chief Executive

29 July 2008



#Past performance is not a guide to future returns.

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 plc is a London-based absolute return investment management company which was founded in 1999 and floated on AIM in March 2004. As at 30 June 2008 RAB had an estimated \$5.9 billion of assets under management. At 30 June 2008 RAB had 15 absolute return strategies with assets in excess of \$100 million (13 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.

Consolidated income statement For the 6 months to 30 June 2008

	Note	6 months to 30 June 2008 £000s	6 months to 30 June 2007 £000s	Year to 31 December 2007 £000s
Revenue	2	35,388	46,489	125,192
Net gain on available-for-sale financial assets	8	1,921	6,761	10,931
Interest receivable and similar income		1,801	2,347	4,159
Gross income		39,110	55,597	140,282
Cost of sales		(1,268)	(1,903)	(3,223)
Net income		37,842	53,694	137,059
Administrative expenses		(25,353)	(31,004)	(85,968)
Share of post-tax results from associates		29	-	(3)
Profit on ordinary activities before taxation	3	12,518	22,690	51,088
Taxation		(3,838)	(7,253)	(15,052)
Profit on ordinary activities after taxation attributable to equity holders of the parent		8,680	15,437	36,036
Basic earnings per Ordinary share	6	1.70p	2.91p	6.70p
Diluted earnings per Ordinary share	6	1.63p	2.71p	6.28p

All of the above amounts relate to continuing activities.

Consolidated statement of recognised income and expense

	Note	6 months to 30 June 2008 £000s	6 months to 30 June 2007 £000s	Year to 31 December 2007 £000s
Profit on ordinary activities after taxation attributable to equity holders of the parent		8,680	15,437	36,036
Net (loss)/gain on the revaluation of available-for- sale financial assets	8	(3,786)	7,465	11,675
Amounts transferred to the income statement	8	(1,921)	(6,761)	(10,931)
Tax credit recognised in respect of the exercise of options		-	2,783	2,898
Deferred tax in respect of share-based payments	7	(4,811)	1,044	16
Deferred tax in respect of available-for-sale financial assets		1,598	(215)	(102)
Total recognised gains and losses attributable to equity holders of the parent		(240)	19,753	39,592

RAB CAPITAL

Consolidated balance sheet As at 30 June 2008

	Note	30 June 2008 £000s	30 June 2007 £000s	31 December 2007 £000s
Assets				
Non-current assets				
Goodwill		19,061	17,927	19,061
Other intangible assets		15,613	10,738	16,997
Investment in associates		291	-	262
Property, plant and equipment		2,453	1,390	2,599
Deferred tax assets		399	1,812	1,921
Available-for-sale financial assets	8	80,014	80,599	96,780
Total non-current assets		117,831	112,466	137,620
Current assets				
Trade and other receivables		21,412	32,375	58,286
Cash and cash equivalents		43,307	58,850	53,120
Total current assets		64,719	91,225	111,406
Total assets		182,550	203,691	249,026
Liabilities				
Non-current liabilities				
Deferred tax liabilities		(1,605)	(163)	(65)
Current liabilities				
Trade and other payables		(16,486)	(21,980)	(63,127)
Current tax liabilities		(4,629)	(5,254)	(4,141)
Total current liabilities		(21,115)	(27,234)	(67,268)
Total liabilities		(22,720)	(27,397)	(67,333)
Net assets		159,830	176,294	181,693
Equity				
Called up share capital	9/10	509	547	547
Share premium account	10	44,815	43,403	43,535
Other reserves	10	29,578	34,994	38,454
Retained earnings	10	84,928	97,350	99,157
Equity attributable to the equity holders of the parent		159,830	176,294	181,693

Consolidated cash flow statement
For the 6 months to 30 June 2008

	6 months to 30 June 2008 £000s	6 months to 30 June 2007 £000s	Year to 31 December 2007 £000s
Note			
Cash flows from operating activities			
Profit on ordinary activities after taxation	8,680	15,437	36,036
Share of post-tax results from associates	(29)	-	3
Amortisation of intangible assets	3 1,384	749	1,815
Depreciation of property, plant and equipment	3 565	274	714
Share-based payments charge	3 1,908	2,609	5,398
Net gain on available-for-sale financial assets	8 (1,921)	(6,761)	(10,931)
Interest receivable and similar income	(1,801)	(2,347)	(4,159)
Taxation expense	3,838	7,253	15,052
	12,624	17,214	43,928
Changes in operating assets and liabilities			
Decrease in trade and other receivables	36,874	47,544	21,633
Decrease in trade and other payables	(46,641)	(41,905)	(758)
	2,857	22,853	64,803
Cash generated from operating activities			
Taxation paid	(3,473)	(2,541)	(12,445)
Net cash (outflow used in)/inflow generated from operating activities	(616)	20,312	52,358
Cash flows generated from investing activities			
Interest received	1,750	2,315	4,085
Dividends received	51	32	74
Acquisition of investment in associates	-	-	(265)
Consideration paid for acquisitions	-	-	(4,128)
Purchase of property, plant and equipment	(419)	(261)	(1,906)
Purchase of available-for-sale financial assets	8 (23,010)	(48,605)	(102,794)
Disposal of available-for-sale financial assets	8 35,990	45,132	87,350
Net cash inflow generated from/(outflow used in) investing activities	14,362	(1,387)	(17,584)
Cash flows generated from financing activities			
Equity dividends paid	5 (9,131)	(7,196)	(10,476)
Issue of Ordinary share capital	10 1,286	13,283	13,415
Purchase of own shares by Employee Benefit Trust	-	(2)	(2)
Repurchase of own shares	9/10 (15,714)	-	(18,431)
Net cash (outflow used in)/inflow generated from financing activities	(23,559)	6,085	(15,494)
Net (decrease)/increase in cash and cash equivalents	(9,813)	25,010	19,280
Cash and cash equivalents at 1 January	53,120	33,840	33,840
Cash and cash equivalents at end of period	43,307	58,850	53,120

Notes to the financial statements

1. Principal accounting policies

RAB Capital plc ("the Company") is a public limited company registered in England and Wales. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as "the Group"). The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual report and financial statements for the year ended 31 December 2007.

Basis of preparation

The financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The publication of non-statutory accounts

The financial information contained in this interim report does not constitute statutory accounts as defined in s240 of the Companies Act 1985. The financial information for the six months ended 30 June 2008 and 2007 has not been audited. The information for the year ended 31 December 2007 has been extracted from the latest published audited accounts which have been filed with the Registrar of Companies. The report of the Independent Auditor on those financial statements contained no qualification or statement under s237(2) or (3) of the Companies Act 1985. Further copies of the report are available from the Company Secretary at the registered office and on the Company's website at www.rabcap.com.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings). The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. Revenue

The Group has one business segment, namely investment management. This is considered by management to be the Group's primary segment.

The Group is subject to seasonal variations in the level of performance fees recognised. A growing number of investment strategies crystallise performance fees in the first six months of the year. However, many of the larger investment strategies, including RAB Special Situations, only have one performance period, ending on 31 December of each year.

Key components of revenue are:

	6 months to 30 June 2008 £000s	6 months to 30 June 2007 £000s	Year to 31 December 2007 £000s
Management fees	26,770	24,043	52,752
Performance fees	8,319	22,409	72,011
Other fees	299	37	429
Revenue	35,388	46,489	125,192

3. Profit on ordinary activities before taxation (A) Profit for the period

	6 months to 30 June 2008 £000s	6 months to 30 June 2007 £000s	Year to 31 December 2007 £000s
Profit for the period has been arrived at after charging:			
Staff costs			
- staff related fixed costs	6,546	4,227	9,837
- staff bonus charge including related social security costs	10,220	18,567	58,782
- employee share-based payments charge	1,908	2,609	5,398
Amortisation of intangible assets	1,384	749	1,815
Depreciation of property, plant and equipment	565	274	714

(B) Free cash earnings after taxation

Management views free cash earnings after taxation as an important measure of performance. The measure excludes non-cash charges.

	6 months to 30 June 2008 £000s	6 months to 30 June 2007 £000s	Year to 31 December 2007 £000s
Profit on ordinary activities before taxation	12,518	22,690	51,088
Amortisation of intangible assets	1,384	749	1,815
Depreciation of property, plant and equipment	565	274	714
Share-based payments charge	1,908	2,609	5,398
Free cash earnings before taxation	16,375	26,322	59,015
Effective tax charge - income statement charge	(3,838)	(7,253)	(15,052)
- tax credit recognised in respect of the exercise of options	-	2,783	2,898
Free cash earnings after taxation	12,537	21,852	46,861

4. Share-based payments

The Group has in issue the following options over Ordinary shares of the Company:

	6 months to 30 June 2008		6 months to 30 June 2007		Year to 31 December 2007	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at start of period	104,290,000	68.5p	82,615,000	46.1p	82,615,000	46.1p
Granted during period	2,125,000	91.8p	30,550,000	89.9p	50,500,000	94.8p
Exercised during period	(5,495,000)	23.6p	(24,870,000)	53.4p	(25,620,000)	52.4p
Lapsed during period	(8,710,000)	76.9p	(1,965,000)	23.8p	(3,205,000)	32.8p
Outstanding at end of period	92,210,000	70.9p	86,330,000	60.0p	104,290,000	68.5p
Vested but not exercised at end of period	31,805,000	57.6p	15,860,000	36.9p	15,170,000	38.2p

The weighted average share price at the date of exercise of options during the period was 53.6p (June 2007: 102.1p).

5. Dividends

	6 months to 30 June 2008 £000s	6 months to 30 June 2007 £000s	Year to 31 December 2007 £000s
Final paid in respect of 2007: 1.80p (2006: 1.35p) per 0.1p Ordinary share	9,131	7,196	7,196
Interim paid in respect of 2007: 0.60p per 0.1p Ordinary share	-	-	3,280
Total dividends paid in period	9,131	7,196	10,476

The Directors have declared an interim dividend in respect of the financial year ending 31 December 2008 of 0.60p per Ordinary share (2007: 0.60p).

6. Earnings per Ordinary share

The calculation of basic earnings per Ordinary share is based on the profit for the period of £8,680,000 (June 2007: £15,437,000) and on 510,652,029 Ordinary shares (June 2007: 530,166,070), being the weighted average number of Ordinary shares in issue during the period.

The calculation of diluted earnings per Ordinary share is based on profit for the period of £8,680,000 (June 2007: £15,437,000) and on 532,431,708 Ordinary shares (June 2007: 568,721,577), calculated as follows:

	6 months to 30 June 2008	6 months to 30 June 2007	Year to 31 December 2007
Basic weighted average number of Ordinary shares	510,652,029	530,166,070	537,550,297
Dilutive effect of share-based payments	16,295,689	36,446,848	33,668,633
Dilutive effect of convertible shares	576,557	2,108,659	1,406,172
Dilutive effect of shares to be issued for acquisition of the Pi business	4,907,433	-	1,210,052
Diluted weighted average number of Ordinary shares	532,431,708	568,721,577	573,835,154

7. Deferred tax in respect of share-based payments

The deferred tax asset in respect of equity settled share-based payments is calculated as the difference between market price of the share and exercise price of the option ("intrinsic value") at the end of the period multiplied by the proportion of the vesting period that has elapsed and the expected tax rate at exercise. To the extent that the deferred tax asset exceeds the related cumulative employee share-based payments charge multiplied by the tax rate less cumulative tax credits on the exercise of share options credited to the income statement, the excess deferred tax asset is credited to equity.

The reduction in the intrinsic value of the options since 31 December 2007, caused by the reduction in the price of the underlying shares, has resulted in a significant reduction in the deferred tax asset. The deferred tax asset in respect of share-based payments and corresponding credits/charges to the income statement and equity are as follows:

	30 June 2008 £000s	30 June 2007 £000s	31 December 2007 £000s
Deferred tax asset in respect of share-based payments	1,309	6,699	6,251
Movement on the deferred tax asset in respect of share-based payments during the period:			
(Charged)/credited to the income statement	(131)	324	904
(Charged)/credited to equity	(4,811)	1,044	16

8. Available-for-sale financial assets
(A) Movement in fair value

	6 months to 30 June 2008 £000s	6 months to 30 June 2007 £000s	Year to 31 December 2007 £000s
At beginning of period	96,780	69,661	69,661
Additions	23,010	48,605	102,794
Disposals	(35,990)	(45,132)	(87,350)
(Loss)/gain on movement in fair value	(3,786)	7,465	11,675
At end of period	80,014	80,599	96,780

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

(B) Net gain recognised in the income statement

	6 months to 30 June 2008 £000s	6 months to 30 June 2007 £000s	Year to 31 December 2007 £000s
Proceeds on disposal	35,990	45,132	87,350
Original book cost	(33,487)	(38,371)	(76,419)
Net gain on disposal	2,503	6,761	10,931
Impairment charge	(582)	-	-
Net gain	1,921	6,761	10,931

The impairment charge relates to two seed investments.

9. Share capital
Allotted, called up and fully paid 0.1p Ordinary shares

	6 months to 30 June 2008	6 months to 30 June 2007	Year to 31 December 2007
At beginning of period	547,347,863	519,849,465	519,849,465
Issued for option exercises	5,495,000	24,870,000	25,620,000
Conversion of C1 Convertible shares	-	1,878,398	1,878,398
Cancellation of shares bought back	(43,808,000)	-	-
At end of period	509,034,863	546,597,863	547,347,863
Consisting of:			
Held in treasury awaiting cancellation	4,250,000	-	23,244,850
With voting rights	504,784,863	546,597,863	524,103,013
	509,034,863	546,597,863	547,347,863

During the period the Company bought back 24,813,150 Ordinary shares (June 2007: nil; December 2007: 23,244,850) for a total consideration of £15.7 million (June 2007: £nil; December 2007: £18.4 million). Total consideration included transaction costs of £0.1 million (June 2007: £nil; December 2007: £0.1 million).

The cost of the Ordinary shares bought back has been deducted from retained earnings. Upon cancellation of the shares held in treasury the capital redemption reserve is credited with the nominal value of the Ordinary shares cancelled.

Convertible shares

The issued Convertible shares comprise 1,000,000 0.001p C2 Convertible shares (June 2007: 1,000,000).

10. Condensed consolidated reconciliation of equity

	Called up share capital £000s	Share premium account £000s	Other reserves £000s	Retained earnings £000s	Total equity £000s
At 1 January 2007	520	30,147	33,961	83,219	147,847
Option exercises over Ordinary shares	25	13,256	-	-	13,281
Conversion of C1 Convertible shares	2	-	-	-	2
Purchase of own shares by Employee Benefit Trust	-	-	-	(2)	(2)
Merger reserve transfer arising from dividends out of pre-acquisition profits	-	-	(500)	500	-
Share-based payments charge	-	-	-	2,609	2,609
Items reported in the Consolidated Statement of Recognised Income and Expense	-	-	1,533	18,220	19,753
Dividends paid	-	-	-	(7,196)	(7,196)
At 30 June 2007	547	43,403	34,994	97,350	176,294
Option exercises over Ordinary shares	-	132	-	-	132
Purchase of own shares	-	-	-	(18,431)	(18,431)
Shares to be issued	-	-	4,335	-	4,335
Share-based payments charge	-	-	-	2,789	2,789
Items reported in the Consolidated Statement of Recognised Income and Expense	-	-	(875)	20,714	19,839
Currency translation adjustment	-	-	-	15	15
Dividends paid	-	-	-	(3,280)	(3,280)
At 31 December 2007	547	43,535	38,454	99,157	181,693
Option exercises over Ordinary shares	6	1,280	-	-	1,286
Purchase of own shares	-	-	-	(15,714)	(15,714)
Transfer on shares bought back and cancelled	(44)	-	44	-	-
Share-based payments charge	-	-	-	1,908	1,908
Items reported in the Consolidated Statement of Recognised Income and Expense	-	-	(8,920)	8,680	(240)
Currency translation adjustment	-	-	-	28	28
Dividends paid	-	-	-	(9,131)	(9,131)
At 30 June 2008	509	44,815	29,578	84,928	159,830