

Avarae Global Coins plc
Incorporated and registered in the
Isle of Man
Registration Number: 4526V

Audited Report and Accounts for the
Year ended 31 March 2011



AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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AVARAE GLOBAL COINS PLC
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Company information

Directors	Diane Clarke Matthew Wood August Berting Clement Chambers (appointed 16 November 2010) Kay Cregeen (alternate to Diane Clarke appointed 6 July 2011) Tanya O'Carroll (resigned 17 September 2010)
Company Secretary and Registered Office	Adam Matheson c/o Hillberry Trust Company Limited Ground Floor, West Suite Exchange House 54-58 Athol Street Douglas, Isle of Man, IM1 1JD
Numismatic Advisory Panel	The Rt Honourable Sir John Wheeler J.P. DL Clement Chambers
Nominated Advisor and Broker	Collins Stewart Europe Limited 9 th Floor 88 Wood Street London EC2V 7QR
Auditors	Baker Tilly Isle of Man LLC PO Box 95, 2a Lord Street. Douglas Isle of Man IM99 1HP
Advocates	Appleby 33 Athol Street Douglas Isle of Man IM1 1LB
Registrars	Capita IRG (Offshore) Ltd Victoria Chambers Liberation Square 1-3 The Esplanade St Helier Jersey, JE2 3QA

Directors' Report

Introduction

We are pleased to present the annual report for the year ended 31 March 2011 to our shareholders. The following pages show the financial position of the Company for the year ended 31 March 2011. During the year under review, the Company continued to manage its portfolio of rare and high quality coins.

Avarae Global Coins plc ("Avarae") provides access for institutions and individuals wanting to diversify their investment portfolios away from the traditional asset classes such as equities, property and bonds without the need to be an expert in the coin-collecting sector. The Board's strategy, as set out in its AIM admission document, is to invest actively in the rare and highest quality segment of the coin-collecting sector in various countries around the world. The investing policy of the Company is set out in more detail below.

Investing policy

The Company's investment policy is to invest in rare, high quality antique coins and coin collections from across the world. We are currently building up an impressive portfolio of extremely high quality, rare coins which we intend to hold both for the long-term (i.e. 3 to 5 years), in order to achieve long-term capital growth for our shareholders, and also the short-term, in order to take advantage of short-term trading opportunities, as the market for rare coins continues to grow. The value of each investment is expected to range from a few hundred pounds up to £750,000. The most expensive coin acquired by Avarae to date is the Edward III Double Florin which was acquired for £0.4 million in 2006. The Double Florin is on display at the Fitzwilliam Museum in Cambridge.

The Board's decision on whether to acquire or dispose of an investment is made on the recommendation of its industry expert independent Advisory Panel ("Panel") that assesses and approves all coin trading related activities. The Panel members are Sir John Wheeler and Clement Chambers, both of whom have significant expertise in the field of numismatics.

A principal objective of the Company is to achieve long-term capital growth through the appreciation in the value of the coins acquired. Compound annual returns potentially achievable over the medium to long-term for the highest quality and rarest coins are expected to be around 10 per cent., in line with historical averages. As at the date of this report, and since its formation in 2006, the Company has no borrowings and has no present intention of securing any borrowings.

The coin-dealing sector

The market for trading coins is international in nature and significant in size. For a number of years now, there has been an increasing interest in the coin sector and its prominence as an alternative investment class is illustrated by continued increases in activity around the world, where record prices have been paid for certain rare pieces. The number of interested parties in coins and coin collections appears to be continuing to grow, with auction houses reporting significant growth in the numbers of interested bidders compared to the corresponding auctions in previous years.

The coin market has proved buoyant over the last 12 months. Auction houses continue to achieve record prices, particularly for the highest quality, rare pieces.

Directors' Report (continued)

The Chinese, Russian, Indian and ancient coin markets have performed particularly well over the last year and demand for English coins continues to increase, which is encouraging given the Company's relatively large exposure to the highest quality English coins.

Avarae's investments

In the year to 31 March 2011, the Company acquired £1.1 million worth of coins (2010: £1.1 million), resulting in the value of the coin portfolio as at 31 March 2011 being £10.07 million (2010: £10.34 million). In line with its investment strategy, the Company has focused on the purchase of only the highest quality and rarest coins. In particular, during the year, the Company increased its exposure to Roman gold coins with the acquisition of gold Aurei and Solidi of Probus, Licinius II, Marcian, Nerva, Faustina Jnr, Gordian, Herennia Etruscilla and Honoria. 2010/11 was also a year of repositioning of some of the sectors previously acquired and disposing of a number of lower value items acquired as part of other collections.

Top quality hammered English gold continues to be in demand and during the year we added an exceptional Queen Anne Five Guinea piece from 1711. We also acquired two extremely rare Edward VIII coins, a silver threepence and a bronze halfpenny and we now own four different denominations of Edward VIII.

As in previous years, we also increased our holding in Indian and Islamic gold coins.

We have continued our interest in building up unique collections of particular sectors of rare coins that our Advisory Panel believes will be of significant value in the years to come. Furthermore, a focus remains on picking up extremely rare coins, where there are only a few examples known to exist worldwide.

Avarae's current intention is to hold the vast majority of its current portfolio for the foreseeable future and only make disposals of coins or collections when the Board believes it to be in the best interests of the Company and its shareholders.

Financial results

Revenue from the sale of coins or coin collections for the year ended 31 March 2011 increased by more than three quarters on the previous year to £2.19 million (2010: £1.22 million).

As at 31 March 2011, in line with the strategy outlined in our AIM admission document and in previous reports, the Company instructed industry experts to undertake a detailed revaluation of its coin portfolio. As has been documented, there are numerous examples of rare, high quality coins and collections being sold which historically have resulted in an approximate 10 per cent. annual compound return on average and therefore the Directors believed that an annual revaluation of the coin portfolio is a necessity.

The Directors have again taken an extremely prudent approach to the revaluation exercise instructing experts in the various sectors in which the Company held coins. These experts considered the open market resale value of only those coins that had been held within the portfolio for more than 12 months, i.e. only those coins acquired and held by Avarae on or before 31 March 2010 and excluding those purchased during the financial year under review.

Directors' Report (continued)

The result of the extensive revaluation exercise, carried out on items as described in the accounting policies, was that the overall carrying value of the portfolio as at 31 March 2011 has increased by £0.66 million (2010: increase of £0.61 million). The Directors consider this uplift in value to be particularly conservative and would expect coins from the portfolio to achieve appreciably higher returns if sold at auction. The effect of the 31 March 2011 revaluation exercise is that, as at 31 March 2011, the Company's coin portfolio comprised of coins purchased at cost for an aggregate £8.26 million (2010: £9.06 million) and a revaluation amount of £1.81 million (net of VAT payable on sale) (2010: £1.28 million).

The effect of the revaluation, together with the profits from the coin sales, resulted in the Company achieving a comparable gross profit to the previous year of £0.81 million (2010: £0.81 million). The directors continually strive to keep the Company's cost base to a minimum. As a result, administrative expenses during the year were down materially on the previous year at £0.37 million (2010: £0.44 million) and now represent less than 3.4 per cent. of the Company's net assets (2010: 4.0 per cent.). Interest receivable of £0.004 million was, as expected, marginally lower than last year (2010: £0.01 million) and is directly attributable to the lower levels of cash balances held during the year. Net profit for the year rose almost 20 per cent. to £0.45 million (2010: £0.38 million), resulting in an increase in EPS of more than 48% to 0.52p (2010: 0.35p).

The Company ended the year with approximately £0.44 million of net cash, down from £0.82 million at the end of March 2010. The Company's cash is prudently managed across a spread of accounts, thereby reducing the risks of the creditworthiness of any one financial institution. During the year, investments of £1.1 million (2010: £1.1 million) were made in coins and coin collections. As at the year end, the Company had net assets of £10.9 million (2010: £11.1 million) and no borrowings. Net asset value per share ("NAV") as at 31 March 2011 increased by more than 7 per cent. to 13.6 pence (2010: 12.6 pence). Since March 2007, being the date of the Company's first audited accounts, the Company has delivered an annual compound increase in its NAV of approximately 9.5 per cent.

Purchases of own shares for cancellation

On 26 and 27 August 2010, the Company acquired 1,250,000 and 100,000 of its own ordinary shares ("Ordinary Shares"), respectively for cancellation. On 10 December 2010, the Company acquired a further 6,000,000 Ordinary Shares for cancellation. Accordingly, during the year ended 31 March 2011, the Company acquired an aggregate of 7,350,000 Ordinary Shares for cancellation for a total consideration of approximately £0.63 million, including expenses, which reduced the Company's issued ordinary share capital to 80,783,334 Ordinary Shares.

Change of Director

As previously announced, Tanya O'Carroll resigned from the Board on 17 September 2010 to pursue other interests and was replaced by Clement Chambers, an experienced numismatist and company director, on 16 November 2010. Clement has also joined the Company's Advisory Panel and we look forward to gaining from his continued input over the coming months and years.

Directors' Report (continued)

Outlook

Despite of the continued economic difficulties throughout the wider financial market, credit agencies downgrading sovereign debts, and inflationary pressures, Avarae has again successfully demonstrated that it is a genuine alternative asset play in the current financial environment, as evidenced by it reporting material increases in profits and NAV for the year, together with some successful realisations of its investment portfolio.

Since the year end, the Company has made modest additions to the portfolio with a value of approximately £0.12 million and has made disposals for a total of just over £0.05 million. The Company has a strong balance sheet, including a coin portfolio with a current carrying value, as reported on by industry experts, of more than £10.1 million. The Directors, therefore, remain optimistic about the Company's future prospects.

The company has not implemented the guidelines set out in the IFRS Practice Statement *Management Commentary* in preparing the above report.

Diane Clarke
Matt Wood
Guus Berting
Clement Chambers
3 August 2011

Directors' Report (continued)

Incorporation

These are the fifth financial statements of the Company, which was incorporated on 6 February 2006 and commenced operations on that date.

Statement of Directors' responsibilities

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that financial statements prepared comply with the Companies Act 2006, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also required to prepare financial statements for the Company in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and the rules of the London Stock Exchange for companies admitted to trading on AIM.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Principal activity

The principal activity of the Company is that of achieving capital growth for its Shareholders through the purchase, holding and sale of rare and antique coins.

Results and dividends

The profit for the year ended 31 March 2011 of £450,000 (31 March 2010: £380,000) has been transferred to reserves.

The Directors do not recommend a dividend for the year ended 31 March 2011 (31 March 2010: £nil).

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Directors' Report (continued)

Directors' remuneration and interests

The Directors of the Company who served during the year and since the year end were:

Diane Clarke	
Matthew Wood	
August Berting	
Clement Chambers	(appointed 16 November 2010)
Tanya O'Carroll	(resigned 17 September 2010)

The remuneration of the Directors of the Company is set out in Notes 4 and 14 to the accounts.

None of the Directors held any shares in the Company during the year.

Substantial shareholdings

As at 31 March 2011 and at the date of this report, the issued share capital of the Company was 80,783,334 ordinary shares of one pence each ("Ordinary Shares") and, as at the date of this report, the Company had been notified by the following shareholders that they held 3% or more of the Company's issued share capital:

<i>Shareholder</i>	<i>% Holding</i>
Montoya Investments Limited	26.2
Noble Investments (UK) plc	16.1
Jupiter Asset Management Limited	9.4

Corporate governance

The Board is responsible for establishing the strategic direction of the Company, monitoring the Company's trading performance and approving the purchase and disposal of coins to and from its portfolio. The recommendations for such purchases and disposals are made by independent experts comprising the Numismatic Advisory Panel.

Details of the Directors' beneficial interests in Ordinary Shares are set out in the Directors' Report. The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom Rule 21 applies. The Company has, in addition, adopted the Share Dealing Code for dealings in its Ordinary Shares by Directors and senior employees.

The Directors recognise the importance of sound corporate governance. The Company intends to comply with the QCA Guidelines so far as is practicable and appropriate for a public company of its size and nature.

The Board comprises four directors, one based in the Isle of Man, Diane Clarke, one based in the UK, Matthew Wood, one based in The Netherlands, August Berting, and one based in France, Clement Chambers. Matthew Wood and August Berting make up the audit and remuneration committees, and the whole Board comprises the Risk Management Committee ("RMC"). The RMC reviews the risks applicable to the business and the actions required to reduce those risks.

The terms of reference for the Audit Committee provide that it will receive and review reports from the Company's management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Company.

Directors' Report (continued)

The terms of reference for the Remuneration Committee provide that it will review the scale and structure of the Executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the Non-Executive Directors will be set by the Board. No Director may participate in any meeting at which discussion or decision regarding his own remuneration takes place.

The major risk to the Company lies in the overall market pricing of its main asset – the portfolio of collectable coins. It is intended that this risk and attendant opportunity is passed straight to the Company's investors, who should hold its shares in a balanced portfolio of their own. During the year ended 31 March 2011, the Board did not accentuate this risk by any form of leveraged financing. The remaining risk to the Company comprises the need to maintain adequate liquidity to meet the Company's trading obligations and maximise opportunistic purchasing offers. The Board monitor this risk thorough its monthly financial reporting system.

The Directors do not consider that, given the size of the Board, it is appropriate at this stage to have a Nomination Committee.

Relationship with Shareholders

The Directors seek to build a mutual understanding of objectives between the Company and its Shareholders. The Company reports formally to Shareholders in its interim and annual reports setting out details of its activities. In addition, the Company keeps Shareholders informed of events and progress during the year through the issue of press releases.

The Annual Report is sent to Shareholders at least 23 clear days before the Annual General Meeting. Directors are required to attend Annual General Meetings of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Annual General Meeting

The notice ("Notice") of annual general meeting ("AGM") to be held at 2:30 p.m. on 8 September 2011 at the Company's registered office has today been sent to shareholders. Copies of this document, Notice and corresponding form of Proxy for use at the AGM are available at the Company's registered office and on the Company's website www.avarae.com.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of us has confirmed that we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that this information has been communicated to the auditors.

Auditors

The Company's auditors, Baker Tilly Isle of Man LLC have indicated their willingness to continue to act. A resolution to re-appoint Baker Tilly Isle of Man LLC as auditors will be proposed at the Annual General Meeting of the Company on 8 September 2011.

APPROVED BY THE BOARD OF DIRECTORS

3 August 2011

Guus Berting

AVARAE GLOBAL COINS PLC
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Independent Auditors' Report to the Members of Avarae Global Coins plc

We have audited the financial statements of Avarae Global Coins plc for the year ended 31 March 2011 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the Directors are responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of the Company's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs.

Emphasis of Matter - Coin Portfolio

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of the coin portfolio. The valuation in the Company's balance sheet is based on cost as modified by an upward revaluation of £1.81 million applied to coins acquired prior to 31 March 2010. The Directors believe this a reasonable estimate of market value at the year end. Realisation of this value is entirely dependent on market conditions which may vary substantially over time. Our opinion is not qualified in this respect.

Baker Tilly Isle of Man LLC

Chartered Accountants

2a Lord Street

Douglas

Isle of Man

IM99 1HP

3 August 2011

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

Statement of Comprehensive Income for the year ended 31 March 2011

	<i>Note</i>	Year ended <i>31-Mar-11</i> £'000	Year ended <i>31-Mar-10</i> £'000
Revenue			
Sales	1	2,188	1,224
Cost of Sales		(2,037)	(1,021)
Coin revaluation	8	664	607
		<hr/>	<hr/>
Gross profit		815	810
		<hr/>	<hr/>
Administrative expenses		(369)	(441)
		<hr/>	<hr/>
Profit on ordinary activities before:		446	369
Finance income	5	4	11
Finance expenses	5	-	-
		<hr/>	<hr/>
Profit on ordinary activities before tax		450	380
Tax on profit on ordinary activities	6	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		450	380
		<hr/>	<hr/>
Earnings per share (basic and diluted)	7	0.52p	0.35p

The notes numbered 1 to 17 form part of these financial statements.

AVARAE GLOBAL COINS PLC
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Statement of Financial Position as at 31 March 2011

	<i>Note</i>	<i>As at 31-Mar-11 £'000</i>	<i>As at 31-Mar-10 £'000</i>
Assets			
Current Assets			
Coin inventory	8	10,067	10,340
Trade and other receivables	9	461	20
Cash at bank		435	822
		<hr/>	<hr/>
Total assets		10,963	11,182
		<hr/>	<hr/>
Liabilities and equity			
Creditors: amounts falling due within one year	10	40	78
		<hr/>	<hr/>
Total Liabilities		40	78
		<hr/>	<hr/>
Equity			
Called up equity share capital	12	808	881
Share premium		8,880	9,438
Profit and loss account		1,235	785
		<hr/>	<hr/>
Total Equity Shareholders' Funds		10,923	11,104
		<hr/>	<hr/>
Total Liabilities and equity		10,963	11,182
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 3 August 2011 and were signed on their behalf by:

August Berting

The notes numbered 1 to 17 form part of these financial statements.

AVARAE GLOBAL COINS PLC
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Cash Flow Statement for the year ended 31 March 2011

	Note	<i>Year ended 31-Mar-11 £'000</i>	<i>Year ended 31-Mar-10 £'000</i>
Cash flows from operating activities:			
Profit on ordinary activities for the year		446	369
Adjustments for:			
(Decrease) in payables		(39)	(35)
(Increase)/Decrease in receivables		(440)	523
Decrease/(Increase) in inventory		273	(702)
Net cash flow from operations		240	155
Interest received		4	11
Net cash from investing activities		4	11
Purchase of own shares for cancellation		(631)	(1,242)
Net cash from financing activities		(631)	(1,242)
Net decrease in cash and cash equivalents		(387)	(1,076)
Opening cash position	13	822	1,898
Cash and cash equivalents at 31 March	13	435	822

The notes numbered 1 to 17 form part of these financial statements.

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Statement of Changes in Equity for the year ended 31 March 2011

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 31 March 2009	1,101	10,460	405	11,966
Share capital reduction	(220)	(1,022)	-	(1,242)
Profit for the year	-	-	380	380
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	881	9,438	785	11,104
Share capital reduction	(73)	(558)	-	(631)
Profit for year	-	-	450	450
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	808	8,880	1,235	10,923

The notes numbered 1 to 17 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2011

(1) Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS). This is the fourth year that the Company has prepared its financial statements in accordance with IFRSs, having previously prepared its financial statements in accordance with previous accounting standards. The functional currency is £-Sterling.

Adoption of new and revised International Financial Reporting Standards (“IFRS”):

In the current year, the company has adopted the following new and revised standards and interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations during the year. The adoption of these new and revised standards and interpretations has not resulted in any changes to the company’s accounting policies that would affect the amounts reported for the current or prior years.

IFRS 8 – Operating Segments effective 1 January 2010

IAS 1 – Presentation of Financial Statements effective 1 January 2010

IAS 7 – Statement of cashflows effective 1 January 2010

IAS 32 – Financial Instruments Presentation effective 1 February 2010

IAS 36 – Impairment of Assets effective 1 January 2010

IAS 39 – Financial Instruments: Recognition and Measurement effective 1 January 2010

Revenue recognition

The Company’s sales consist of sales of coins or collections of coins and accounted for on an accruals basis.

Finance income is accounted for on a received basis.

(2) Segmental information

The Company has one class of business, that of the sale of antiquarian and collectable coins. All sales have been through dealers based in the single geographic segment of the United Kingdom. Accordingly no further segmental information is presented.

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**Notes to the Financial Statements for the year ended 31 March 2011
(continued)**

(3) Profit for the period

The profit for the period is after charging the following:

	<i>Year ended</i>	<i>Year ended</i>
	<i>31-Mar-11</i>	<i>31-Mar-10</i>
	<i>£'000</i>	<i>£'000</i>
Auditors remuneration – Audit and interim review	8	6
plus: Underprovision in prior year	1	-
	9	6
 Numismatic advisers – Noble Investments (UK) plc	154	149

(4) Staff costs

The Company had no employees during the year, and paid Directors fees as follows:

	<i>Year ended</i>	<i>Year ended</i>
	<i>31-Mar-11</i>	<i>31-Mar-10</i>
	<i>£'000</i>	<i>£'000</i>
Guus Berting	12	12
Matthew Wood	12	12

The other Directors provided their services under contracts as detailed in the Related Party Transactions (note 14).

The Company provides no pension scheme, and the Directors are considered to be the key management.

(5) Finance revenue

The finance revenue consists of bank deposit interest received. There were no finance costs in the year.

AVARAE GLOBAL COINS PLC
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**Notes to the Financial Statements for the year ended 31 March 2011
(continued)**

(6) Taxation

The Company is resident for tax purposes in the Isle of Man.

The Company is chargeable to Isle of Man corporate income tax at the standard rate of 0%, which took effect from 6 April 2006.

	<i>Year ended</i>	<i>Year ended</i>
	<i>31-Mar-11</i>	<i>31-Mar-10</i>
	<i>£'000</i>	<i>£'000</i>
Profit before tax	450	380
	<hr/>	<hr/>
Isle of Man tax at 0%	-	-
	<hr/>	<hr/>
Tax expense for the year	-	-
	<hr/>	<hr/>

(7) Earnings per share

The earnings per share (basic and diluted) for the year ended 31 March 2011 was 0.52p (2010: 0.35p). The calculation of earnings per share is based on the profit of £450,000 (2010: £380,000) for the year and the weighted average number of shares in issue being 85,506,348 (2010: 108,459,361).

(8) Coin inventory

At the year end, only those coins that had been acquired by the Company before 31 March 2010, were revalued by industry experts to their expected current market value less the VAT payable on sale. Inventory purchased during the year ended 31 March 2011 has been carried at cost. This is considered by the directors to give a fair value for the inventory. Inventory of £10,067,000 (2010: £10,340,000) is carried as 'Inventory carried at fair value less costs to sell'. The purchase cost of inventory held at 31 March 2011 was £8,259,165 (2010: £9,058,000).

(9) Trade and other receivables

	<i>As at</i>	<i>As at</i>
	<i>31-Mar-11</i>	<i>31-Mar-10</i>
	<i>£'000</i>	<i>£'000</i>
Trade debtors	439	-
Prepaid expenses	22	20
	<hr/>	<hr/>
Total	461	20
	<hr/>	<hr/>

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

**Notes to the Financial Statements for the year ended 31 March 2011
(continued)**

(10) Payables

	<i>As at</i> <i>31-Mar-11</i>	<i>As at</i> <i>31-Mar-10</i>
	<i>£'000</i>	<i>£'000</i>
Accrued expenses	36	61
Other creditors	4	17
	40	78

All creditors are due within one year.

(11) Financial instruments and risk

An explanation of the Company's financial instrument risk management objectives, policies and strategies are set out below.

Interest rate risk

The Company's exposure to interest rate risk is limited to its interest income on bank balances in the Company's functional currency of sterling. Non-current account balances receive interest at floating rates. No sensitivity analysis has been prepared as required by 'IFRS 7 Financial Instruments: Disclosures' as the directors consider the results of any such analysis to be insignificant.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to try to ensure, as far as possible, that it will always maintain sufficient cash and other readily realisable assets to meet the next three years operating costs.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and is primarily attributable to its trade receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2011 £'000	Carrying amount 2010 £'000
Trade and other receivables	461	20
Cash at bank	435	822

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

**Notes to the Financial Statements for the year ended 31 March 2011
(continued)**

(12) Share capital and premium

	<i>As at</i>	<i>As at</i>
	<i>31-Mar-11</i>	<i>31-Mar-10</i>
	<i>£'000</i>	<i>£'000</i>
Authorised		
200,000,000 ordinary shares of £0.01 each	2,000	2,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
80,783,334 ordinary shares of £0.01 each (2010: 88,133,334)	808	881
	<hr/>	<hr/>

On 26 and 27 August 2010, the Company acquired 1,250,000 and 100,000 Ordinary Shares, respectively for cancellation. On 10 December 2010, the Company acquired a further 6,000,000 Ordinary Shares for cancellation. Accordingly, during the year ended 31 March 2011, the Company acquired an aggregate of 7,350,000 Ordinary Shares for cancellation for a total consideration of approximately £0.63 million, including expenses.

The cost to the company of acquiring its own shares, over and above the nominal value of those shares, has been accounted for by way of a deduction to the share premium account.

(13) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	<i>As at</i>	<i>As at</i>
	<i>31-Mar-11</i>	<i>31-Mar-10</i>
	<i>£'000</i>	<i>£'000</i>
Cash on hand and balances with banks	435	822
Short-term investments	-	-
	<hr/>	<hr/>
Cash and cash equivalents as previously reported	435	822
Effect of exchange rate changes	-	-
	<hr/>	<hr/>
Cash and cash equivalents as restated	435	822
	<hr/>	<hr/>

**Notes to the Financial Statements for the year ended 31 March 2011
(continued)**

(14) Related party transactions

During the year ended 31 March 2011, Tanya O'Carroll and Diane Clarke were directors of Hillberry Trust Company Limited (Hillberry). The Company incurred administration fees of £10,037 (2010: £15,935) from Hillberry during the year, of which, £5,000 was in respect of the annual responsibility fee, which covers the provision of resident statutory services. As at 31 March 2011, £2,700 (2010: £14,500) was owing to Hillberry.

Matthew Wood is a director of CMS Corporate Consultants Limited (CMS). Fees for financial, corporate and accounting services of £32,322 (2010: £53,506) were paid to CMS during the period. As at 31 March 2011, £nil (2010: £nil) was owing to CMS.

Although not formally disclosable related party issues, the Directors believe that the following information is of use to members of the Company. During the year ended 31 March 2011, stock purchases of £1,094,400 (2010: £1,115,045) have been made through AH Baldwin & Sons Limited ("Baldwin"), a subsidiary company of Noble Investments (UK) plc ("Noble"). In addition, during the year ended 31 March 2011, stock sales (net of VAT) of £2,109,700 (2010: £1,223,749) were made through Baldwin. Avarae entered into an agreement with Noble on 21 April 2006 under which Avarae pays fees to Noble for, amongst other things, services related to sourcing suitable coin purchases and coin buyers for Avarae; these fees include a performance-based element. As the Company's numismatic adviser, Noble co-ordinated the Company's annual revaluation exercise. As at 13 December 2010, the Company was notified by Noble that Noble had an interest in 13,000,000 Ordinary Shares, representing approximately 16.1 per cent. of the Company's issued ordinary share capital. All purchases and sales made by Avarae, including those made through Noble and its subsidiaries, are independently assessed and approved by the Company's Advisory Panel ("Panel"). The members of the Panel are Sir John Wheeler and Clement Chambers.

(15) Commitments under operating leases

At 31 March 2011, the Company had no commitments under operating leases (2010: £nil).

(16) Capital commitments

At 31 March 2011, the Company had no capital commitments included in trade creditors (2010: £nil).

(17) Post balance sheet events

There are no post balance sheet events that the Directors believe need disclosure.