

## AVARAE GLOBAL COINS PLC

### UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2008

**London (AIM: AVR): 11 November 2008** – 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 2008.

Highlights for the period include:

- Continued investment in rare and high quality coins in the period with acquisitions of more than £1.40 million, taking the value of the coin inventory to almost £9.0 million at the period end, equivalent to approximately 8.7 pence per share.
- Purchases of high quality English coins were again prevalent though the Company has diversified significantly over the last 12 months, now holding sizeable and important examples of Islamic, Indian and Chinese coins. Impressive additions in the period, including:
  - George II Proof Guinea, 1727;
  - Charles II Petition Crown, 1663;
  - Zanzibar Sultan Said Gold 2½ Ryals, 1881;
  - Elizabeth I Ship Ryal; and
  - Charles II Reddite Crown
- Opportunistic sales of £144,000 (2007: £38,000) recorded in the period of a small number of coins recently acquired into the portfolio.
- Net loss for the period of approximately £0.06 million (2007: loss £0.16 million), resulting in improved loss per share of 0.06 pence.
- Net assets as at 30 September 2008 of £11.22 million, representing 10.9 pence per share, of which 8.7 pence is coin portfolio and 2.2 pence is net cash.

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

*“The Company has made good progress towards further investment in the period and we are very pleased with the way the collection is building. The market for rare coins remains a strong one and we are seeing record prices being paid in the major coin auctions, which augurs well for us when we come to realise some of the rarest and most significant coins and collections within our portfolio.*”

*“We expect to see continued interest from investors seeking to diversify their investments away from the traditional assets of stocks, bonds and property towards the more solid and predictable returns that can be made from assets such as rare coins. Avarae gives these investors access to those returns without the need to be an expert in the coin-collecting sector.”*

*“With the likelihood of a global recession, Avarae is well positioned as an alternative asset play in the current environment. The international nature of the coin market allows the Company to continue to take advantage of rising prices across a number of sectors and importantly take advantage of sectors which may be starting to show some weakness.”*

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**Directors’ Report**

**Introduction**

We are delighted to present the unaudited interim results of Avarae Global Coins plc (“Avarae” or the “Company”) for the six months ended 30 September 2008 to our shareholders. During the period under review the Company made further investments in its portfolio of rare and high quality coins which, at the period end, stood at approximately £9.0 million, equivalent to approximately 8.7 pence per share. In line with the Company’s stated strategy, no revaluation has been undertaken for the Company’s interim results.

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 strategy is to invest actively in the rare and highest quality segment of the coin-collecting sector in various countries around 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.

**Financing**

Avarae is registered and incorporated in the Isle of Man. Since its admission to trading on the London Stock Exchange’s AIM market in May 2006, it has raised approximately £12.0 million from institutional and private investors. The Company does not have, and has never had, any borrowings. At the period end, Avarae had cash of approximately £2.24 million, equivalent to approximately 2.17 pence per share.

For a publicly traded company, Avarae maintains a low operational cost base of around 3 per cent of net assets per annum, which includes the costs associated with all of the Company’s numismatic advisers and ongoing plc costs.

**The coin-dealing sector**

Against a backdrop of worsening global economic conditions, the rare coin market has remained resilient over recent months. Important coin collections have come up for sale worldwide (including in the world's largest market, the US) with auction houses continuing to achieve record prices, particularly for the highest quality, rare pieces.

As was noted in the Company's full year report and accounts, English, Islamic, Chinese, Indian, Russian and Polish coins are still the strong sectors within the industry. A recent example of the strong interest in rare coins includes the sale of a Russian Elizabeth 20 Roubles of 1755 for £1.82 million (including buyers premium), more than double the world record for a non-US coin.

Historically, if purchased correctly, investments in rare and high quality coins can reduce the risk of overall investment portfolios and have produced significantly better returns than investments in equities, bonds or property over a prolonged period. Coins and coin collections of the highest quality can produce annual compound returns in excess of 10%.

#### **Avarae's investments**

In the period to September 2008, the Company acquired approximately £1.40 million worth of coins (H1 2007: £2.05 million), taking the value of the coin portfolio to £8.99 million (31 March 2008: £7.72 million). The rate of investment in the portfolio slowed marginally during the period, primarily as a result of the Company's numismatic advisers concentrating on identifying and acquiring specific coins to complete existing collections or themes within the portfolio and then only those coins of sufficiently high quality and rarity.

Purchases of high quality English coins were again prevalent, although the Company has diversified significantly over the last 12 months, such that it now holds sizeable and important examples of Islamic and Chinese coins. During the period under review, Avarae acquired some rare and noteworthy coins from Hong Kong's auctions held in August 2008. Examples of rare coins acquired during the period and since the period end include:

- George II Proof Guinea, 1727;
- Charles II Petition Crown, 1663;
- Zanzibar Sultan Said Gold 2½ Ryals, 1881;
- Elizabeth I Ship Ryal; and
- Charles II Reddite Crown

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**

During the period, the Company made a number of opportunistic disposals of coins from within the portfolio, totalling £144,000 (H1 2007: £38,000). The majority of the coins sold were examples of duplicates within the fund which had only been recently acquired for a number of weeks or months. In line with our stated strategy, the Company will only undertake revaluation exercises at the end of each financial year, rather than mid-year and, only then, revaluing coins that have been held by the Company for more than 12 months. Accordingly, the £1.40 million of coins acquired in the period under review, together with the £3.36 million of coins acquired during the year to 31 March 2008, remain valued at cost.

Pleasingly, administrative expenses during the period of £0.18 million were down on the same period in 2007 (H1 2007: £0.19 million), reflecting the directors continual efforts to keep a

tight control on costs. Interest receivable of £0.1 million was higher than last year (H1 2007: £0.07 million) and is directly attributable to the higher average levels of cash balances held during the period.

Net loss for the period was £0.06 million (H1 2007: loss £0.19 million), resulting in an improved loss per share of 0.06 pence (H1 2007: loss per share of 0.16 pence).

The Company ended the period with £2.24 million of net cash (H1 2007: £5.26 million). During the period, the Company spent £0.49 million acquiring 7.0 million of its own ordinary shares of £0.01 each (equivalent to approximately 6.4 per cent of the then issued share capital) for cancellation. At the period end, the Company had net assets of £11.22 million (31 March 2008: £11.78 million). Despite the decrease in total net assets during the period, the share buyback resulted in an increase in net assets per share at the period end of almost 2 per cent to approximately 10.9 pence (31 March 2008: 10.7 pence). As at 10 November 2008, the Company's shares were trading on a discount to its NAV per share of approximately 40 per cent.

In line with our stated strategy as set out in our AIM Admission document and as the Company remains in its investment phase, no dividend has been declared in respect of the interim period.

### **Outlook**

The Directors consider that, with the likelihood of a global recession, Avarae is well positioned as an alternative asset play in the current environment. The international nature of the coin market allows the Company to continue to take advantage of rising prices across a number of sectors and importantly take advantage of sectors which may be starting to show some weakness.

Since the period end, the Company has continued to be cautious about its investments, acquiring coins for a value of £0.1 million and realising £0.03 million. Whilst the fund is still primarily in its investment phase, the directors and their advisers are working on making further realisations during the year ahead.

**Unaudited Income Statement**  
from 1 April 2008 to 30 September 2008

	<i>Note</i>	<b>1 April 08 to 30 Sept 08</b> <i>Unaudited</i> <b>£'000</b>	<b>1 April 07 to 30 Sept 07</b> <i>Unaudited</i> <b>£'000</b>	<b>1 April 07 to 31 Mar 08</b> <i>Audited</i> <b>£'000</b>
<b>Revenue</b>				
Sales	1	144	38	119
Cost of Sales		(134)	(32)	(103)
Coin revaluation		-	-	406
		<hr/>	<hr/>	<hr/>
Gross profit		10	6	422
Administrative expenses		(177)	(189)	(353)
		<hr/>	<hr/>	<hr/>
<b>(Loss)/Profit on ordinary activities before:</b>		(167)	(183)	(69)
Finance income		103	65	216
		<hr/>	<hr/>	<hr/>
<b>(Loss)/Profit on ordinary activities before tax</b>		(64)	(118)	285
Tax on (loss)/profit on ordinary activities		0	0	0
		<hr/>	<hr/>	<hr/>
<b>(Loss)/Profit on ordinary activities after taxation</b>		(64)	(118)	285
		<hr/>	<hr/>	<hr/>
<b>(Loss)/Profit per share</b>	2	(0.06p)	(0.16p)	0.31p

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

**Unaudited Balance Sheet**  
 as at 30 September 2008

	<i>Note</i>	<b>As at 30 Sept 08 <i>Unaudited</i> £'000</b>	<b>As at 30 Sept 07 <i>Unaudited</i> £'000</b>	<b>As at 31 Mar 08 <i>Audited</i> £'000</b>
<b>Assets</b>				
<b>Current Assets</b>				
Coin inventory	3	8,989	6,094	7,724
Trade and other receivables	4	97	106	74
Cash at bank		2,238	5,259	4,221
		<hr/>	<hr/>	<hr/>
<b>Total Assets</b>		11,324	11,459	12,019
		<hr/>	<hr/>	<hr/>
<b>Liabilities and Equity</b>				
<b>Creditors:</b> amounts falling due within one year	5	104	86	243
		<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>		104	86	243
		<hr/>	<hr/>	<hr/>
<b>Equity</b>				
Called up equity share capital	6	1,031	1,101	1,101
Share premium		10,038	10,460	10,460
Retained earnings		151	(188)	215
		<hr/>	<hr/>	<hr/>
<b>Total Equity Shareholders' Funds</b>		11,220	11,373	11,776
		<hr/>	<hr/>	<hr/>
<b>Total Liabilities and Equity</b>		11,324	11,459	12,019
		<hr/>	<hr/>	<hr/>

**Brian Hatton**

**Neil Orders**

## Unaudited Cash Flow Statement

as at 30 September 2008

	<b>1 April 08 to 30 Sept 08</b>	<b>1 April 07 to 30 Sept 07</b>	<b>1 April 07 to 31 Mar 08</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<b>£'000</b>	<b>£'000</b>	<b>£' 000</b>
<b>Cash flows from operating activities:</b>			
(Loss)/profit for the period	(167)	(183)	69
Adjustments for:			
(Decrease) in payables	(139)	(208)	(51)
(Increase)/decrease in receivables	(23)	(20)	12
(Increase) in inventory	(1,265)	(2,027)	(3,657)
Taxation	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Net cash flow from operations</b>	<b>(1,594)</b>	<b>(2,438)</b>	<b>(3,627)</b>
Interest received	103	65	216
	<hr/>	<hr/>	<hr/>
<b>Net cash received from investing activities</b>	<b>103</b>	<b>65</b>	<b>216</b>
Proceeds from issue of shares	-	5,615	5,615
Purchase of own shares for cancellation	(492)		
	<hr/>	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<b>(492)</b>	<b>5615</b>	<b>5,615</b>
	<hr/>	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,983)</b>	<b>3,242</b>	<b>2,204</b>
	<hr/>	<hr/>	<hr/>
Opening cash position	4,221	2017	2,017
	<hr/>	<hr/>	<hr/>
Closing cash and cash equivalents	2,238	5,259	4,221
	<hr/>	<hr/>	<hr/>

**Unaudited Statement of Changes in Equity**

as at 30 September 2008

<b>Company</b>	<b>Share capital £'000</b>	<b>Share premium £'000</b>	<b>Retained Earnings £'000</b>	<b>Total £'000</b>
<b>At 31 March 2007</b>	621	5,325	(70)	5,876
Issue of shares (net)	480	5,135		5,615
Loss for the period			(118)	(118)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2007</b>	1,101	10,460	(188)	11,373
Profit for the period			403	403
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2008</b>	1,101	10,460	215	11,776
Share repurchase	(70)	(422)		(492)
Loss for the period			(64)	(64)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2008</b>	1,031	10,038	151	11,220
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the Unaudited Interim Financial Statements:**

**(1) Accounting policies**

*Basis of accounting*

The unaudited interim financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards. The accounting policies and methods of computation in the unaudited interim financial statements are the same as those of the audited financial statements 31 March 2008.

*Share repurchase*

On 21 August 2008, the Company announced a market purchase of 7,000,000 of its own ordinary shares of 1 pence each (“Ordinary Shares”) for cancellation. These shares were purchased at a price of 7 pence each and represented approximately 6.36 per cent of the issued share capital of the Company on 20 August 2008. As at 30 September 2008 and the date of this document, the Company had 103,133,334 Ordinary Shares in issue.

**(2) Earnings per share**

The (loss) per share for the period was 0.06p (H1 2007: 0.16p). The calculation of earnings per share is based on the loss of £64,000 for the period and the weighted average number of shares in issue 108,756,285 (75,810,046).

**(3) Coin inventory**

At the end of each financial year, the coin inventory is revalued to market value less the VAT payable on sale. Inventory purchased since 31 March 2008 is shown at its original cost price and has not been the subject of any revaluations. The valuation of the portfolio held as at 31 March 2008 was carried out by independent experts and only those coins held by the Company for at least 12 months were the subject of a revaluation exercise. This is considered by the directors to give a fair value for the inventory. The directors anticipate undertaking a further revaluation exercise for the coming financial year end.

**(4) Trade and other receivables**

	<b>As at 30 Sept-08 <i>Unaudited</i> £'000</b>	<b>As at 30 Sept 07 <i>Unaudited</i> £'000</b>	<b>As at 31 Mar 08 <i>Audited</i> £'000</b>
Trade debtors	8	-	13
Prepaid expenses	89	106	61
	<hr/>	<hr/>	<hr/>
Total	97	106	74
	<hr/>	<hr/>	<hr/>

**(5) Payables**

	<b>As at 30 Sept-08</b> <i>Unaudited</i> <b>£'000</b>	<b>As at 30 Sept 07</b> <i>Unaudited</i> <b>£'000</b>	<b>As at 31 Mar 08</b> <i>Audited</i> <b>£'000</b>
Trade creditors	32	86	171
Accrued expenses	72	-	72
	104	86	243

All creditors are due within one year.

**(6) Share capital**

	<b>As at 30 Sept 08</b> <i>Unaudited</i> <b>£'000</b>	<b>As at 30 Sept 07</b> <i>Unaudited</i> <b>£'000</b>	<b>As at 31 Mar 08</b> <i>Audited</i> <b>£'000</b>
<b>Authorised</b>			
ordinary shares of £0.01 each	2,000	2,000	2,000
<b>Allotted, called up and fully paid</b>			
103,133,334 ordinary shares of £0.01 each	1,031	1,101	1,101

**(7) Preparation of the Interim Report**

This report was approved by the Directors on 10 November 2008.

The results for the period ended 30 September 2008 are unaudited and do not constitute statutory accounts as defined in The Companies Act.

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