

Avarae Global Coins plc
Incorporated and registered in the Isle of Man
Registration Number: 115498C

Audited Results for the
Period from 6 February 2006 to 31 March 2007

Contents	Page
Officers and Advisors	
Chairman's Report	
Directors' report	
Incorporation	
Directors' responsibilities	
Principal activity	
Results and dividends	
Directors' remuneration and interests	
Substantial shareholdings	
Corporate Governance	
Relationship with shareholders	
Auditors	
Report of the auditors	
Profit and Loss Account	
Balance Sheet	
Cash Flow Statement	
Notes to the financial statements	

Officers and Advisors

Directors

Brian Hatton
Neil Orders
Robert Eijkelhof
Matthew Wood

Company Secretary and Registered Office

Ben Arthur
c/o Hillberry Trust Company Limited
Ground Floor, East Suite
Exchange House
54-58 Athol Street
Douglas, Isle of Man, IM1 1JD

Nominated Advisor and Broker

Daniel Stewart & Company Plc
Becket House
36 Old Jewry
London
EC2R 8DD

Auditors

BDO Isle of Man
9 Myrtle Street
Douglas
Isle of Man
IM1 1ED

Advocates

Dickinson Cruickshank
33 Athol Street
Douglas
Isle of Man
1MI 1LB

Registrars

Capita IRG (Offshore) Ltd
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AVARAE GLOBAL COINS PLC (“Avarae” or the “Company”)

AVARAE GLOBAL COINS PLC
AUDITED RESULTS FOR THE FINANCIAL PERIOD FROM 6 FEBRUARY 2006
TO 31 MARCH 2007

Directors’ Report

Introduction

We are delighted to present our first annual report to Shareholders. The following pages show the financial position of the Company for the period from its incorporation on 6 February 2006 to 31 March 2007, together with some additional information covering the period up to 31 May 2007. During this time, the Company floated on the AIM market of the London Stock Exchange and simultaneously raised its first material funds for investment purposes.

Avarae provides access for institutions and individuals wanting to diversify their investment portfolios away from the traditional asset classes such as equities, property, bonds etc without the need to be an expert in the coin-collecting sector. The Board’s current strategy is to invest actively in the coin-collecting sector in various countries around the world. We are currently building up an impressive portfolio of coins which we intend to hold both for the long-term (i.e. more than one year), in order to achieve long-term capital growth for its 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.

Financing

Avarae is registered and incorporated in the Isle of Man. Since its incorporation, it has raised more than £6.5 million in two financing rounds, including raising £5.0 million (before expenses), in conjunction with its admission to trading on AIM on 24 May 2006, and raising a further £1.1 million (before expenses) through a placing with a single major London institution in June 2006.

For a publicly traded company, Avarae maintains a very low operational cost base of less than £0.3 million per annum, 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. Over the last few months, there has been an increasing interest in the coin sector and its prominence as an alternative investment class is illustrated by recent increases in activity around the world, where record prices have been paid for certain rare pieces, especially in the UK and in the US. The UK market is still trading significantly below the levels of the US market, but the gap is narrowing and the US market does provide an insight into the substantial sums being paid for individual coins. For example, in the US a 1933 Double Eagle coin sold for over \$7.6 million, whereas the most expensive individual British coin was sold in the middle of last year for £0.4 million.

The number of interested parties in coins and coin collections appears to be continuing to grow rapidly, with auction houses, particularly in the UK, continuing to report strong growth in the numbers of interested bidders compared to the corresponding auctions in previous years.

Historically, if purchased correctly, investments in coins can not only reduce the risk of overall investment portfolios, but can also produce significantly better returns than investments in equities, bonds or property. Individual coins and coin collections have regularly produced annual compound returns in excess of 10 per cent.

Avarae's investments

Avarae floated on 26 May 2006 and made its first purchase of rare coins the week following, on 2 June 2006. In the financial period under review the Company has acquired almost 1,000 coins or coin collections, issued by more than 40 countries investing approximately £4.1 million in aggregate. In the two months to the end of May 2007, the Company has acquired coins with a value of more than £0.8 million. Coins or notable collections purchased include:

- A 1933 Pattern Penny, thought to be one of only four in the world;
- A William III "Five Guinea" dating from 1701;
- A 1344 Edward III Gold Double Florin (or "Double Leopard"), one of only three known specimens and the only one understood to be in private hands;
- A George III 1770 Pattern Five Guinea;
- A complete collection of 236 German gold, silver and bronze coins, minted under German rulers over a period of 2,000 years;
- A collection of rare Islamic and Indian gold and silver coins covering approximately 500 years;
- A collection of high quality Chinese gold and silver coinage from the 19th and 20th centuries; and
- A collection of South American gold and silver coinage from the 18th to 20th century.

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.

Change of Adviser and Placing

The Company is pleased to appoint Collins Stewart Europe Limited as the Company's Nominated Adviser ("Nomad") and Broker with immediate effect. In connection with the change in Nomad, the Company is pleased to also separately announce today that it has conditionally placed 48,000,000 new Ordinary Shares with existing and new institutional and other investors at a price of 12.5 pence per new Ordinary Share, raising £6.0 million, before costs. The Placing is subject to approval from Shareholders and Admission of the new shares to trading on AIM.

Incorporation

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

Directors' responsibilities

Isle of Man company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of

the profit or loss of the Company for that period. In preparing those financial statements the Directors are required to:

- (i) select suitable accounting policies and apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

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

Results and dividends

Since incorporation, the Company has made two disposals, selling two coins for £80,500 inclusive of VAT and achieving a profit margin of 15 per cent. (13 per cent. after associated costs), having previously purchased each coin only months earlier.

Administrative costs during the period of £218,000 include some one-off costs relating to the Company's admission to AIM and also include approximately £12,000 of costs relating to the period from the Company's incorporation to 31 March 2006.

Interest receivable of £139,000 during the period is expected to reduce on a pro-rata basis over time as more of the fundraising proceeds are invested in coins.

Net loss for the period was £70,491, resulting in a loss per share of approximately 0.13 pence on a weighted average number of shares in issue at the year-end.

At the period end, the Company had net assets of approximately £5.88 million, of which approximately £2.0 million was in cash or short term deposits. The Company had no borrowings during the period.

The Directors cannot recommend a dividend for the period.

Directors' remuneration and interests

The Directors of the Company who served during the period were:

Brian Hatton	(appointed 6 February 2006)
Neil Orders	(appointed 6 February 2006)
Robert Eijkelhof	(appointed 15 May 2006)
Matthew Wood	(appointed 23 November 2006)

The remuneration of the Directors of the Company is set out in Notes 10 and 11 to the accounts.

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

Substantial shareholdings

At 31 March 2007, the issued share capital of the Company was 62,133,334 Ordinary Shares of one pence each and the following Shareholders were believed by the Board to hold 3 per cent. or more of the Company's share capital:

<i>Shareholder</i>	<i>% Holding</i>
Equity Special Situations Limited	24.46
Blackrock, Inc.	14.16
Pershing Keen Nominees Limited	13.73
Gryphon Bond Fund Limited	7.73
Westminster Asset Management Limited	6.29
Other third party minority Shareholders subject to lock-in provisions	19.30

Corporate governance

The Company continues to give careful consideration to the principles of corporate governance to ensure that we comply with current UK corporate governance requirements to the extent to which the Directors consider these to be appropriate for a company of its size and taking into account its wish to conserve cash for investments.

The Board meets regularly and has ultimate responsibility for the management of the Company. We also meet to review our remuneration and that of the Advisory Panel.

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.

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

A resolution to re-appoint BDO Isle of Man as auditors will be proposed at the Annual General Meeting of the Company on 8 August 2007.

APPROVED BY THE BOARD OF DIRECTORS

13 July 2007

AUDITORS' REPORT
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 2007, which comprise the Balance Sheet, the Profit and Loss Account, and Statement of Cash Flows, and the related notes numbered 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom accounting standards are set out in the statement of Directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This Report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. 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 auditor's report and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this Report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts 1931-2004. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' fees and transactions with the Company is not disclosed.

We have read the Directors' Report and have considered its implications for our report in particular in relation to any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information other than the Director's Report and information reviewed as part of our audit.

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 included in the Company's balance sheet is based on the cost of the coins (which the Directors believe is still a reasonable estimate of market value at the year end given the relatively short period of time since the purchase of the majority of the Company's coin investments), but the realisation of this value is dependent on market conditions which may vary substantially over time. Our opinion is not qualified in this respect.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement,

whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2007 and of the profit and cash flows of the Company for the year then ended, are consistent with the Directors' Report and have been properly prepared in accordance with the Companies Acts 1931-2004 and United Kingdom Accounting Standards.

BDO Isle of Man

Chartered Accountants & Registered Auditors

Douglas, Isle of Man

13 July 2007

**AUDITED RESULTS FOR THE PERIOD
FROM 6 FEBRUARY 2006 TO 31 MARCH 2007**
Audited profit and loss account

	<i>Note</i>	<i>6 February 2006 – 31 March 2007 £'000</i>
Turnover	1	79
Cost of Sales		(70)
Gross profit		<hr/> 9
Administrative expenses		(218)
Loss on ordinary activities before i		<hr/> (209)
Interest received		139
Interest paid		0
Loss on ordinary activities before tax		<hr/> (70)
Tax on profit/(loss) on ordinary activities	4	0
Loss on ordinary activities after taxation		<hr/> (70)
Loss per share	2	<hr/> (0.13p)

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

The notes numbered 1 to 12 form part of these financial statements.

Audited balance sheet

	<i>Note</i>	<i>As at 31 March 2007 £'000</i>
Current Assets		
Coin inventory	3	4,067
Debtors	5	86
Cash at bank		2,017
		<hr/> 6,170
Creditors: amounts falling due within one year	6	(294)
		<hr/> 5,876
Net current assets		5,876
Net Assets		<hr/> 5,876
Capital and Reserves		
Called up equity share capital	7	621
Share premium	8	5,325
Profit and loss account		(70)
		<hr/> 5,876
Total Equity Shareholders' Funds		<hr/> 5,876

The notes numbered 1 to 12 form part of these financial statements.

Cash flow statement

		<i>6 February 2006 – 31 March 2007 £'000</i>
Net cash outflow from operating activities	<i>Note</i> 9	(4,068)
Returns on investment and servicing of finance		
Interest received		139
Interest paid		0
		<hr/>
		(3,929)
Taxation		0
		<hr/>
Net cash outflow before financing		(3,929)
Financing		
Issue of equity shares		6,500
Expenses of issue of equity shares		(554)
		<hr/>
Increase in cash in the period		2,017
		<hr/>
Reconciliation of net cash to movement in net funds		
		<i>6 February 2006 – 31 March 2007 £'000</i>
Increase in cash in the period		2,017
		<hr/>
Movement in net funds in period		2,017
Net funds at start of period		0
		<hr/>
Net funds at end of period		2,017
		<hr/>

Notes to the interim results:

(1) Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Financial Reporting Standards.

Turnover

Turnover represents the sale of coins exclusive of VAT.

Foreign currency

Foreign currency transactions are recorded at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at year end rates, and non-monetary items are held at historical cost unless carried at market value. Any exchange differences arising are taken to the income statement.

(2) Earnings per share

The loss per share for the period was 0.13p. The calculation of earnings per share is based on the loss of £70,491 for the period and the weighted average number of shares in issue (53,266,000).

(3) Coin inventory

Coin inventory represents the original value of coins purchased, less the cost of those sold. The Directors consider this to represent a reasonable market value for this year; in future years it is intended to revalue the coin inventory at the end of each subsequent financial year.

(4) Taxation

The Company is subject to taxation in the Isle of Man at 0 per cent. As the Company is listed on a recognised stock exchange it is also classified as a 'distributing company' and is, therefore, exempt from the Manx Government's distributable profits charge. Accordingly no provision for taxation has been made.

(5) Debtors

	<i>As at</i> <i>31 March 2007</i> £'000
Trade debtors	28
Prepaid expenses	58
	<hr/>
Total	86
	<hr/>

(6) Creditors

	<i>As at</i> <i>31 March 2007</i> £'000
Trade creditors	263
Accruals	31
	<hr/>
	294
	<hr/>

All creditors are due within one year.

(7) Share capital

	<i>As at 31 March 2007 £'000</i>
Authorised 100,000,000 ordinary shares of £0.01 each	1,000
Allotted, called up and fully paid 62,133,334 ordinary shares of £0.01 each	621

(8) Share premium account

	<i>As at 30 September 2006 £'000</i>
Share premium received	5,879
Less expenses	(554)
Share premium	5,325

(9) Reconciliation of operating loss to net cash outflow from operating activities

	<i>6 February 2006 – 31 March 2007 £'000</i>
Operating loss	(209)
(Increase) in debtors	(86)
(Decrease) in creditors	294
(Increase) in inventory	(4,067)
	(4,068)

(10) Directors emoluments

During the period Directors' fees were paid as detailed below. The Directors received no other benefits from the Company. No Director had any interest in the shares of the Company at any time during the period.

	<i>6 February 2006 – 31 March 2007 £</i>
Robert Eijkelhof	10,500
Matthew Wood	4,000
Total	14,500

(11) Related party transactions

Brian Hatton and Neil Orders are directors of Hillberry Trust. Administration fees of £35,057 were paid to Hillberry during the period, of which £14,742 was in connection with the Company's admission to trading on AIM on 24 May 2006, £5,000 was in respect of the annual responsibility fee, which covers the provision of resident statutory services and £3,000 was for the establishment of the Company.

Matthew Wood is a director of Combined Management Services Ltd (CMS). Fees for financial services of £76,626 were paid to CMS during the period, of which £50,000 was in respect of the Company's admission to trading on AIM on 24 May 2006.

Although not formally disclosable related party issues, the Directors believe that the following information is of use to members of the Company. Stock purchases of £4,137,264 have been made through AH Baldwin & Sons Limited ("Baldwin"), a subsidiary company of Noble. Avarae pays fees to Noble for services related to sourcing suitable purchases for Avarae; these fees include a performance-based element. The Managing Director of Baldwin, who is also a director of Noble, was a founding shareholder of Avarae and continues to hold a minority stake. All purchases made by Avarae, including those made through Noble and its subsidiaries, are independently assessed and approved by the Company's Advisory Panel. The members of the Advisory Panel are Sir John Wheeler and David Pinckney. Neither member has any connection with Avarae or Noble except as a member of this Panel.

(12) Capital commitments and post balance sheet events

At the year end the Company had no capital commitments except for the coin purchase included in trade creditors, and there were no post balance sheet events that the Directors believed needed disclosure.