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### AVARAE GLOBAL COINS PLC

#### UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2010

**London (AIM: AVR): 8 December 2010** - Avarae Global Coins plc ("Avarae" or the "Company"), the UK's only publicly traded specialist 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 2010.

Highlights for the period include:

- Sales up 10 fold to £923,000 (2009: £86,000).
- Continued investment in rare and high quality coins in the period with acquisitions during the period of £320,000, taking the value of the coin inventory to approximately £9,795,000 at the period end.
- Impressive additions in the period, including:
  - Lucinius II: An extremely rare Gold Aureus, mint of Nicomedia, A.D. 321-322;
  - A 1701 Darien Company Pistole minted under William III;
  - An extremely rare 429h Mirdasids Dinar struck under Shibl al-dawla Nasr I; and
  - A George III Pattern Guinea, one of only a few examples known.
- Reduced net loss for the period of approximately £136,500 (2009: loss £140,000), resulting in a loss per share of 0.16 pence (2009: loss 0.13 pence).

- Net assets as at 30 September 2010 of £10,864,000 (31 March 2010: £11,104,000).
- Net asset value per share as at 30 September 2010 of 12.5 pence (31 March 2010: 12.6 pence)

Commenting, Diane Clarke, Executive Director of Avarae, said:

*"The Directors believe that Avarae remains well positioned as an alternative asset play as the market for the highest quality rare coins should continue to attract good demand and steady, predictable 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."*

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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 2010 to our shareholders. During the period under review the Company made further investments in and some significant divestments from its portfolio of rare and high quality coins. The value of the Company's coin portfolio was £9,795,000 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 is to invest actively in the rarest and highest quality segment of the coin-collecting sector in various countries around the world. We have built up and are continually adding to 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**

Activity in the rare coin market has remained positive over the period. 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 and exhibit high volatility. 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 coins and coin collections have come up for sale worldwide with auction houses continuing to achieve record prices, particularly for the highest quality, rare pieces. Recent examples of the higher prices being fetched include a world record \$7.8 million in June for a 1794 Silver Dollar and in October, a unique 1943 Lincoln cent sold for \$1.7 million.

Historically, if purchased correctly, investments in rare and high quality coins can reduce the risk of overall investment portfolios and produce strong returns over a prolonged period. Coins and coin collections of the highest quality can produce annual compound returns in excess of 10% over the medium to long term. Since Avarae's admission to AIM in 2006, it has increased its net asset value per ordinary share by approximately 10% per annum.

### **Avarae's investments**

In the period to September 2010, the Company acquired approximately £320,000 worth of coins (H1 2009: £230,000), taking the value of the coin portfolio to £9,795,000 at the period end. The rate of investment in the portfolio has slowed in recent 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, Islamic and Roman coins during the period were again prevalent. Examples of rare coins acquired during the period include:

- Lucinius II: An extremely rare Gold Aureus, mint of Nicomedia, A.D. 321-322;
- A 1701 Darien Company Pistole minted under William III;
- An extremely rare 429h Mirdasids Dinar struck under Shibl al-dawla Nasr I; and

- A George III Pattern Guinea, one of only a few examples known.

## **Financial Results**

During the six month period, the Company generated sales from the portfolio, totalling £923,000, a 10 fold increase on the same period the previous year (H1 2009: £86,000). Gross profits of £58,000 were achieved in the period which was pleasing, given that a significant proportion of coins were sold at the beginning of the period, shortly after the annual revaluation exercise. The Company's second half of its financial year has historically been its stronger half, partly as a result of more coin auctions taking place in that period and also due to higher margins being achieved over and above the prior year's revaluation.

Administrative expenses during the period of £198,000 were marginally up on the same period in 2009 (H1 2009: £169,000), but £22,000 of the increase relates to one-off non recurring items. The Directors' continue to take steps to keep a tight control on costs such that the expectation is that expenses in the second half of the financial year will be lower than those incurred in the second half of last year. Interest receivable during the period was minimal reflecting the lower average cash balances and low interest rates prevailing during the period.

Net loss for the period was lower than last year at £136,000 (H1 2009: loss £140,000), resulting in a loss per share of 0.16 pence (H1 2009: loss per share of 0.13 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 £320,000 of coins acquired in the period under review, together with the £1,115,000 of coins acquired during the year ended 31 March 2010, remain valued at cost. The total value of the coin portfolio at the period end was £9,795,000, compared to £10,340,000 as at 31 March 2010, reflecting the greater level of sales than purchases in the period.

The Company ended the period with £968,000 of net cash (31 March 2010: £822,000) and no borrowings (2009: £nil).

Trade and other receivables at the period end totalled £516,000 (31 March 2010: £20,000). Trade creditors and accruals were £415,000 at 30 September 2010 compared to £78,000 at 31 March 2010. All trade debtors have been collected and all trade creditors have been paid since the period end.

During the period under review, the Company purchased 1,350,000 of its own ordinary shares of 1 pence each ("Ordinary Shares") for cancellation for an average of 7.65 pence per Ordinary Share, plus dealing commission. The Directors believe that it is in the best interests of all shareholders for the Company, under certain circumstances, to acquire its own shares for cancellation provided the purchase price per Ordinary Share is materially below the Company's own net asset value per Ordinary Share ("NAV").

At the period end, the Company had net assets of £10,864,000 (31 March 2010: £11,104,000), resulting in a NAV of 12.5 pence (31 March 2010: 12.6 pence).

No dividend has been declared in respect of the interim period.

## **Board Changes**

In September 2010, Tanya O'Carroll stepped down from the board to spend more time with her family and in November 2010 we were pleased to welcome Clem Chambers onto the

board as a Non-executive Director. Clem has extensive experience of working with public companies and we look forward to benefitting from his experience in the future.

### **Outlook**

The Directors believe that Avarae remains well positioned as an alternative asset play as the market for the highest quality rare coins should continue to attract good demand and steady, predictable 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 £108,000, whilst taking opportunities of strong demand by realising approximately £390,000 in coin sales. Sales for the year to date have already exceeded those for the whole of the previous financial year and the Directors and their advisers are working hard on making further significant realisations during the remainder of the current financial year.

7 December 2010

Directors

Avarae Global Coins plc



**Unaudited Income Statement**  
from 1 April 2010 to 30 September 2010

		<b>1 April 10 to 30 Sept 10</b>	<b>1 April 09 to 30 Sept 09</b>	<b>1 April 09 to 31 Mar 10</b>
	<i>Note</i>	<i>Unaudited</i> <b>£'000</b>	<i>Unaudited</i> <b>£'000</b>	<i>Audited</i> <b>£'000</b>
<b>Revenue</b>				
Sales	1	923	86	1,224
Cost of Sales		(865)	(71)	(1,021)
Coin revaluation		-	-	607
		-----	-----	-----
Gross profit		58	15	810
Administrative expenses		(198)	(169)	(441)
		-----	-----	-----
<b>(Loss)/Profit on ordinary activities before:</b>		(140)	(154)	369
Finance income		4	14	11
		-----	-----	-----
<b>(Loss)/Profit on ordinary activities before tax</b>		(136)	(140)	380
Tax on (loss)/profit on ordinary activities		-	-	-
		-----	-----	-----
<b>(Loss)/Profit on ordinary activities after taxation</b>		(136)	(140)	380
		-----	-----	-----
<b>(Loss)/Earnings per share</b>	2	(0.16p)	(0.13p)	0.35p

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



**Unaudited Balance Sheet**  
as at 30 September 2010

		<b>As at 30 Sept 10 <i>Unaudited</i> £'000</b>	<b>As at 30 Sept 09 <i>Unaudited</i> £'000</b>	<b>As at 31 Mar 10 <i>Audited</i> £'000</b>
	<i>Note</i>			
<b>Assets</b>				
<b>Current Assets</b>				
Coin inventory	3	9,795	9,798	10,340
Trade and other receivables	4	516	1,345	20
Cash at bank		968	816	822
		-----	-----	-----
<b>Total Assets</b>		<b>11,279</b>	<b>11,959</b>	<b>11,182</b>
		-----	-----	-----
<b>Liabilities and Equity</b>				
<b>Creditors:</b> amounts falling due within one year	5	415	133	78
		-----	-----	-----
<b>Total Liabilities</b>		<b>415</b>	<b>133</b>	<b>78</b>
		-----	-----	-----
<b>Equity</b>				
Called up equity share capital	6	868	1,101	881
Share premium		9,347	10,460	9,438
Profit and loss account		649	265	785
		-----	-----	-----
<b>Total Equity Shareholders' Funds</b>		<b>10,864</b>	<b>11,826</b>	<b>11,104</b>
		-----	-----	-----
<b>Total Liabilities and Equity</b>		<b>11,279</b>	<b>11,959</b>	<b>11,182</b>
		-----	-----	-----

**Diane Clarke**

**Matthew Wood**



## Unaudited Cash Flow Statement

as at 30 September 2010

	1 April 10 to 30 Sept 10 <i>Unaudited</i>	1 April 09 to 30 Sept 09 <i>Unaudited</i>	1 April 09 to 31 Mar 10 <i>Audited</i>
	£'000	£'000	£' 000
<b>Cash flows from operating activities:</b>			
(Loss)/profit for the period	(140)	(154)	369
Adjustments for:			
Increase/(decrease) in payables	337	20	(35)
(Increase)/decrease in receivables	(496)	(802)	523
(Increase)/decrease in inventory	545	(160)	(702)
	-----	-----	-----
<b>Net cash flow from operations</b>	246	(1096)	155
Interest received	4	14	11
	-----	-----	-----
<b>Net cash received from investing activities</b>	4	14	11
Purchase of own shares for cancellation	(104)	-	(1,242)
	-----	-----	-----
<b>Net cash from financing activities</b>	(104)	-	(1,242)
	-----	-----	-----
<b>Net (decrease) in cash and cash equivalents</b>	146	(1,082)	(1,076)
	-----	-----	-----
Opening cash position	822	1,898	1,898
	-----	-----	-----
Closing cash and cash equivalents	968	816	822
	-----	-----	-----



## 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 2010.

### (2) Earnings per share

The loss per share for the period was 0.16p (H1 2009: loss of 0.13p). The calculation of earnings per share is based on the loss of £136,000 for the period (H1 2009: loss of £140,000) and the weighted average number of shares in issue 87,963,279 (110,133,334).

### (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 2010 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 2010 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 30 Sept 10</b>	<b>As at 30 Sept 09</b>	<b>As at 31 Mar 10</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	473	48	-
Prepaid expenses	43	57	20
Other debtors	-	1,240	-
	-----	-----	-----
Total	516	1,345	20
	-----	-----	-----

Trade receivables do not carry any interest and are stated at their nominal value as recorded by appropriate allowances for estimated irrecoverable amounts.

### (5) Payables

	<b>As at 30 Sept 10</b>	<b>As at 30 Sept 09</b>	<b>As at 31 Mar 10</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	321	69	-
Accrued expenses	94	64	61
Other creditors	-	-	17
	-----	-----	-----
	415	133	78
	-----	-----	-----

All creditors are due within one year.

### (6) Share capital

	<b>As at 30 Sept 10 <i>Unaudited</i> £'000</b>	<b>As at 30 Sept 09 <i>Unaudited</i> £'000</b>	<b>As at 31 Mar 10 <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>			
86,783,334 ordinary shares of £0.01 each	868	1,101	881
	-----	-----	-----

During August 2010, the Company made market purchases of 1,350,000 ordinary shares of £0.01 each for cancellation.

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

This report was approved by the Directors on 7 December 2010.

The results for the period ended 30 September 2010 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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