



**News Release**

**21 November 2007**

**AVARAE GLOBAL COINS PLC**

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2007

Avarae Global Coins plc ("Avarae" or the "Company"), the UK's only publicly traded specialist investment company dedicated to investing in rare and high quality coins, is pleased to announce its unaudited interim results for the six months to 30 September 2007.

Highlights for the period include:

- Successful placing in August of 48.0 million new shares with existing and new institutional investors raising £6.0 million (before expenses).
- More than £2.0 million invested in rare and high quality coins in the period, taking value at cost of coin inventory to more than £6.0 million at the period end.
- Coin inventory now boasts impressive collections from emerging nations such as India, China and Middle East (Islamic coins), where increasing repatriation of heritage is driving up values.
- Collections of English coins still dominate the portfolio with impressive additions in the period, including:
  - very rare George III gold and silver coins and examples of early 18<sup>th</sup> Century Queen Anne; and
  - significant coins from the Anglo-Saxon period, including pennies from the time of Edward the Confessor, William the Conqueror and Alfred the Great.
- 19 per cent. average return generated from opportunistic sales in the period of a small number of coins recently acquired into the portfolio, demonstrating potential returns achievable over the longer term.
- Net loss for the period of approximately £0.12 million (loss per share of 0.16 pence).
- Net assets as at 30 September 2007 of £11.4 million, representing 10.3 pence per share, of which 5.5 pence is coin portfolio at cost and 4.8 pence is net

cash.

Commenting, Brian Hatton, Executive Director of Avarae, said:

*“We are pleased with the progress in the period, especially having secured the £6.0 million additional funding in August which enables us to continue to cherry pick the most important coins and collections which we believe will provide the greatest return to shareholders over the coming years. The market for rare coins remains a strong one with record prices being paid in the major coin auctions during 2007 (New York, London, Hong Kong), all of which augurs well for us when we come to realise some of the rarest and most significant coins and collections within our portfolio. We continue to believe that there is increasing interest from investors seeking to diversify their investments away from the traditional assets of stocks, bonds and property and that holding shares in Avarae enables investors to benefit from the solid and predictable returns that can be made from assets such as rare coins.*

*Although it still remains early in the investment cycle of the Company regarding any significant realisations from the resale of coins, we are optimistic that, as the rare coin market continues to grow and prices continue to rise for the very rarest and most important coins, Avarae is well placed to make some significant gains over the course of the next few years.”*

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# AVARAE GLOBAL COINS PLC

## Directors' Review

### Introduction

We are pleased to present Avarae's results for the first half to 30 September 2007, a period that was dominated by the successful £6.0 million fundraising completed in August, and to provide an update to shareholders on the Company's activities post the period end.

Avarae is the UK's only publicly traded specialist investment company dedicated to investing in rare and high quality coins. It 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. Its strategy is to invest actively in the coin collecting sector in various countries across the world. It is currently building up an impressive portfolio of coins which it intends to hold both for the medium and long term (i.e. 2 to 5 years), in order to achieve medium and long term capital growth for its shareholders, while also taking advantage of short term trading opportunities, as the market for rare coins continues to grow.

### Financing

Avarae is registered and incorporated in the Isle of Man. Since its incorporation in early 2006, it has raised more than £12.5 million in a number of financing rounds, including raising £5.0 million (before expenses) in conjunction with its admission to trading on AIM on 24 May 2006, and a further £6.0 million (before expenses) through a placing of new ordinary shares with existing and new institutional investors in August 2007.

For a publicly traded company, Avarae maintains a very low operational cost base of approximately £0.35 million per annum on an ongoing basis, which includes the costs associated with all of the Company's numismatic advisers.

### The coin dealing sector

The market for trading coins is international in nature and significant in size. For a number of years now, the market has seen growing interest in the sector, with ever increasing numbers of buyers at auctions and ever higher prices being paid across the world, but particularly for the high quality and very rare coins. This trend has continued throughout 2007 as evidenced at the recent Coinex auction week in London in September where there was a 74 per cent. increase in the total take and also a two thirds increase in the number of lots sold, as compared to 2006.

In previous reports we've mentioned the strength of the US market and the significant sums being paid for individual US coins, however 2007 has seen growth in

international demand. This has been marked by the increase in interest, and therefore prices being paid, in coins originating from certain other territories and sectors, particularly Middle Eastern (Islamic coins), Indian, Chinese and Russian coins.

The opening up of China over the last few years has witnessed more money being spent by more people on the same number of coins, as locals look to repatriate their heritage. The key period of interest in Chinese coins appears to be the 100 years or so from the mid-nineteenth century onwards, when the quality and uniformity improved. At a recent Hong Kong Auction held on 30 August, record prices were paid and a recent example of the high levels of interest and the high returns achievable can be demonstrated by the sale of a mint state Anhwei silver dollar which sold for \$34,000, having previously been bought in 2002 for \$1,000, a compounded annual uplift of approaching 90 per cent.

Prices remain strong for Indian and Russian coins, particularly as a result of both the new found wealth creation within those countries and also by expatriate demand which has continued to fuel the market. This, together with legal restrictions on Indian coins older than 100 years leaving India has further constrained the supply of Indian coins worldwide.

The market for Islamic coins is a relatively nascent one, with the commercial market having only really existed for approximately 35 years. However no other coins series provides such a rich source of data; commencing soon after the death of Prophet Mohammed around 650 CE, they provide an unbroken record. However, as a good proportion of the coins are unrecorded, with the right expertise available, it is possible to acquire some extremely rare gold Islamic coins at affordable prices.

### **Avarae's Investments**

From the date it floated on 24 May 2006 up to 30 September 2007, the Company has made a total of eighteen purchases of significant coins or coin collections, investing more than £6.2 million in aggregate. Over the same period it has made opportunistic disposals of coins on three separate occasions with an aggregate cost value of approximately £102,000 and achieving an aggregate blended gross return of 15 per cent.

The portfolio now boasts coins from almost 40 different countries and can now claim to be a truly "global fund". British coins still form the largest proportion of the fund's investments to date, with coins from Germany, Italy, India and China together making up an aggregate of approximately one-third of the portfolio. The balance includes coins from more than 30 other countries from Argentina right through to the former Yugoslavia.

Avarae's intention is to hold the vast majority of its current portfolio for the foreseeable future and only make disposals of coins or collections when it and its Advisory Panel believe it to be in the best interest of the Company and its

shareholders.

## **Financial Results**

During the period under review, the Company made a number of opportunistic disposals of coins from within the portfolio totalling £38,000, achieving a gross average return of 19 per cent., up from 15 per cent. in the corresponding period last year. A number of these coins had only been purchased in the previous month.

Administrative costs during the period of £189,000 include some one-off costs relating to the Company's fundraising in August. Ongoing half-yearly administrative expenses are anticipated to be of the order of not more than £175,000 and include all the ongoing costs and fees associated with its various numismatic advisers. It is our intention to keep administration costs at approximately three per cent. of net asset value.

Interest receivable of £65,000 was lower than the corresponding period last year reflecting the lower cash balances held during the period as the coin portfolio continued to grow. However, during the course of the remainder of the current financial year, dependent upon the rate of coin investment, interest income is expected to cover a large proportion of the administration costs of the Company.

Net loss for the period was £118,228, resulting in a loss per share of approximately 0.16 pence (2006: loss of 0.07 pence).

The Company's coin portfolio of approximately £6.1 million at the period end remains valued at cost and will be subject to a revaluation as part of the full year financial results on 31 March 2008. At that time a number of coins will have been held for almost two years and we expect a number of coins to be subject to some material upward revaluations. During the period, investments totalling more than £2.0 million were made.

At the period end, the Company had net assets of £11.4 million, of which approximately £5.3 million was in cash or short term deposits. The Company had no borrowing during the period. Net asset value per share stood at 10.3 pence at the period end, up from 9.6 pence at the corresponding time last year.

## **Outlook**

The Directors believe that Avarae has made good progress in the period under review and during October has made investments in important coins worth a further £0.3 million and made selective disposals of approximately £50,000.

We are especially pleased to have secured the £6.0 million additional funding in August which enables us to continue to cherry pick the most important coins and collections which we believe will provide the greatest return to shareholders over the coming years. The market for rare coins remains a strong one with record prices

being paid in the major coin auctions during 2007 (New York, London, Hong Kong), all of which augurs well for us when we come to realise some of the rarest and most significant coins and collections within our portfolio. We continue to believe that there is increasing interest from investors seeking to diversify their investments away from the traditional assets of stocks, bonds and property and that holding shares in Avarae enables investors to benefit from the solid and predictable returns that can be made from assets such as rare coins.

Although it still remains early in the investment cycle of the Company regarding any significant realisations from the resale of coins, we are optimistic that, as interest in the rare coin market continues to grow and prices continue to rise for the very rarest and most important coins, Avarae is well placed to make some significant gains over the course of the next few years.

Brian Hatton, Executive Director,  
21 November 2007

**AVARAE GLOBAL COINS PLC**  
**UNAUDITED INTERIM RESULTS FOR THE PERIOD**  
**FROM 1 APRIL 2007 to 30 SEPTEMBER 2007**

**Unaudited interim income statement**

	Note	6 Feb. 06 – 30 Sept. 06 £'000	6 Feb. 06 – 31 March 07 £'000	1 April 07 – 30 Sept. 07 £'000
<b>Turnover</b>	<b>1b</b>	23	79	38
Cost of Sales		(20)	(70)	(32)
Gross profit		3	9	6
Administrative expenses		(98)	(218)	(189)
<b>Loss on ordinary activities before interest</b>		(95)	(209)	(183)
Financial income	<b>4</b>	71	139	65
Financial expense	<b>4</b>	0	0	0
<b>Loss on ordinary activities before tax</b>		(24)	(70)	(118)
Tax on profit/(loss) on ordinary activities	<b>5</b>	0	0	0
<b>Loss on ordinary activities after taxation</b>		(24)	(70)	(118)
<b>Loss per share</b>	<b>3</b>	(0.07p)	(0.13p)	(0.16p)

There were no recognised gains or losses other than the loss for the period.

## Unaudited interim balance sheet

	Note	As at 30 Sept 06 £'000	As at 31 March 07 £'000	As at 30 Sept. 07 £'000
<b>Current Assets</b>				
Coin inventory	6	2,576	4,067	6,094
Debtors	7	130	86	106
Cash at bank		3,526	2,017	5,259
<b>Total Assets</b>		6,232	6,170	11,459
<b>Liabilities: amounts falling due within one year</b>				
	8	295	294	86
<b>Capital and Reserves</b>				
Called up equity share capital		621	621	1,101
Share premium		5,340	5,325	10,460
Profit and loss account		(24)	(70)	(188)
<b>Total Equity</b>		5,937	5,876	11,373
<b>Total Liabilities</b>		6,232	6,170	11,459

## Cash flow statement

	Note	6 Feb. 06 – 30 Sept. 06 £'000	6 Feb. 06 – 31 March 07 £'000	1 April 07 – 30 Sept. 07 £'000
Net cash outflow from operating activities	10	(2,506)	(4,068)	(2,438)
<b>Returns on investment and servicing of finance</b>				
Interest received		71	139	65
Interest paid		0	0	0
		(2,435)	(3,929)	(2,373)
<b>Taxation</b>		0	0	0
Net cash outflow before financing		(2,435)	(3,929)	(2,373)
<b>Financing</b>				
Issue of equity shares		5,961	5,946	5,615
<b>Increase in cash in the period</b>		<b>3,526</b>	<b>2,017</b>	<b>3,242</b>

## Reconciliation of net cash to movement in net funds

	6 Feb. 2006 – 30 Sept. 2006 £'000	6 Feb. 2006 – 31 March 2007 £'000	1 April 2007 – 30 Sept. 2007 £'000
Increase in cash in the period	3,526	2,017	3,242
Movement in net funds in period	3,526	2,017	3,242
Net funds at start of period	0	0	2,017
Net funds at end of period	3,526	2,017	5,259

## Unaudited Statement of Changes in Equity

	<u>Share capital</u> £ 000	<u>Share premium</u> £ 000	<u>Retained earnings</u> £ 000	<u>Total equity</u> £ 000
<b>Balance at 6 February 2006</b>	-	-	-	-
Issue of share capital	621	5,879	(70)	6,430
Issue costs incurred	-	(554)	-	(554)
Equity dividends	-	-	-	-
	<hr/> 621	<hr/> 5,325	<hr/> (70)	<hr/> 5,876
<b>Balance at 31 March 2007 (Audited)</b>	<b>621</b>	<b>5,325</b>	<b>(70)</b>	<b>5,876</b>
Loss for the period ended 30 September 2007	-	-	(118)	(118)
Issue of share capital	480	5,520	-	6,000
Issue costs incurred	-	(385)	-	(385)
Equity dividends	-	-	-	-
	<hr/> 480	<hr/> 5,135	<hr/> (118)	<hr/> 5,497
<b>Balance at 30 September 2007 (Unaudited)</b>	<b>1,101</b>	<b>10,460</b>	<b>(188)</b>	<b>11,373</b>

## Notes to the interim results

### 1) General information

Avarae Global Coins plc ("The Company") is a limited liability company, which was incorporated in the Isle of Man on 6 February 2006, and was admitted to trading on AIM on 24 May 2006. The Company undertook no trading prior to its admission to trading on AIM.

The interim financial statements for the Company have been prepared as at 30 September 2007 and for the period of six months then ended.

The comparative figures (which commence on 6 February 2006, the date of the Company's incorporation) are shown on a consistent basis with the figures of the current reported period.

The Company's functional currency is sterling as their operations are primarily based in the United Kingdom, and these interim, unaudited, financial statements are presented in sterling.

### 2) Accounting policies

The principal accounting policies adopted in the preparation of the interim unaudited financial information are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated

#### a) Basis of preparation

The interim unaudited financial information on the Company has been prepared in accordance with International Financial Accounting Standards ("IFRS") which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standings Committee Interpretations approved by the International Accounting Standards Committee that remain in effect.

The abridged financial information relating to the period ended 31 March 2007 is based on an extract from the latest financial statements. The report of the auditors on these financial statements was unqualified. The financial information summarised above does not constitute statutory accounts. These statements were presented under United Kingdom accounting standards. No adjustments have been found necessary to present this comparative information under IFRS.

#### b) Turnover

Turnover represents the sale of coins exclusive of VAT

**c) Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Any foreign exchange gains and losses resulting from the settlement of such transactions, and from translation at period end of any monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**d) Segmental analysis**

The company has only one business segment, that of dealing in collectible coins, and carries out the majority of its operations in the United Kingdom. Therefore the directors do not consider it necessary to prepare a segmental analysis.

**3) Earnings per Share**

The loss per share for the period was 0.16 pence. The calculation of earnings per share is based on the loss of £118,228 for the period and the weighted average number of shares in issue (75,810,046).

**4) Financial Revenues**

Financial income consists of interest received on bank deposits of £65,000, no financial expenditure was incurred.

**5) Taxation**

The Company is subject to Isle of Man income tax at 0%, and made losses in the period. Accordingly there is no difference between the tax charged in the accounts of nil, and the application of the basic applicable tax rate to the Company's result.

**6) Coin Inventory**

Coin inventory represents the original value of coins purchased, less the cost of those sold. It is intended to revalue the coin inventory at the end of each financial year.

7) Debtors

	As at 30 Sept. 06 £'000	As at 31 March 07 £'000	As at 30 Sept. 07 £'000
Trade debtors	-	58	-
Other debtors	49	6	21
Prepaid expenses	81	22	85
	130	86	106

8) Creditors

	As at 30 Sept. 06 £'000	As at 31 March 07 £'000	As at 30 Sept. 07 £'000
Trade creditors	274	263	86
Accruals	21	31	0
	295	294	86

All creditors are due within one year.

9) Share Capital

	As at 30 Sept. 06 £'000	As at 31 March 07 £'000	As at 30 Sept. 07 £'000
<b>Authorised</b>			
200,000,000 ordinary shares of £0.01 each	1,000	1,000	2,000
<b>Allotted, called up and fully paid</b>			
110,133,334 ordinary shares of £0.01 each	621	621	1,101

10) Reconciliation of operating loss to net cash outflow from operating activities

	6 Feb. 06 – 30 Sept. 06 £'000	6 Feb. 06 – 31 March 07 £'000	1 April 07 – 30 Sept. 07 £'000
Operating loss	(95)	(209)	(183)
(Increase) in debtors	(130)	(86)	(20)
(Decrease) in creditors	295	294	(208)
(Increase) in inventory	(2,576)	(4,067)	(2,027)
	(2,506)	(4,083)	(2,438)

11) Preparation of the Interim Report

This report was approved by the Directors on 20 November 2007.

The results for the period ended 30 September 2007 are unaudited and do not constitute statutory accounts as defined in The Companies Acts.

The interim report is being sent to shareholders as soon as practicably possible. In addition copies are available from the Company's registered office, Hillberry Trust Company Limited, Exchange House, 54-58 Athol Street, Douglas, Isle of Man, IM1 1JD