

## AVARAE GLOBAL COINS PLC

### UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2014

**London (AIM: AVR): 12 December 2014** – 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 2014.

Highlights for the period include:

- Net asset value of 14.3p at period end (30 September 2013: 14.0p);
- Additions to the portfolio of £276,000 in the period (H1 2013: £327,000), including very high quality and rare examples of English and Indian coins;
- Carrying value of coin inventory of £10,808,000 at the period end (H1 2013: £10,785,000);
- Net cash balances of £779,000 at period end (H1 2013: £114,000);
- Sales for the six month period of £81,000 due to lack of relevant auctions in the period (H1 2013: £518,000); and
- Loss on ordinary activities for the period of £207,000 (H1 2013: loss £142,000).

Post period highlight:

- Sales of approximately £150,000 recorded with a gross margin above carrying value of approximately £60,000.

Commenting, Diane Clarke, Director of Avarae, said:

*“Although Avarae’s sales activity over the summer period has been limited due to the lack of relevant auctions, the board has concentrated on seeking out only the highest quality and rarest pieces to add to the portfolio. The directors believe that the period has put Avarae in a better position to yield future capital growth of coins and future cashflows through coin disposals, as has been demonstrated by the significant return on the sales post period end. The demand for high value alternative investments remains strong as people look to diversify from traditional investments and Avarae is in a good position to capitalise on this sentiment.”*

#### **For further information on Avarae Global Coins plc, please contact:**

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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 2014. During the period under review the Company made a number of investments in, and some selective divestments from, its portfolio of rare and high quality coins. In line with the Company's stated strategy, no revaluation of the coin portfolio 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 hold predominantly for the long-term (i.e. 3 to 5 years), with the aim of achieving 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 generally steady over the period, although as mentioned in our full year results released earlier in the year, one needs to possess the necessary expertise in identifying which sectors are most appropriate for investment. The numismatic industry continues to witness an influx of new buyers looking for tangible assets and fresh areas to place their money as traditional asset classes often fail to deliver robust financial gains and continue to exhibit high volatility. The trend of the majority of the funds coming into the numismatic market targeting the higher value coin rarities continues to add considerable pressure on availability. While this trend is good for existing holders of high quality coins, it can be challenging to obtain new pieces to add to the portfolio.

### Avarae's investments

In the six month period to 30 September 2014, the Company acquired approximately £276,000 worth of coins (H1 2013: £327,000) and sold coins for approximately £81,000 (H1 2013: £518,000). The focus during the period has been towards English coins of the utmost rarity and quality. Examples of rare coins acquired during the period include:

- **Henry VII (1485-1509)**, Fine Gold Sovereign of Twenty Shillings, Group IV (c.1502-1504), crowned full robed figure of the King seated facing on ornate throne with high canopy, holding orb and sceptre. Very rare.
- **Edward VI (1547-1553)**, Fine Gold Sovereign of Thirty Shillings, Third Period (15 December 1550 to 6 July 1553), Southwark mint, crowned full figure of King seated facing on ornate throne, holding orb and sceptre, portcullis below extending to rim, ornate throne back with large pillars. An extremely rare coin, as fewer than ten known to be held in private hands.
- **James I (1603-1625)**, Rose Ryal of Thirty Shillings, third coinage (1619-25), seated facing full figure of robed King with orb and sceptre, on throne with plain throne back and decorated background, portcullis below. Very rare.

- **Charles I (1625-1649)**, Unite of Twenty Shillings, Tower Mint under Parliament, group G, seventh crowned bust left, value in field behind. A superb coin, the finest known of this the final mark of the reign and of the highest rarity, as it is thought to be one of less than five available to collectors.

## **Financial Results**

Sales were significantly lower at only £81,000, compared the same period last year (£518,000), driven primarily by the lack of auctions in the period. The Company is still experiencing strong demand for individual sets as evidenced by sales of almost £150,000 in November with a gross margin above carrying value of approximately £60,000.

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, which are always tightly controlled, were comparable to the same period last year, at £198,000 (H1 2013: £193,000). The resulting net loss for the period was £207,000 (H1 2013: loss of £142,000), equating to a loss per share of 0.26 pence (H1 2013: loss per share of 0.18 pence).

Avarae proposed a final dividend in August 2014 of 0.15p per share (2013: 0.18p per share), which, following approval by the company's shareholders at the AGM held in October, resulted in a payment to shareholders in October 2014 of £121,175. As with last year, no dividend has been declared in respect of the interim period. The level of the dividend reflects the Company's reported profits over a three year period, thereby smoothing out any years of one-off profits (or losses). The policy is to pay out approximately 1/3 of the average net profits reported over the most recent three year period.

In line with our stated strategy, the Company only undertakes its portfolio revaluation exercise at the end of each financial year (31 March), rather than mid-year and, only then, revaluing coins that have been held by the Company for more than 12 months. Accordingly, the £276,000 of coins acquired in the period under review, together with the £630,000 of coins acquired during the year ended 31 March 2014, remain valued at cost. The total value of the coin portfolio at the period end was £10.8 million (31 March 2014: £10.6 million).

The Company ended the period under review with net cash of £779,000 (30 September 2013: £114,000) and no borrowings. The higher cash balances is primarily as a result of movements in working capital at the period end, which were higher than in the comparable period last year. Trade and other receivables were £1.2 million at the period end (H1 2013: £ 0.9 million) and payables at £1.3 million (H1 2013: £0.5 million).

At the period end, the Company had net assets of £11.5 million (30 September 2013: £11.3 million), resulting in a net asset value per Ordinary Share of 14.3p (30 September 2013: 14.0p).

## **Outlook**

Although Avarae's sales activity over the summer period has been limited due to the lack of relevant auctions, the board has concentrated on seeking out only the highest quality and rarest pieces to add to the portfolio. The directors believe that the period has put Avarae in a better position to yield future capital growth of coins and future cashflows through coin disposals, as

has been demonstrated by the significant return on the sales post period end. The demand for high value alternative investments remains strong as people look to diversify from traditional investments and Avarae is in a strong position to capitalise on this sentiment.

11 December 2014  
Directors  
Avarae Global Coins plc

**Unaudited Income Statement**  
from 1 April 2014 to 30 September 2014

	<b>1 April 14 to 30 Sept 14</b> <i>Unaudited</i>	<b>1 April 13 to 30 Sept 13</b> <i>Unaudited</i>	<b>1 April 13 to 31 Mar 14</b> <i>Audited</i>
<i>Note</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>			
Sales	81	518	1,592
Cost of Sales	(90)	(468)	(1,301)
Coin revaluation	-	-	367
	<hr/>	<hr/>	<hr/>
Gross profit	(9)	50	658
Administrative expenses	(198)	(193)	(406)
	<hr/>	<hr/>	<hr/>
<b>(Loss)/Profit on ordinary activities before:</b>	<b>(207)</b>	<b>(143)</b>	<b>252</b>
Finance income	-	1	1
	<hr/>	<hr/>	<hr/>
<b>(Loss)/Profit on ordinary activities before tax</b>	<b>(207)</b>	<b>(142)</b>	<b>253</b>
Tax on (loss)/profit on ordinary activities	-	-	-
	<hr/>	<hr/>	<hr/>
<b>(Loss)/Profit on ordinary activities after taxation</b>	<b>(207)</b>	<b>(142)</b>	<b>253</b>
Dividends	-	(145)	(145)
	<hr/>	<hr/>	<hr/>
<b>Retained (loss)/profit for the period</b>	<b>(207)</b>	<b>(287)</b>	<b>108</b>
	<hr/>	<hr/>	<hr/>
<b>(Loss)/Earnings per share</b>	<b>2</b> (0.26)p	<b>(0.18)p</b>	<b>0.31p</b>

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

**Unaudited Balance Sheet**  
as at 30 September 2014

		<b>As at</b> <b>30 Sept 14</b> <i>Unaudited</i>	<b>As at</b> <b>30 Sept 13</b> <i>Unaudited</i>	<b>As at</b> <b>31 Mar 14</b> <i>Audited</i>
	<i>Note</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
<b>Current Assets</b>				
Coin inventory	3	10,808	10,785	10,621
Trade and other receivables	4	1,203	942	1,810
Cash at bank		779	114	171
		<hr/>	<hr/>	<hr/>
<b>Total Assets</b>		<b>12,790</b>	<b>11,841</b>	<b>12,602</b>
		<hr/>	<hr/>	<hr/>
<b>Liabilities and Equity</b>				
<b>Creditors:</b> amounts falling due within one year	5	1,255	494	860
		<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>		<b>1,255</b>	<b>494</b>	<b>860</b>
		<hr/>	<hr/>	<hr/>
<b>Equity</b>				
Called up equity share capital	6	808	808	808
Share premium		8,880	8,880	8,880
Profit and loss account		1,847	1,659	2,054
		<hr/>	<hr/>	<hr/>
<b>Total Equity Shareholders' Funds</b>		<b>11,535</b>	<b>11,347</b>	<b>11,742</b>
		<hr/>	<hr/>	<hr/>
<b>Total Liabilities and Equity</b>		<b>12,790</b>	<b>11,841</b>	<b>12,602</b>
		<hr/>	<hr/>	<hr/>

**Diane Clarke**

**Matt Wood**

## Unaudited Cash Flow Statement

From 1 April 2014 to 30 September 2014

	<b>1 April 14 to 30 Sept 14</b>	<b>1 April 13 to 30 Sept 13</b>	<b>1 April 13 to 31 Mar 14</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	(207)	(143)	253
Adjustments for:			
Increase in payables	395	436	802
Decrease/(increase) in receivables	607	(544)	(1,414)
(Increase)/decrease in inventory	(187)	141	306
<b>Net cash flow from operations</b>	<b>608</b>	<b>(110)</b>	<b>(53)</b>
Interest received	-	1	1
<b>Net cash received from investing activities</b>	<b>-</b>	<b>1</b>	<b>1</b>
Dividends paid	-	(145)	(145)
<b>Net cash from financing activities</b>	<b>-</b>	<b>(145)</b>	<b>(145)</b>
<b>Net Increase / (decrease) in cash and cash equivalents</b>	<b>608</b>	<b>(254)</b>	<b>(197)</b>
Opening cash position	171	368	368
Closing cash and cash equivalents	779	114	171

## 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 for the year ended 31 March 2014.

### (2) Earnings per share

The loss per share for the period was 0.26p (H1 2013: loss of 0.18p). The calculation of (loss)/earnings per share is based on the loss on ordinary activities after taxation of £207,000 for the period (H1 2013: loss of £142,000) and the weighted average number of shares in issue during the period under review remained unchanged at 80,783,334 (2013: 80,783,334).

### (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 2013 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 2014 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 14</b> <i>Unaudited</i> <b>£'000</b>	<b>As at</b> <b>30 Sept 13</b> <i>Unaudited</i> <b>£'000</b>	<b>As at</b> <b>31 Mar 14</b> <i>Audited</i> <b>£'000</b>
Trade debtors	1,129	926	1,749
Prepayments and other debtors	74	16	61
	<hr/>	<hr/>	<hr/>
Total	1,203	942	1,810
	<hr/>	<hr/>	<hr/>

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</b> <b>30 Sept 14</b> <i>Unaudited</i> <b>£'000</b>	<b>As at</b> <b>30 Sept 13</b> <i>Unaudited</i> <b>£'000</b>	<b>As at</b> <b>31 Mar 14</b> <i>Audited</i> <b>£'000</b>
Trade creditors	1,243	327	800
Accrued expenses	12	140	60
Other Creditors	-	27	-
	<hr/>	<hr/>	<hr/>
	1,255	494	860
	<hr/>	<hr/>	<hr/>



All creditors are due within one year.

**(6) Share capital**

	<b>As at</b> <b>30 Sept 14</b> <i>Unaudited</i> <b>£'000</b>	<b>As at</b> <b>30 Sept 13</b> <i>Unaudited</i> <b>£'000</b>	<b>As at</b> <b>31 Mar 14</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>			
Ordinary shares of £0.01 each	808	808	808
	_____	_____	_____

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

This report was approved by the Directors on 11 December 2014.

The results for the period ended 30 September 2014 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).