



News Release

14 August 2008

AVARAE GLOBAL COINS PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 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 preliminary results for the year ended 31 March 2008.

Highlights for the year:

- Increases in both its portfolio of rare and high quality coins as well as its funds available for further investment during the year, via a placing in August 2007, raising £6.0 million (before expenses);
- Important collections of Islamic, Indian and Chinese coins acquired over the year as English, Islamic, Chinese, Indian, Russian and Polish coins continue to be the sectors showing the strongest price increases;
- The Company acquired more than £3.36 million worth of rare and high quality coins during the year, taking the value at cost (before year-end independent revaluation exercise*) of the coin portfolio to £7.32 million (2007: £4.1 million);
- Worldwide prices for the top quoted grade coins continue to show strong growth, with hammered English coins rising by 15% last year. This bodes well for Avarae as it holds a large concentration of fine and extremely fine hammered English coins;
- Opportunistic disposals of coins made during the year totalling £119,000, achieving an average gross return of more than 15%;
- Extensive revaluation exercise* of the carry value of the portfolio undertaken for the first time, resulting in an increase of more than £0.4 million (5.5%) from £7.32 million (at cost) to £7.72 million;
- Net cash of £4.2 million at year end (2007: £2.0 million);
- NAV per share up 13% to 10.7p at the year end (2007: 9.5p); and
- Net profit for the year was £0.29 million (2007: loss £0.07 million), resulting in earnings per share of 0.31 pence (2007: loss 0.13 pence).

Commenting on the results, Brian Hatton, Executive Director of Avarae, said:

"We have been pleased with the exceptional quality of the portfolio of coins and collections that Avarae has been able to build in its second year of trading. The return achieved, after only a short period, on a small number of opportunistic disposals supports the high quality of the recommendations from the Advisory Panel and the team at Noble who continue to source some of the most important coin collections in the numismatic world. The Directors took an extremely prudent approach to the revaluation exercise that was conducted at year end and consider the uplift in value to be particularly conservative.

We would expect coins from the portfolio to achieve appreciably higher returns if sold at auction, as has been proved by opportunistic sales made to date. With such growing interest in numismatic investments among investors globally and the significant hedge that high quality and rare coins achieve against inflation, we anticipate the Company to be very well placed in the next few years."

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**AVARAE GLOBAL COINS PLC
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Directors’ Report

Introduction

We are delighted to present the preliminary results of Avarae for the year ended 31 March 2008 to our shareholders. The following pages show the financial position of the Company for the year ended 31 March 2008, together with some additional unaudited information since the year end. During the year under review, the Company increased both its portfolio of rare and high quality coins as well as its funds available for further investment, via a placing in August 2007 raising £6.0 million (before expenses).

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. 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. 2 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 incorporation, it has raised more than £12.0 million in three financing rounds, having raised £5.0 million (before expenses), at its AIM admission on 24 May 2006, raising a further £1.1 million (before expenses) through a subscription by a single major London institution in June 2006 and then a further £6.0 million through a placing to institutional investors in August 2007.

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

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, especially in the US and the Far East. The number of interested parties in coins and coin collections appears to be continuing to grow strongly, with auction houses regularly reporting significant growth in the numbers of interested bidders compared to the corresponding auctions in previous years.

Against a backdrop of worsening global economic conditions and increasing concerns over inflation, the coin market proved to be extremely resilient over recent months. Important coin collections have frequently come up for sale worldwide (including in the world’s largest market, the US) with auction houses achieving record prices, particularly for the highest quality, rare pieces. Investment in coins has also traditionally been a very good hedge against inflation and even better than gold.

English, Islamic, Chinese, Indian, Russian and Polish coins remain the strong sectors within the industry although record prices continue to be paid for rare high quality pieces from all over the world. Recent examples of the strong interest in the rare coin market include a 1621 Polish 100 Ducats setting a record price for a world coin when it was sold for nearly \$1.4 million (including buyers premium) in February 2008, a single auction in May 2008 realised more than \$23 million and a rare 1703 Queen Anne Five Guinea recently sold for \$414,000, more than double its estimate.

English coins fared well last year, with market leading commentators stating that on average, the value of top quoted grade of hammered English coins rose by 15% last year and extremely fine examples of early milled English coins rose by 11%. These statistics bode well for the future of the Company as its portfolio has a large concentration of fine and extremely fine English coins.

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. Coins and coin collections of the highest quality can produce annual compound returns in excess of 10%.

Avarae's investments

In the year to March 2008, the Company acquired more than £3.36 million worth of coins, taking the value at cost (before year-end independent revaluation) of the coin portfolio to £7.32 million (2007: £4.07 million). As in previous years, the Company focused on the purchase of extremely high quality English coins, but also this year we have increased the Company's holding of Islamic, Indian and Chinese coins. A feature of last year was the concentration on building up collections of particular sectors of rare coins that our Advisory Panel believes will be of significant value in the months and years to come. Furthermore, a focus was also made on picking up extremely rare coins, where there are only a few examples known to exist worldwide. Examples of rare coins and collections acquired during the year and since the year end include:

- James VI of Scotland, a 1576 Gold Twenty Pound, of which only a few are known;
- Charles I, Oxford Mint, Rawlins' Crown, a coin of the highest rarity;
- An important collection of five Elizabeth I Portcullis Money;
- A set of 1703 Queen Anne VIGO Five Guinea, Guinea and half Guinea pieces;
- Bombay 1770 Gold 15 Rupee;
- An Umayyad temp Hisham Gold Dinar 122h Ifriqiyya, one of only two known; and
- A 1915 USA Panama Double Set, thought to be one of only a handful of "double" sets.

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 year under review, the Company made a number of opportunistic disposals of coins from within the portfolio, totalling £119,000, achieving an average gross return of more than 15%. The majority of the coins sold were examples of duplicates within the Company which had only been recently acquired for a number of weeks or months. This sizeable return, after only a short period, supports the high quality of the recommendations that the board receives from its numismatic advisers.

As at 31 March 2008, in line with the strategy outlined in our AIM admission document and in previous reports, for the first time in the history of the Company, the Directors instructed third party experts to undertake a detailed revaluation of its coin portfolio. As has been well

documented, there are numerous examples of rare, high quality coins and collections being sold which result in a more than 10% annual compound return and therefore the Directors believed that a revaluation of the coin portfolio was necessary, particularly of those coins which had been purchased soon after the Company's flotation.

The Directors took an extremely prudent approach to the revaluation exercise, instructing renowned 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 2007, representing approximately 55% of the total cost of the coin portfolio as at 31 March 2008. Furthermore, the directors took the additional prudent step by not revaluing the most expensive coins within the portfolio, such as the Edward III Double Florin, one of only three known specimens and the only one in private ownership, as this could have skewed the revaluation exercise, even though the directors are very confident that these coins will have appreciated in value.

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 2008 has increased by £0.4 million (5.5%) from £7.3 million (at cost) to £7.7 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, as has been proved by the opportunistic sales made to date.

The effect of the revaluation, together with the profits from the limited coin sales, resulted in the Company achieving a gross profit of £0.42 million (2007: £0.09 million). Administrative expenses during the year were £0.35 million (2007: £0.22 million), the increase primarily reflecting higher numismatic charges as a consequence of higher levels of investible funds following the £6.0 million fundraising in August 2007. The administrative costs are now less than 3% of the Company's net assets (2007: 3.5%). Interest receivable of £0.22 million was higher than last year (2007: £0.14 million) and is directly attributable to the higher levels of cash balances held following the August fundraising.

Net profit for the year was £0.29 million (2007: loss £0.7 million), resulting in earnings per share (basic and diluted) of 0.31 pence (2007: loss 0.13 pence). 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 recommended in respect of the year ended 31 March 2008.

The Company ended the year with £4.2 million of net cash (equivalent to 3.83 pence per share), up from £2.02 million at the end of March 2007. During the year, investments of more than £3.2 million were made in coins and coin collections. At the year end, the Company had net assets of £11.78 million (2007: £5.88 million). The Company had no borrowings during the year. Net asset value per share stood at 10.7p at the year end, up from 9.5 pence at the corresponding point last year, an increase of 13%.

Change of Director

Rob Eijkelhof, one of our non-executive directors is today leaving the Company to pursue other interests. We are grateful to Rob for his input into the Company and particularly for his assistance at the time of our admission to AIM. I'm pleased to report that Rob will be replaced by August "Guus" Johannes Francisca Maria Berting who will be joining the board as a non-executive with immediate effect. Guus, (30), has extensive knowledge of the collectables market, having previously worked at Sotheby's, and we look forward to gaining from his input over the coming months and years. Guus has no shareholding in the Company. There is no further information required to be disclosed under Schedule 2, Paragraph (g) of the AIM Rules, pursuant to Guus's appointment.

Outlook

The Directors consider that, in spite of the well documented difficulties throughout the wider financial market, with particular downward pressures on equities and property, 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. It appears that lower value and more common coins appear to be static in value, whereas values for the rarest and highest quality coins, the only type in which Avarae is interested, continue to rise, drawing strong international interest.

Since the year end, the Company has acquired coins for a value of almost £1.0 million and has made disposals for a total of almost £0.1 million, returning a gain of more than 20%. Whilst the Company is still primarily in its investment phase, the directors anticipate that selective sizeable realisations could be made over the next 12 months, delivering some significant gains for the Company over the coming periods.

BRIAN HATTON
Executive Director
14 August 2008

RESULTS FOR THE YEAR ENDED 31 MARCH 2008

Profit and Loss Account

		Year ended 31-Mar 2008 £'000	06-Feb 2006 – 31-Mar 2007 £'000
	<i>Note</i>		
Revenue			
Sales	1	119	79
Cost of Sales		(103)	(70)
Coin revaluation	6	406	-
		<hr/>	<hr/>
Gross profit		422	9
		<hr/>	<hr/>
Administrative expenses		(353)	(218)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before:		69	(209)
Finance income	3	216	139
Finance expenses		-	-
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before tax		285	(70)
Tax on profit/(loss) on ordinary activities	4	-	-
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities after taxation		285	(70)
		<hr/>	<hr/>
Earnings per share (basic and diluted)	7	0.31p	(0.13p)

There were no recognised gains or losses other than the profit for the year.

Balance sheet

		<i>As at</i> <i>31-Mar</i> <i>2008</i> <i>£'000</i>	<i>As at</i> <i>31-Mar</i> <i>2007</i> <i>£'000</i>
Assets			
Current Assets			
Coin inventory	6	7,724	4,067
Trade and other receivables	7	74	86
Cash at bank		4,221	2,017
Total assets		12,019	6,170
Liabilities and equity			
Creditors: amounts falling due within one year	8	243	294
Total Liabilities		243	294
Equity			
Called up equity share capital	10	1101	621
Share premium	10	10,460	5,325
Profit and loss account		215	(70)
Total Equity Shareholders' Funds		11,776	5,876
Total Liabilities and equity		12,019	6,170

Cash Flow Statement

	<i>Year ended 31-Mar 2008 £'000</i>	<i>06-Feb 2006 – 31- Mar 2007 £'000</i>
Cash flows from operating activities:		
Profit / (Loss) for the year	69	(209)
Adjustments for:		
Decrease/(Increase) in payables	(51)	294
(Decrease)/Increase in receivables	12	(86)
(Increase) in inventory	(3,657)	(4,067)
Interest paid	-	-
Taxation	-	-
Net cash flow from operations	(3,627)	(4,068)
Interest received	216	139
Net cash used in investing activities	216	139
Proceeds from issue of shares	5,615	5,946
Net cash from financing activities	5,615	5,946
Net increase in cash and cash equivalents	2,204	2,017
Opening cash position	2,017	-
Cash and cash equivalents at 31 March	4,221	2,017

Statement of changes in equity

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At incorporation on 6 February 2006	-	-	-	-
Issue of shares (net)	621	5,325	-	5,946
Loss for the period	-	-	(70)	(70)
At 31 March 2007	621	5,325	(70)	5,876
Issue of shares (net)	480	5,135	-	5,615
Profit for the year	-	-	285	285
At 31 March 2008	1,101	10,460	215	11,776

Notes to the financial statements:

(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 first time the Company has prepared its financial statements in accordance with IFRSs, having previously prepared its financial statements in accordance with previous accounting standards. The Company adopted IFRS in its preparation of financial statements on the 1 April 2007. The Company's prior set of financial results for the period ending 31 March 2007 had been prepared under UK GAAP. The adoption of IFRS has not led to any changes in the Company's comparative figures; consequently no reconciliation tables are presented. The functional currency is £-Sterling. The following relevant standards have been applied:

IFRS 1 - First time adoption of International Financial Reporting Standards
IFRS 7 - Financial Instruments – Disclosures
IAS 1 - Presentation of Financial Statements
IAS 2 - Inventories
IAS 7 - Cash Flow Statements
IAS 8 - Accounting Policies, Changes in Accounting Estimates, Errors
IAS 10 - Events after Balance Sheet Date
IAS 12 - Income Taxes
IAS 14 - Segment Reporting
IAS 18 - Revenue
IAS 21 - The Effects of Changes in Foreign Exchange Rates
IAS 24 - Related Party Disclosures
IAS 32 - Financial Instruments - Presentation
IAS 33 - Earnings per share
IAS 39 - Financial Instruments – Recognition and Measurement

New standards, amendments to published standards and interpretations to existing standards effective in 2007 adopted by the Company

IFRS 7, Financial Instruments: disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements - capital disclosures. IFRS 7 introduces new requirements aimed at expanding the disclosure of information about the Company's financial instruments. It requires disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments. The amendment to IAS 1 introduces disclosures about the level and management of an entity's capital. The Company has applied IFRS 7 and the amendment to IAS 1 in these financial statements, with the relevant disclosures included under "Financial risk management".

The IASB also issued various interpretations that are effective for this accounting period. None of these interpretations were effective for the Company and had no impact on the financial statements.

Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for later accounting periods and which have not been adopted early. No interpretations were relevant to the Company. The relevant standards are:

<u>International Accounting Standards ("IAS"/"IFRS")</u>	<u>Effective date</u>
IFRS 8 Operating segments	1 January 2009
IAS 1 Presentation of Financial Statements (revised)	1 January 2009
IAS 32 Financial Instruments: Presentation (revised)	1 January 2009
IAS 39 Financial Instruments: Recognition and Measurement (revised)	1 January 2009

(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.

(3) Finance revenue

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

(4) 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>31-Mar</i> <i>2008</i> <i>£'000</i>	<i>06-Feb</i> <i>2006 –</i> <i>31-Mar</i> <i>2007</i> <i>£'000</i>
Profit/(Loss) before tax	285	(70)
Isle of Man tax at 0%	-	-
Tax expense for the year	-	-

(5) Earnings per share

The earnings per share (basic and diluted) for the year ended 31 March 2008 was 0.31p (2007: loss (0.13p)). The calculation of earnings per share is based on the profit of £285,000 (2007: loss (£70,000)) for the year and the weighted average number of shares in issue being 93,168,950 (2007: 53,266,000).

(6) Coin inventory

At the year end, only those coins that had been acquired by the Company before 31 March 2007, excluding the most expensive coins within the portfolio such as the Edward III Double Florin, were revalued by independent experts to their expected current market value less the VAT payable on sale. An uplift in the Company's coin inventory of £406,000 has been made for the year ended 31 March 2008. Inventory purchased during the year ended 31 March 2008 has been carried at cost. This is considered by the directors to give a fair value for the inventory. Inventory of £7,724,000 (2007: £4,067,000) is carried as 'Inventory carried at fair value less costs to sell'. The purchase cost of inventory held at 31 March 2008 was £7,318,000 (2007: £4,067,000)

(7) Trade and other receivables

<i>As at</i> <i>31-Mar-08</i>	<i>As at</i> <i>31-Mar-07</i>
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	<i>£'000</i>	<i>£'000</i>
Trade debtors	13	28
Prepaid expenses	61	58
	<hr/>	<hr/>
Total	74	86
	<hr/>	<hr/>

(8) Payables

	<i>As at</i>	<i>As at</i>
	<i>31-Mar-08</i>	<i>31-Mar-07</i>
	<i>£'000</i>	<i>£'000</i>
Trade creditors	171	263
Accrued expenses	72	31
	<hr/>	<hr/>
	243	294
	<hr/>	<hr/>

All creditors are due within one year.

(9) Financial instruments

An explanation of the Company's financial instrument risk management objectives, policies and strategies are set out in note 1. Aside from trade receivables and payables the Company has no financial instruments except cash balances. All cash balances are held as bank deposits in the Company's functional currency of sterling. Non-current account balances receive interest at floating rates.

(10) Share capital and premium

	<i>As at</i>	<i>As at</i>
	<i>31-Mar-08</i>	<i>31-Mar-07</i>
	<i>£'000</i>	<i>£'000</i>
Authorised		
ordinary shares of £0.01 each	2,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
110,133,334 ordinary shares of £0.01 each	1,101	621
	<hr/>	<hr/>

Share premium movements are detailed in the statement of changes in equity. Premium received for shares issued in the year is recorded after issue expenses of £385,000 (2007: £554,000)