



News Release

4 August 2011

AVARAE GLOBAL COINS PLC

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

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 final audited results for the year ended 31 March 2011.

Highlights for the year:

- Sales of coins and coin collections in the year increased by more than 75% to £2.19 million (2010: £1.22 million);
- Profit on ordinary activities up more than 20% to £0.45 million (2010: £0.37 million);
- Earnings per share up by 49% to 0.52p (2010: 0.35p);
- NAV per share increased to 13.6p at the year-end (2010: 12.6p);
- Carrying value of portfolio of rare and high quality coins of £10.07 million (2010: £10.34 million); and
- Net cash of £0.44 million at year end (2010: £0.82 million).

Commenting on the results, Diane Clarke, Director of Avarae, said:

“Despite the continued economic difficulties throughout the wider financial market, credit agencies downgrading sovereign debts, and inflationary pressures, Avarae has again successfully demonstrated that it is a genuine alternative asset play in the current financial environment, as evidenced by it reporting material increases in profits and NAV for the year, together with some successful realisations of its investment portfolio.

Since the year end, the Company has made modest additions to the portfolio with a value of approximately £0.12 million and has made disposals for a total of just over £0.05 million. The Company has a strong balance sheet, including a coin portfolio with a current carrying value, as reported on by industry experts, of £10.07 million. The Directors, therefore, remain optimistic about the Company’s future prospects.”

The Company’s audited report and accounts, together with the notice of the AGM, have today been posted to shareholders. An electronic copy of the audited report and accounts will also shortly be available on the Company’s website: www.avarae.com.

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Directors' Report

Introduction

We are pleased to present the annual report for the year ended 31 March 2011 to our shareholders. The following pages show the financial position of the Company for the year ended 31 March 2011. During the year under review, the Company continued to manage its portfolio of rare and high quality coins.

The Company 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. The investing policy of the Company is set out in more detail below.

Investing policy

The Company's investment policy is to invest in rare, high quality antique coins and coin collections from across 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. The value of each investment is expected to range from a few hundred pounds up to £750,000. The most expensive coin acquired by Avarae to date is the Edward III Double Florin which was acquired for £0.4 million in 2006. The Double Florin is on display at the Fitzwilliam Museum in Cambridge.

The Board's decision on whether to acquire or dispose of an investment is made on the recommendation of its industry expert independent Advisory Panel ("Panel") that assesses and approves all coin trading related activities. The Panel members are Sir John Wheeler and Clement Chambers, both of whom have significant expertise in the field of numismatics.

A principal objective of the Company is to achieve long-term capital growth through the appreciation in the value of the coins acquired. Compound annual returns potentially achievable over the medium to long-term for the highest quality and rarest coins are expected to be around 10 per cent., in line with historical averages. As at the date of this report, and since its formation in 2006, the Company has no borrowings and has no present intention of securing any borrowings.

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

The coin market has proved buoyant over the last 12 months. Auction houses continue to achieve record prices, particularly for the highest quality, rare pieces.

Directors' Report (continued)

The Chinese, Russian, Indian and ancient coin markets have performed particularly well over the last year and demand for English coins continues to increase, which is encouraging given the Company's relatively large exposure to the highest quality English coins.

Avarae's investments

In the year to 31 March 2011, the Company acquired £1.1 million worth of coins (2010: £1.1 million), resulting in the value of the coin portfolio as at 31 March 2011 being £10.07 million (2010: £10.34 million). In line with its investment strategy, the Company has focused on the purchase of only the highest quality and rarest coins. In particular, during the year, the Company increased its exposure to Roman gold coins with the acquisition of gold Aurei and Solidi of Probus, Licinius II, Marcian, Nerva, Faustina Jnr, Gordian, Herennia Etruscilla and Honoria. 2010/11 was also a year of repositioning of some of the sectors previously acquired and disposing of a number of lower value items acquired as part of other collections.

Top quality hammered English gold continues to be in demand and during the year we added an exceptional Queen Anne Five Guinea piece from 1711. We also acquired two extremely rare Edward VIII coins, a silver threepence and a bronze halfpenny and we now own four different denominations of Edward VIII.

As in previous years, we also increased our holding in Indian and Islamic gold coins.

We have continued our interest in building up unique collections of particular sectors of rare coins that our Advisory Panel believes will be of significant value in the years to come. Furthermore, a focus remains on picking up extremely rare coins, where there are only a few examples known to exist worldwide.

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

Revenue from the sale of coins or coin collections for the year ended 31 March 2011 increased by more than three quarters on the previous year to £2.19 million (2010: £1.22 million).

As at 31 March 2011, in line with the strategy outlined in our AIM admission document and in previous reports, the Company instructed industry experts to undertake a detailed revaluation of its coin portfolio. As has been documented, there are numerous examples of rare, high quality coins and collections being sold which historically have resulted in an approximate 10 per cent. annual compound return on average and therefore the Directors believed that an annual revaluation of the coin portfolio is a necessity.

The Directors have again taken an extremely prudent approach to the revaluation exercise instructing 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 2010 and excluding those purchased during the financial year under review.

Directors' Report (continued)

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 2011 has increased by £0.66 million (2010: increase of £0.61 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. The effect of the 31 March 2011 revaluation exercise is that, as at 31 March 2011, the Company's coin portfolio comprised of coins purchased at cost for an aggregate £8.26 million (2010: £9.06 million) and a revaluation amount of £1.81 million (net of VAT payable on sale) (2010: £1.28 million).

The effect of the revaluation, together with the profits from the coin sales, resulted in the Company achieving a comparable gross profit to the previous year of £0.81 million (2010: £0.81 million). The directors continually strive to keep the Company's cost base to a minimum. As a result, administrative expenses during the year were down materially on the previous year at £0.37 million (2010: £0.44 million) and now represent less than 3.4 per cent. of the Company's net assets (2010: 4.0 per cent.). Interest receivable of £0.004 million was, as expected, marginally lower than last year (2010: £0.01 million) and is directly attributable to the lower levels of cash balances held during the year. Net profit for the year rose almost 20 per cent. to £0.45 million (2010: £0.38 million), resulting in an increase in EPS of more than 48% to 0.52p (2010: 0.35p).

The Company ended the year with approximately £0.44 million of net cash, down from £0.82 million at the end of March 2010. The Company's cash is prudently managed across a spread of accounts, thereby reducing the risks of the creditworthiness of any one financial institution. During the year, investments of £1.1 million (2010: £1.1 million) were made in coins and coin collections. As at the year end, the Company had net assets of £10.9 million (2010: £11.1 million) and no borrowings. Net asset value per share ("NAV") as at 31 March 2011 increased by more than 7 per cent. to 13.6 pence (2010: 12.6 pence). Since March 2007, being the date of the Company's first audited accounts, the Company has delivered an annual compound increase in its NAV of approximately 9.5 per cent.

Purchases of own shares for cancellation

On 26 and 27 August 2010, the Company acquired 1,250,000 and 100,000 of its own ordinary shares ("Ordinary Shares"), respectively for cancellation. On 10 December 2010, the Company acquired a further 6,000,000 Ordinary Shares for cancellation. Accordingly, during the year ended 31 March 2011, the Company acquired an aggregate of 7,350,000 Ordinary Shares for cancellation for a total consideration of approximately £0.63 million, including expenses, which reduced the Company's issued ordinary share capital to 80,783,334 Ordinary Shares.

Change of Director

As previously announced, Tanya O'Carroll resigned from the Board on 17 September 2010 to pursue other interests and was replaced by Clement Chambers, an experienced numismatist and company director, on 16 November 2010. Clement has also joined the Company's Advisory Panel and we look forward to gaining from his continued input over the coming months and years.

Directors' Report (continued)

Outlook

Despite of the continued economic difficulties throughout the wider financial market, credit agencies downgrading sovereign debts, and inflationary pressures, Avarae has again successfully demonstrated that it is a genuine alternative asset play in the current financial environment, as evidenced by it reporting material increases in profits and NAV for the year, together with some successful realisations of its investment portfolio.

Since the year end, the Company has made modest additions to the portfolio with a value of approximately £0.12 million and has made disposals for a total of just over £0.05 million. The Company has a strong balance sheet, including a coin portfolio with a current carrying value, as reported on by industry experts, of more than £10.1 million. The Directors, therefore, remain optimistic about the Company's future prospects.

Statement of Comprehensive Income for the year ended 31 March 2011

		Year ended <i>31-Mar-11</i> £'000	Year ended <i>31-Mar-10</i> £'000
Revenue			
Sales	1	2,188	1,224
Cost of Sales		(2,037)	(1,021)
Coin revaluation	8	664	607
		<hr/>	<hr/>
Gross profit		815	810
		<hr/>	<hr/>
Administrative expenses		(369)	(441)
		<hr/>	<hr/>
Profit on ordinary activities before:		446	369
Finance income	5	4	11
Finance expenses	5	-	-
		<hr/>	<hr/>
Profit on ordinary activities before tax		450	380
Tax on profit on ordinary activities	6	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		450	380
		<hr/>	<hr/>
Earnings per share (basic and diluted)	7	0.52p	0.35p

Statement of Financial Position as at 31 March 2011

		<i>As at 31-Mar-11 £'000</i>	<i>As at 31-Mar-10 £'000</i>
Assets			
Current Assets			
Coin inventory	8	10,067	10,340
Trade and other receivables	9	461	20
Cash at bank		435	822
Total assets		10,963	11,182
Liabilities and equity			
Creditors: amounts falling due within one year	10	40	78
Total Liabilities		40	78
Equity			
Called up equity share capital	12	808	881
Share premium		8,880	9,438
Profit and loss account		1,235	785
Total Equity Shareholders' Funds		10,923	11,104
Total Liabilities and equity		10,963	11,182

Cash Flow Statement for the year ended 31 March 2011

	Note	<i>Year ended 31-Mar-11 £'000</i>	<i>Year ended 31-Mar-10 £'000</i>
Cash flows from operating activities:			
Profit on ordinary activities for the year		446	369
Adjustments for:			
(Decrease) in payables		(39)	(35)
(Increase)/Decrease in receivables		(440)	523
Decrease/(Increase) in inventory		273	(702)
Net cash flow from operations		<u>240</u>	<u>155</u>
Interest received		<u>4</u>	<u>11</u>
Net cash from investing activities		<u>4</u>	<u>11</u>
Purchase of own shares for cancellation		<u>(631)</u>	<u>(1,242)</u>
Net cash from financing activities		<u>(631)</u>	<u>(1,242)</u>
Net decrease in cash and cash equivalents		<u>(387)</u>	<u>(1,076)</u>
Opening cash position	13	<u>822</u>	<u>1,898</u>
Cash and cash equivalents at 31 March	13	<u>435</u>	<u>822</u>

Statement of Changes in Equity for the year ended 31 March 2011

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 31 March 2009	1,101	10,460	405	11,966
Share capital reduction	(220)	(1,022)	-	(1,242)
Profit for the year	-	-	380	380
At 31 March 2010	881	9,438	785	11,104
Share capital reduction	(73)	(558)	-	(631)
Profit for year	-	-	450	450
At 31 March 2011	808	8,880	1,235	10,923

Notes to the Financial Statements for the year ended 31 March 2011

(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 fourth year that the Company has prepared its financial statements in accordance with IFRSs, having previously prepared its financial statements in accordance with previous accounting standards. The functional currency is £-Sterling.

Adoption of new and revised International Financial Reporting Standards (“IFRS”):

In the current year, the company has adopted the following new and revised standards and interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations during the year. The adoption of these new and revised standards and interpretations has not resulted in any changes to the company’s accounting policies that would affect the amounts reported for the current or prior years.

IFRS 8 – Operating Segments effective 1 January 2010

IAS 1 – Presentation of Financial Statements effective 1 January 2010

IAS 7 – Statement of cashflows effective 1 January 2010

IAS 32 – Financial Instruments Presentation effective 1 February 2010

IAS 36 – Impairment of Assets effective 1 January 2010

IAS 39 – Financial Instruments: Recognition and Measurement effective 1 January 2010

Revenue recognition

The Company’s sales consist of sales of coins or collections of coins and accounted for on an accruals basis.

Finance income is accounted for on a received basis.

(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) 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-11</i>	<i>Year ended</i> <i>31-Mar-10</i>
	<i>£'000</i>	<i>£'000</i>
Profit before tax	450	380
	_____	_____
Isle of Man tax at 0%	-	-
	_____	_____

Tax expense for the year	-	-
	<u> </u>	<u> </u>

(4) Earnings per share

The earnings per share (basic and diluted) for the year ended 31 March 2011 was 0.52p (2010: 0.35p). The calculation of earnings per share is based on the profit of £450,000 (2010: £380,000) for the year and the weighted average number of shares in issue being 85,506,348 (2010: 108,459,361).

(5) Coin inventory

At the year end, only those coins that had been acquired by the Company before 31 March 2010, were revalued by industry experts to their expected current market value less the VAT payable on sale. Inventory purchased during the year ended 31 March 2011 has been carried at cost. This is considered by the directors to give a fair value for the inventory. Inventory of £10,067,000 (2010: £10,340,000) is carried as 'Inventory carried at fair value less costs to sell'. The purchase cost of inventory held at 31 March 2011 was £8,259,165 (2010: £9,058,000).

(6) Trade and other receivables

	<i>As at</i> <i>31-Mar-11</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-10</i> <i>£'000</i>
Trade debtors	439	-
Prepaid expenses	22	20
	<u> </u>	<u> </u>
Total	461	20
	<u> </u>	<u> </u>

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

(7) Payables

	<i>As at</i> <i>31-Mar-11</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-10</i> <i>£'000</i>
Accrued expenses	36	61
Other creditors	4	17
	<u> </u>	<u> </u>
	40	78
	<u> </u>	<u> </u>

All creditors are due within one year.

(8) Share capital and premium

	<i>As at</i> <i>31-Mar-11</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-10</i> <i>£'000</i>
Authorised		
200,000,000 ordinary shares of £0.01 each	2,000	2,000
	<u> </u>	<u> </u>

Allotted, called up and fully paid

80,783,334 ordinary shares of £0.01 each (2010: 88,133,334)	808	881
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On 26 and 27 August 2010, the Company acquired 1,250,000 and 100,000 Ordinary Shares, respectively for cancellation. On 10 December 2010, the Company acquired a further 6,000,000 Ordinary Shares for cancellation. Accordingly, during the year ended 31 March 2011, the Company acquired an aggregate of 7,350,000 Ordinary Shares for cancellation for a total consideration of approximately £0.63 million, including expenses.

The cost to the company of acquiring its own shares, over and above the nominal value of those shares, has been accounted for by way of a deduction to the share premium account.