

## Regulatory Story

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<b>Company</b>	<a href="#">Avarae Global Coins PLC</a>
<b>TIDM</b>	AVR
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### AVARAE GLOBAL COINS PLC

#### UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2009

**London (AIM: AVR): 18 December 2009** - 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 2009.

Highlights for the period include:

- Continued investment in rare and high quality coins in the period with acquisitions during the period of £0.23 million, taking the value of the coin inventory to approximately £9.8 million at the period end.
- Impressive additions in the period, including:
  - Hong Kong Proof Dollar, 1866;
  - Victoria Proof Set Five Pounds and down, 1893;
  - Edward VIII Unique Matt Florin, 1937; and
  - Anne Five Guinea, 1709.
- Opportunistic sales of £86,000 (2008: £144,000) recorded in the period of a small number of coins recently acquired into the portfolio.

- Net loss for the period of approximately £140,000 (2008: loss £60,000), resulting in a loss per share of 0.13 pence.
- Net assets as at 30 September 2008 of £11.83 million.
- Re-registration of the Company after period end.

Commenting, Tanya O'Carroll, Executive Director of Avarae, said:

*"In previous reports, we have stated that, in the face of a global recession, Avarae is well positioned as an alternative asset play. We maintain this belief. In our opinion, the market for the highest quality rare coins should continue to attract good demand and steady price growth. Continued strong competition for the very best pieces, such as those owned by Avarae, should position the Company well in the coming year."*

*"Since the period end, the Company has continued to be cautious about its investments, acquiring coins for a value of approximately £0.1 million and realising approximately £0.04 million. Whilst the Company is still only three and half years into its investment phase, the directors and their advisers are working hard on making further realisations during the year ahead and anticipate making some significant sales in the upcoming international auctions in the second half of the financial year."*

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**Directors' Report**

**Introduction**

We are pleased to present the unaudited interim results of Avarae Global Coins plc ("Avarae" or the "Company") for the six months ended 30 September 2009 to our shareholders. During the period under review the Company made further investments in its portfolio of rare and high quality coins, taking the value of the coin portfolio to £9.80 million at the period end. 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 or bonds without the need to be an expert in the coin-collecting sector. The Board's strategy since its admission to trading on AIM in May 2006 has been 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 predominantly hold for the long-term (i.e. 3 to 5 years), in order to achieve long-term capital growth for our shareholders, while also taking advantage of short-term trading opportunities, as the market for rare coins continues to grow.

### **The coin-dealing sector**

Whilst many are treading cautiously in financial markets at present, activity in the rare coin market has remained positive. The numismatic industry has seen an influx of new buyers looking for tangible assets and fresh areas to place their money as traditional asset classes fail to deliver robust financial gains. The majority of the funds coming into the numismatic market are targeting the higher quality coin rarities and this is adding considerable pressure on availability. A number of important coin collections have come up for sale worldwide (including in the world's largest market, the US, and the high growth Russian market) with auction houses continuing to achieve record prices, particularly for the highest quality, rare pieces.

The strength of the top end of the market is relevant to Avarae for a number of reasons, not only because it is aligned with Avarae's investment strategy, but also because these high quality rarities went through their own growing phases over time to be in such high demand today. As a result, the market immediately below this top tier is expected to move into its own growing phase as demand for more affordable quality coins comes into focus. For every unique or nearly unique coin sold, there is a positive spin-off created which in turn filters through the market, improving demand for the next tier, which Avarae does have some, albeit limited, exposure to.

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 2009, the Company acquired approximately £0.23 million worth of coins (H1 2007: £1.40 million), taking the value of the coin portfolio to £9.80 million (31 March 2009: £9.64 million). The rate of investment in the portfolio was lower than in previous periods, in part due to the directors taking a cautious approach during the current difficult economic environment and in part as a result of the Company's numismatic advisers continuing to concentrate 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 and mainland European coins during the period were again prevalent. Avarae also acquired some rare and noteworthy coins from auctions in Hong Kong held in August 2009. Examples of rare coins acquired during the period and since the period end include:

- Hong Kong Proof Dollar, 1866;

- Victoria Proof Set Five Pounds and down, 1893;
- Edward VIII Unique Matt Florin, 1937; and
- Anne Five Guinea, 1709.

Examples of high quality coin sales during the period with significant margins include:

- Stato Pontificio Paolo III 1534-1549 Fiorino di Camera; and
- An Umayyad temp Marwan II Dinar 132h.

### Financial Results

During the period, the Company made a number of opportunistic disposals of coins from within the portfolio, totalling £86,000 (H1 2008: £144,000). A number of the coins sold were duplicates within the portfolio which had only been recently acquired for a number of weeks or months. The Company also sold a number of one-off smaller value Middle Eastern and European coins that were not part of any collections that had appreciated significantly in value. The gross profit margin on coins sold during the period of 17% was up on the same period last year (H1 2008: 7%).

Administrative expenses during the period of £0.17 million were marginally down on the same period in 2008 (H1 2008: £0.18 million), reflecting the directors' continual efforts to keep a tight control on costs. Interest receivable of £0.01 million was significantly down on the same period last year (H1 2008: £0.1 million), reflecting the much lower interest rates and the lower average levels of cash balances held during the period.

Net loss for the period was £0.14 million (H1 2008: loss £0.06 million), resulting in a loss per share of 0.13 pence (H1 2008: loss per share of 0.06 pence).

In line with our stated strategy, the Company only undertakes its portfolio revaluation exercise 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 £0.23 million of coins acquired in the period under review, together with the almost £2.39 million of coins acquired during the year ended 31 March 2009, remain valued at cost. The total value of the coin portfolio at the period end was £9.80 million, up from £9.64 million at 31 March 2009.

The Company ended the period with £0.82 million of net cash (31 March 2009: £1.90 million).

Trade and other receivables at the period end of £1.35 million (31 March 2009: £0.54 million) includes £1.24 million relating to the Company's agreed purchases of its own ordinary shares of 1 pence each ("Ordinary Shares") in August 2008 and April 2009 which have not yet completed. The £1.24 million comprises £0.49 million in respect of the agreed purchase of 7.0 million Ordinary Shares in August 2008 at 7.0 pence per Ordinary Share and £0.75 million in respect of the agreed purchase of 15.0 million Ordinary Shares in April 2009 at 5.0 pence per Ordinary Share. At the Company's recent annual general meeting, the Company's shareholders approved the re-registration of the Company under the Isle of Man Companies Act 2006 which will, *inter alia*, allow the two share buybacks to be completed subject to the consent of the respective sellers. The directors are hopeful of making an announcement in this matter in due course.

At the period end, the Company had net assets of £11.83 million (31 March 2009: £11.97 million), resulting in a net asset value per Ordinary Share ("NAV") of 10.7 pence. The Company's pro-forma NAV at the period end, on the assumption that the two share buybacks had taken place at the period end, would have been approximately 12.0 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 declared in respect of the interim period.

### Outlook

In previous reports, we have stated that, in the face of a global recession, Avarae is well positioned as an alternative asset play. We maintain this belief. In our opinion, the market for the highest quality rare coins should continue to attract good demand and steady price growth. Continued strong competition for the very best pieces, such as those owned by Avarae, should position the Company well in the coming year.

Since the period end, the Company has continued to be cautious about its investments, acquiring coins for a value of approximately £0.1 million and realising approximately £0.04 million. Whilst the Company is still only three and half years into its investment phase, the directors and their advisers are working hard on making further realisations during the year ahead and anticipate making some significant sales in the upcoming international auctions in the second half of the financial year.

### Unaudited Income Statement

from 1 April 2009 to 30 September 2009

		<b>1 April 09 to 30 Sept 09</b>	<b>1 April 08 to 30 Sept 08</b>	<b>1 April 08 to 31 Mar 09</b>
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>Note</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>				
Sales	1	86	144	906
Cost of Sales		(71)	(134)	(775)
Coin revaluation		-	-	300
		----	----	----
Gross profit		15	10	431
Administrative expenses		(169)	(177)	(381)
		----	----	----
<b>(Loss)/Profit on ordinary</b>		<b>(154)</b>	<b>(167)</b>	<b>50</b>

<b>activities before:</b>				
Finance income		14	103	140
		----	----	----
<b>(Loss)/Profit on ordinary activities before tax</b>		(140)	(64)	190
Tax on (loss)/profit on ordinary activities		-	-	-
		----	----	----
<b>(Loss)/Profit on ordinary activities after taxation</b>		(140)	(64)	190
		----	----	----
<b>(Loss)/Profit per share</b>	2	(0.13p)	(0.06p)	0.17p

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

#### Unaudited Balance Sheet

as at 30 September 2009

	<i>Note</i>	<b>As at 30 Sept 09 <i>Unaudited</i> £'000</b>	<b>As at 30 Sept 08 <i>Unaudited</i> £'000</b>	<b>As at 31 Mar 09 <i>Audited</i> £'000</b>
<b>Assets</b>				
<b>Current Assets</b>				
Coin inventory	3	9,798	8,989	9,638
Trade and other receivables	4	1,345	97	543
Cash at bank		816	2,238	1,898
		----	----	----
<b>Total Assets</b>		<b>11,959</b>	<b>11,324</b>	<b>12,079</b>
		----	----	----
<b>Liabilities and Equity</b>				
<b>Creditors:</b> amounts falling due within one year	5	133	104	113
		----	----	----
<b>Total Liabilities</b>		<b>133</b>	<b>104</b>	<b>113</b>
		----	----	----
<b>Equity</b>				
Called up equity share capital	6	1,101	1,031	1,101
Share premium		10,460	10,038	10,460
Profit and loss account		265	151	405
		----	----	----
<b>Total Equity Shareholders' Funds</b>		<b>11,826</b>	<b>11,220</b>	<b>11,966</b>
		----	----	----
<b>Total Liabilities and Equity</b>		<b>11,959</b>	<b>11,324</b>	<b>12,079</b>
		----	----	----

Tanya O'Carroll

Matthew Wood

**Unaudited Cash Flow Statement**

as at 30 September 2009

	<b>1 April 09 to 30 Sept 09</b> <i>Unaudited</i>	<b>1 April 08 to 30 Sept 08</b> <i>Unaudited</i>	<b>1 April 08 to 31 Mar 09</b> <i>Audited</i>
	<b>£'000</b>	<b>£'000</b>	<b>£' 000</b>
<b>Cash flows from operating activities:</b>			
(Loss)/profit for the period	(154)	(167)	50
Adjustments for:			
Increase/(decrease) in payables	20	(139)	(130)
(Increase)/decrease in receivables	(802)	(23)	(469)
(Increase) in inventory	(160)	(1,265)	(1,914)
	----	----	----
<b>Net cash flow from operations</b>	<b>(1,096)</b>	<b>(1,594)</b>	<b>(2,463)</b>
Interest received	14	103	140
	----	----	----
<b>Net cash received from investing activities</b>	<b>14</b>	<b>103</b>	<b>140</b>
Purchase of own shares for cancellation	-	(492)	-
	----	----	----
<b>Net cash from financing activities</b>	<b>-</b>	<b>(492)</b>	<b>-</b>
	----	----	----
<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,082)</b>	<b>(1,983)</b>	<b>(2,323)</b>
	----	----	----
Opening cash position	1,898	4,221	4,221
	----	----	----
Closing cash and cash equivalents	816	2,238	1,898
	----	----	----

**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 2009.

**(2) Earnings per share**

The loss per share for the period was 0.13p (H1 2008: loss of 0.06p). The calculation of earnings per share is based on the loss of £140,000 for the period (H1 2008: loss of £64,000) and the weighted average number of shares in issue 110,133,334 (108,756,285).

**(3) Coin inventory**

At the end of each financial year, the coin inventory is re-valued to market value less the VAT payable on sale. Inventory purchased since 31 March 2009 is included at its original cost price and under the current valuation policy has not been the subject of any revaluations. The valuation of the portfolio held as at 31 March 2009 was carried out by industry 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</b> <b>30 Sept-09</b> <i>Unaudited</i> <b>£'000</b>	<b>As at</b> <b>30 Sept 08</b> <i>Unaudited</i> <b>£'000</b>	<b>As at</b> <b>31 Mar 09</b> <i>Audited</i> <b>£'000</b>
Trade debtors	48	8	13
Prepaid expenses	57	89	61
Other debtors	1,240	-	490
	----	----	----
Total	1,345	97	543
	----	----	----

Other debtors comprises £490,000 in respect of the Company's agreed purchase of 7.0 million Ordinary Shares in August 2008 and £750,000 in respect of the Company's agreed purchase of 15.0 million Ordinary Shares in April 2009. At the Company's recent annual general meeting, the Company's shareholders approved the re-registration of the Company under the Isle of Man Companies Act 2006 which should, *inter alia*, allow the two share buybacks to be completed subject to the consent of the respective sellers. See note 6.

**(5) Payables**

	<b>As at 30 Sept-09 <i>Unaudited</i> £'000</b>	<b>As at 30 Sept 08 <i>Unaudited</i> £'000</b>	<b>As at 31 Mar 09 <i>Audited</i> £'000</b>
Trade creditors	69	32	40
Accrued expenses	64	72	73
	----	----	----
	133	104	113
	----	----	----

All creditors are due within one year.

**(6) Share capital**

	<b>As at 30 Sept 09 <i>Unaudited</i> £'000</b>	<b>As at 30 Sept 08 <i>Unaudited</i> £'000</b>	<b>As at 31 Mar 09 <i>Audited</i> £'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>			
110,133,334 ordinary shares of £0.01 each	1,101	1,101	1,101
	----	----	----

The issued share capital includes an aggregate of 22,000,000 ordinary shares the subject of the two share buybacks, see note 4. Once the two share buybacks have been completed, these 22,000,000 will be cancelled, reducing the issued share capital to 88,133,334 ordinary shares.

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

This report was approved by the directors on 17 December 2009.

The results for the period ended 30 September 2009 are unaudited and do not constitute statutory accounts as defined in The Companies Act.

Additional copies of this report are available from the Company's registered office, Ground Floor, West Suite, Exchange House, 54-58 Athol Street, Douglas, Isle of Man, IM1 1JD or via the Company's website [www.avarae.com](http://www.avarae.com)

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