

Avarae Global Coins plc
Incorporated and registered in the
Isle of Man
Registration Number: 4526V

Audited Report and Accounts for the
Year ended 31 March 2012



AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

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AVARAE GLOBAL COINS PLC
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Company information

Directors	Diane Clarke Matthew Wood August Berting Clement Chambers Kay Cregeen (Alternate)
Registered Office	c/o Hillberry Trust Company Limited Ground Floor, West Suite Exchange House 54-58 Athol Street Douglas, Isle of Man IM1 1JD
Numismatic Advisory Panel	The Rt Honourable Sir John Wheeler J.P. DL Clement Chambers
Nominated Advisor and Broker	Westhouse Securities One Angel Court London EC2V 7QR
Auditors	Baker Tilly Isle of Man LLC PO Box 95, 2a Lord Street. Douglas Isle of Man IM99 1HP
Advocates	Appleby 33 Athol Street Douglas Isle of Man IM1 1LB
Registrars	Capita IRG (Offshore) Ltd Victoria Chambers Liberation Square 1-3 The Esplanade St Helier Jersey JE2 3QA

Directors' Report

Introduction

We are pleased to present the annual report for the year ended 31 March 2012 to our shareholders. The following pages show the financial position of the Company for the year ended 31 March 2012. During the year under review, the Company continued to manage its portfolio of rare and high quality coins.

Avarae Global Coins plc ("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 principal objective of the Company, as set out in its AIM admission document, is to achieve capital growth for its shareholders through the purchase, holding and sale of the rarest and highest quality segment of the coin-collecting sector in various countries around the world.

Investing policy

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 many hundreds of thousands of pounds. 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 a coin or coin collection 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.

Segments of the coin market have proved relatively buoyant over the last 12 months, with certain sectors continuing to show healthy demand, such as English, Roman and Islamic coins. Other sectors, such as Chinese coins, have stayed flat at best and, in the case of the European examples (excluding British coins), some have marginally contracted. The weakening Euro exchange rate, general downturn and financial difficulties across the EU have dampened demand for German, Italian and French coins. That said, a number of auction houses have continued to achieve record prices, particularly for the highest quality, very rarest pieces.

Directors' Report (continued)

Avarae's investments

Purchases

In the year to 31 March 2012, the Company acquired £0.81 million worth of coins (2011: £1.1 million), resulting in the value of the coin portfolio as at 31 March 2012 being £10.11 million (2011: £10.07 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, English, Scottish, Anglo-Gallic and Islamic coins.

Examples of coins acquired during the year include a number of Charles I Triple Unites. These coins are of particular rarity as the Triple Unite is the largest denomination hammered gold coin ever struck in England. Made between 1642 and 1644 at King Charles I's mint at Oxford during the English Civil War, only around 200 examples are known, many of which are owned by museums. They show the King holding both an olive branch and a sword, signifying a wish for peace.

In addition to the Triple Unites, we were delighted to acquire a Charles I Gold Half Unit or Double Crown, first issued between 1625 and 1634. This coin is the earliest gold issue by King Charles I in Scotland and carries the bust of his Father King James VI of Scotland who was the first to unite the Kingdoms of England and Scotland as he was also King James I of England from 1603-25. A particularly fine example of one of the rarest Scottish issues of King Charles I.

Our growing portfolio of Roman gold coins was enhanced by the addition of a Gold Aureus struck at Rome around AD200. This important dynastic gold Aureus shows the portraits of Geta and Caracalla, the sons of Septimius Severus. After the death of their father in York in A.D. 211, the control of the Roman Empire fell into the hands of the two brothers, until Caracalla arranged for Geta's assassination in A.D. 212 leaving him as sole ruler.

Sales

The sales highlight during the year for Avarae, as announced in October 2011, was the consignment of Chinese coins sold at auction in Hong Kong. Avarae had acquired the majority of these coins between 2007 and 2008 and had been revaluing each coin at the end of the subsequent financial year ends. Whilst the directors and numismatic advisory panel were cautiously optimistic of a strong showing, there remained some concerns that the then recent strong market for Chinese coins had overheated and was on the verge of declining. The directors were delighted that all but a handful of coins were sold at prices significantly ahead of their revalued amounts. As mentioned above, the market for high-end Chinese coins has tailed off over the last 6-9 months and the board is pleased to have realised the majority of its holding of Chinese coins during the year under review. Notwithstanding this, the Company continues to review the Chinese market with interest with a view to re-entering at some point in the future.

During the year, the Company also continued its efforts to rebalance the portfolio, liquidating some of the lower value items and inferior duplicates previously acquired as part of important collections. This process is ongoing and we expect to generate several hundred thousand pounds of sales during the current financial year as a result of this exercise.

English milled and hammered coins, as in previous years, represent the largest segment of the Company's portfolio, with holdings of Ancient Roman, Islamic, Indian and Italian coins

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Directors' Report (continued)

also representing significant proportions of the stock. Other sectors where Avarae holds coins of notable value includes USA, German, Chilean and Chinese coins.

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 2012 was £1.7 million, down on the previous year's figures of £2.2 million.

As at 31 March 2012, 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. This exercise is intended to apportion changes in the value of coins over the period of their ownership by Avarae rather than allocating profits (or losses) in the year of sale only. The Company's gross profit is calculated as the difference between the sale price of each coin less its carrying value brought forward, which will either be cost or the revalued amount. The industry experts considered the open market resale value of only those coins that had been held within the Company's portfolio for more than 12 months, i.e. only those coins acquired and held by Avarae on or before 31 March 2011 and excluded those purchased during the financial year under review, which were held at cost. In each of the years since the Company's inception, the Company has recorded a gross profit, thereby demonstrating the validity of the revaluation exercise.

The result of the extensive revaluation exercise carried out on the coins as described in the accounting policies, which the Directors believe to have been particularly conservative this year, was that the overall carrying value of the portfolio as at 31 March 2012 has increased to £10.11 million (2011: £10.07 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 2012 revaluation exercise is that, as at 31 March 2012, the Company's coin portfolio comprised of coins purchased at cost for an aggregate £8.33 million (2011: £8.26 million) and a revaluation amount of £1.78 million (net of VAT payable on sale) (2011: £1.81 million).

The effect of the revaluation, together with the profits from the coin sales, resulted in the Company achieving an almost 10% increase in gross profit on the previous year to £0.89 million (2011: £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 in line with the previous year at £0.39 million (2011: £0.37 million), representing 3.4 per cent. of the Company's net assets (2011: 3.4 per cent.). Net profit for the year rose 12.5 per cent. to £0.51 million (2011: £0.45 million), resulting in an increase in EPS of almost 20% to 0.63p (2011: 0.52p).

The Company ended the year with a strong net cash balance of approximately £1.30 million, materially up on £0.44 million reported at the end of March 2011. 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 £0.81 million (2011: £1.1 million) were made in coins and coin collections. As at the year end, the Company had net assets of £11.43 million (2011: £10.92 million) and no borrowings. Net asset value per share ("NAV") as at 31 March 2012 increased by almost 5 per cent. to 14.2 pence (2011: 13.5 pence). Since 31 March 2007, being the date of the Company's first audited accounts, the Company's audited NAV has increased by 50% per cent.

Directors' Report (continued)

Dividend

Reflecting the Company's continued increase in its NAV year-on-year, the Company's strong cash position, the increase in profits for the year ended 31 March 2012 and the board's cautiously optimistic outlook, the board is pleased to propose Avarae's maiden dividend, subject to shareholder approval to be sought at the Company's annual general meeting to be held on 11 September 2012. The dividend will be paid on or around 28 September 2012 to shareholders on the register on 14 September 2012.

The dividend policy adopted by the board is intended to be a progressive one and is expected to be declared on an annual basis. The level of the dividend will reflect the Company's reported profits over a three year period, thereby smoothing out any years of one off profits (or losses). The policy will be to pay out approximately 1/3 of the average net profits reported over the most recent three year period. For the year ended 31 March 2012, the level of the dividend will be approximately £0.15 million or 0.185 pence per share.

Purchases of own shares for cancellation

During the year ended 31 March 2012, the Company did not acquire any Ordinary Shares for cancellation (2011: 7,350,000).

Outlook

Despite the continued economic difficulties throughout the financial markets and the Eurozone, Avarae has again successfully demonstrated that it is a genuine alternative asset play, as evidenced by it reporting material increases in profit and NAV for the year, together with some significant realisations of its investment portfolio. The Company has a strong balance sheet, including a coin portfolio with a carrying value, as reported on by industry experts, of more than £10.1 million and net cash of £1.3 million. The Directors, therefore, remain optimistic about the Company's future prospects.

The company has not implemented the guidelines set out in the IFRS Practice Statement *Management Commentary* in preparing the above report.

Diane Clarke
Matt Wood
Guus Berting
Clement Chambers
10 August 2012

Directors' Report (continued)

Incorporation

These are the sixth financial statements of the Company, which was incorporated on 6 February 2006 and commenced operations on that date.

Statement of Directors' responsibilities

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that financial statements prepared comply with the Companies Act 2006, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also required to prepare financial statements for the Company in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and the rules of the London Stock Exchange for companies admitted to trading on AIM.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Principal activity

The principal activity of the Company is that of achieving capital growth for its Shareholders through the purchase, holding and sale of rare and antique coins.

Results and dividends

The profit for the year ended 31 March 2012 of £505,000 (31 March 2011: £450,000) has been transferred to reserves.

The Directors recommend a dividend for the year ended 31 March 2012 of 0.185 pence per share (31 March 2011: nil). The dividend will be payable, subject to shareholder approval, on or around 28 September 2012 to shareholders on the register on 14 September 2012.

Directors' Report (continued)

Directors' remuneration and interests

The Directors of the Company who served during the year and since the year end were:

Diane Clarke
Matthew Wood
August Berting
Clement Chambers

The remuneration of the Directors of the Company is set out in Notes 4 and 14 to the accounts.

None of the Directors held any shares in the Company during the year.

Substantial shareholdings

As at 31 March 2012 and at the date of this report, the issued share capital of the Company was 80,783,334 ordinary shares of one pence each ("Ordinary Shares") and, as at the date of this report, the Company had been notified by the following shareholders that they held 3% or more of the Company's issued share capital:

<i>Shareholder</i>	<i>% Holding</i>
Montoya Investments Limited	27.5
Noble Investments (UK) plc	16.1
Jupiter Asset Management Limited	9.4
John Edmond Chambers	3.0
Skyhill Limited	3.0

Corporate governance

The Board is responsible for establishing the strategic direction of the Company, monitoring the Company's trading performance and approving the purchase and disposal of coins to and from its portfolio. The recommendations for such purchases and disposals are made by independent experts comprising the Numismatic Advisory Panel.

Details of the Directors' beneficial interests in Ordinary Shares are set out in the Directors' Report. The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom Rule 21 applies. The Company has, in addition, adopted the Share Dealing Code for dealings in its Ordinary Shares by Directors and senior employees.

The Directors recognise the importance of sound corporate governance. The Company intends to comply with the QCA Guidelines so far as is practicable and appropriate for a public company of its size and nature.

The Board comprises four directors, one based in the Isle of Man, Diane Clarke, one based in the UK, Matthew Wood, one based in The Netherlands, August Berting, and one based in France, Clement Chambers. Matthew Wood and August Berting make up the audit and remuneration committees, and the whole Board comprises the Risk Management Committee ("RMC"). The RMC reviews the risks applicable to the business and the actions required to reduce those risks.

The terms of reference for the Audit Committee provide that it will receive and review reports from the Company's management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Company.

Directors' Report (continued)

The terms of reference for the Remuneration Committee provide that it will review the scale and structure of the Executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the Non-Executive Directors will be set by the Board. No Director may participate in any meeting at which discussion or decision regarding his own remuneration takes place.

The major risk to the Company lies in the overall market pricing of its main asset – the portfolio of collectable coins. It is intended that this risk and attendant opportunity is passed straight to the Company's investors, who should hold its shares in a balanced portfolio of their own. During the year ended 31 March 2012, the Board did not accentuate this risk by any form of leveraged financing. The remaining risk to the Company comprises the need to maintain adequate liquidity to meet the Company's trading obligations and maximise opportunistic purchasing offers. The Board monitor this risk thorough its monthly financial reporting system.

The Directors do not consider that, given the size of the Board, it is appropriate at this stage to have a Nomination Committee.

Relationship with Shareholders

The Directors seek to build a mutual understanding of objectives between the Company and its Shareholders. The Company reports formally to Shareholders in its interim and annual reports setting out details of its activities. In addition, the Company keeps Shareholders informed of events and progress during the year through the issue of press releases.

The Annual Report is sent to Shareholders at least 23 clear days before the Annual General Meeting. Directors are required to attend Annual General Meetings of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Annual General Meeting

The notice ("Notice") of annual general meeting ("AGM") to be held at 12:00 p.m. on 11 September 2012 at the Company's registered office has today been sent to shareholders. Copies of this document, Notice and corresponding form of Proxy for use at the AGM are available at the Company's registered office and on the Company's website www.avarae.com.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of us has confirmed that we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that this information has been communicated to the auditors.

Auditors

The Company's auditors, Baker Tilly Isle of Man LLC have indicated their willingness to continue to act. A resolution to re-appoint Baker Tilly Isle of Man LLC as auditors will be proposed at the Annual General Meeting of the Company on 11 September 2012.

APPROVED BY THE BOARD OF DIRECTORS

10 August 2012

Diane Clarke

Independent Auditors' Report to the Members of Avarae Global Coins plc

We have audited the financial statements of Avarae Global Coins plc for the year ended 31 March 2012 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the Directors are responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of the Company's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs.

Emphasis of Matter - Coin Portfolio

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of the coin portfolio. The valuation in the Company's balance sheet is based on cost as modified by an upward revaluation of £0.2 million applied to coins acquired prior to 31 March 2011. The Directors believe this a reasonable estimate of market value at the year end. Realisation of this value is entirely dependent on market conditions which may vary substantially over time. Our opinion is not qualified in this respect.

Baker Tilly Isle of Man LLC

Chartered Accountants

2a Lord Street

Douglas

Isle of Man

IM99 1HP

10 August 2012

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Statement of Comprehensive Income for the year ended 31 March 2012

	<i>Note</i>	Year ended <i>31-Mar-12</i> £'000	Year ended <i>31-Mar-11</i> £'000
Revenue			
Sales	1	1,660	2,188
Cost of Sales		(966)	(2,037)
Coin revaluation	8	196	664
		-----	-----
Gross profit		890	815
		-----	-----
Administrative expenses		(387)	(369)
		-----	-----
Profit on ordinary activities before:		503	446
Finance income	5	2	4
		-----	-----
Profit on ordinary activities before tax		505	450
Tax on profit on ordinary activities	6	-	-
		-----	-----
Profit on ordinary activities after taxation		505	450
		-----	-----
Earnings per share (basic and diluted)	7	0.63p	0.52p

The notes numbered 1 to 18 form part of these financial statements.

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Statement of Financial Position as at 31 March 2012

	<i>Note</i>	<i>As at 31-Mar-12 £'000</i>	<i>As at 31-Mar-11 £'000</i>
Assets			
Current Assets			
Coin inventory	8	10,112	10,067
Trade and other receivables	9	247	461
Cash at bank		1,299	435
		<hr/>	<hr/>
Total assets		11,658	10,963
		<hr/>	<hr/>
Liabilities and equity			
Creditors: amounts falling due within one year	10	230	40
		<hr/>	<hr/>
Total Liabilities		230	40
		<hr/>	<hr/>
Equity			
Called up equity share capital	12	808	808
Share premium		8,880	8,880
Profit and loss account		1,740	1,235
		<hr/>	<hr/>
Total Equity Shareholders' Funds		11,428	10,923
		<hr/>	<hr/>
Total Liabilities and equity		11,658	10,963
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 10 August 2012 and were signed on their behalf by:

Matt Wood

Diane Clarke

The notes numbered 1 to 18 form part of these financial statements.

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Cash Flow Statement for the year ended 31 March 2012

	Note	<i>Year ended 31-Mar-12 £'000</i>	<i>Year ended 31-Mar-11 £'000</i>
Cash flows from operating activities:			
Profit on ordinary activities for the year		503	446
Adjustments for:			
Increase/(decrease) in payables		190	(39)
Decrease/(increase) in receivables		214	(440)
(Increase)/decrease in inventory		(45)	273
Net cash flow from operations		862	240
Interest received		2	4
Net cash from investing activities		2	4
Purchase of own shares for cancellation		-	(631)
Net cash from financing activities		-	(631)
Net increase/(decrease) in cash and cash equivalents		864	(387)
Opening cash position	13	435	822
Cash and cash equivalents at 31 March	13	1,299	435

The notes numbered 1 to 18 form part of these financial statements.

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Statement of Changes in Equity for the year ended 31 March 2012

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 31 March 2010	881	9,438	785	11,104
Share capital reduction	(73)	(558)	-	(631)
Profit for the year	-	-	450	450
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	808	8,880	1,235	10,923
	<hr/>	<hr/>	<hr/>	<hr/>
Profit for year	-	-	505	505
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	808	8,880	1,740	11,428
	<hr/>	<hr/>	<hr/>	<hr/>

The notes numbered 1 to 18 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2012

(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) as adopted by the European Union (“EU”). This is the fifth 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 1	First-time Adoption of International Financial Reporting Standards: Introduces a limited exemption from comparative IFRS 7 Disclosures for First-time adopters. Effective for periods commencing on or after 1 July 2010.
IAS 24	Related Party Disclosures: The disclosure requirements for government-related entities have been simplified by clarifying the definition of a related party and providing a partial exemption for government-related entities. Effective for periods commencing on or after 1 January 2011

The following standards, amendments and interpretations have been issued but are not effective for the period commencing 1 April 2011 and have not been early adopted by the company.

<i>IFRS 1</i>	First-time Adoption of International Financial Reporting Standards Replacement of ‘fixed dates’ for certain exceptions with ‘the date of transition to IFRSs and an additional exemption for entities ceasing to suffer from severe hyperinflation. Effective for periods commencing on or after 1 July 2011.
<i>IFRS 7</i>	Financial Instruments: Disclosures Amendments enhancing disclosures about transfers of financial assets. Effective for periods commencing on or after 1 July 2011.
<i>IFRS 9</i>	Financial Instruments Deferral of mandatory effective date and amendments to transition disclosures. Effective for periods commencing on or after 1 January 2015.
<i>IFRS 13</i>	Fair Value of Measurement Effective for periods commencing on or after 1 January 2013.
<i>IFRS 9</i>	Presentation of Financial Statements Amendments to revise the way other comprehensive income is presented. Effective for periods commencing on or after 1 January 2013.

**Notes to the Financial Statements for the year ended 31 March 2012
(continued)**

(1) Accounting policies (Continued)

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

IAS 27 Separate Financial Statements
Effective for periods commencing on or after 1 January 2013.

IAS 32 Financial Instruments: Presentation
Amendments relating to the offsetting of assets and liabilities.

Effective for periods commencing on or after 1 January 2013.

Revenue recognition

The Company’s sales consist of sales of individual coins or collections of coins and are 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) Profit for the period

The profit for the period is after charging the following:

	<i>Year ended</i>	<i>Year ended</i>
	<i>31-Mar-12</i>	<i>31-Mar-11</i>
	<i>£’000</i>	<i>£’000</i>
Auditors remuneration – Audit	8	8
plus: Underprovision in prior year	-	1
	8	9
Numismatic advisers – Noble Investments (UK) plc	172	154

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**Notes to the Financial Statements for the year ended 31 March 2012
(continued)**

(4) Staff costs

The Company had no employees during the year, and paid Directors fees as follows:

	<i>Year ended</i>	<i>Year ended</i>
	<i>31-Mar-12</i>	<i>31-Mar-11</i>
	<i>£'000</i>	<i>£'000</i>
Guus Berting	9	12
Matt Wood	14	14
Clem Chambers	13	4

The other Directors provided their services under contracts as detailed in the Related Party Transactions (note 14).

The Company provides no pension scheme and no termination benefits, and the Directors are considered to be the key management.

(5) Finance revenue

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

(6) 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>Year ended</i>
	<i>31-Mar-12</i>	<i>31-Mar-11</i>
	<i>£'000</i>	<i>£'000</i>
Profit before tax	505	450
	_____	_____
Isle of Man tax at 0%	-	-
	_____	_____
Tax expense for the year	-	-
	_____	_____

(7) Earnings per share

The earnings per share (basic and diluted) for the year ended 31 March 2012 was 0.63p (2011: 0.52p). The calculation of earnings per share is based on the profit of £505,000 (2011: £450,000) for the year and the weighted average number of shares in issue being 80,783,334 (2011: 85,506,348).

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

**Notes to the Financial Statements for the year ended 31 March 2012
(continued)**

(8) Coin inventory

	<i>As at 31-Mar-12 £'000</i>
Coins	
At Cost	
At 01 April 2011	8,259
Additions	814
Disposal of coins	(740)
At 31 March 2012	8,333
Revaluation	
At 01 April 2011	1,808
Revaluation for the year	196
Disposal of coins	(225)
At 31 March 2012	1,779
Net Book Values	
At 31 March 2012	10,112
At 31 March 2011	10,067

At the year end, only those coins that had been acquired by the Company before 31 March 2011 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 2012 has been carried at cost. This is considered by the directors to give a fair value for the inventory. Inventory of £10,112,000 (2011: £10,067,000) is carried as 'Inventory carried at fair value less costs to sell'. The purchase cost of inventory held at 31 March 2012 was £8,332,905 (2011: £8,259,165).

(9) Trade and other receivables

	<i>As at 31-Mar-12 £'000</i>	<i>As at 31-Mar-11 £'000</i>
Trade debtors	202	439
Other debtors	29	-
Prepaid expenses	16	22
	247	461
Total		

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

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

**Notes to the Financial Statements for the year ended 31 March 2012
(continued)**

(10) Payables

	<i>As at</i> <i>31-Mar-12</i>	<i>As at</i> <i>31-Mar-11</i>
	<i>£'000</i>	<i>£'000</i>
Trade creditors	172	17
Accrued expenses	58	19
Other creditors	-	4
	230	40

All creditors are due within one year.

(11) Financial instruments and risk

An explanation of the Company's financial instrument risk management objectives, policies and strategies are set out below.

Interest rate risk

The Company's exposure to interest rate risk is limited to its interest income on bank balances in the Company's functional currency of sterling. Non-current account balances receive interest at floating rates. No sensitivity analysis has been prepared as required by 'IFRS 7 Financial Instruments: Disclosures' as the directors consider the results of any such analysis to be insignificant.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to try to ensure, as far as possible, that it will always maintain sufficient cash and other readily realisable assets to meet the next three years operating costs.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and is primarily attributable to its trade receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2012 £'000	Carrying amount 2011 £'000
Trade and other receivables	220	461
Cash at bank	1,299	435

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

**Notes to the Financial Statements for the year ended 31 March 2012
(continued)**

(12) Share capital and premium

	<i>As at</i>	<i>As at</i>
	<i>31-Mar-12</i>	<i>31-Mar-11</i>
	<i>£'000</i>	<i>£'000</i>
Authorised		
200,000,000 ordinary shares of £0.01 each	2,000	2,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
80,783,334 ordinary shares of £0.01 each (2011: 80,783,334)	808	808
	<hr/>	<hr/>

(13) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	<i>As at</i>	<i>As at</i>
	<i>31-Mar-12</i>	<i>31-Mar-11</i>
	<i>£'000</i>	<i>£'000</i>
Cash on hand and balances with banks	1,299	435
Short-term investments	-	-
	<hr/>	<hr/>
Cash and cash equivalents as previously reported	1,299	435
Effect of exchange rate changes	-	-
	<hr/>	<hr/>
Cash and cash equivalents as restated	1,299	435
	<hr/>	<hr/>

(14) Related party transactions

Diane Clarke is a director of Hillberry Trust Company Limited (Hillberry). The Company incurred administration fees of £12,026 (2011: £10,037) from Hillberry during the year, of which, £5,000 was in respect of the annual responsibility fee, which covers the provision of resident statutory services. As at 31 March 2012, £1,188 (2011: £2,700) was owing to Hillberry.

Matthew Wood is a director of CMS Corporate Consultants Limited (CMS). Fees for financial, corporate and accounting services of £45,320 (2011: £32,322) were paid to CMS during the period. As at 31 March 2012, £nil was owing to CMS (2011: £nil).

Although not formally disclosable related party issues, the Directors believe that the following information is of use to members of the Company. During the year ended 31 March 2012, stock purchases of £814,132 (2011: £1,094,400) have been made through AH Baldwin & Sons Limited (“Baldwin”), a subsidiary company of Noble Investments (UK) plc (“Noble”). In addition, during the year ended 31 March 2012, stock sales (net of VAT) of £1,660,052 (2011: £2,109,700) were made through Baldwin. Avarae entered into an agreement with Noble on 21 April 2006 under which Avarae pays fees to Noble for, amongst other things, services related to sourcing suitable coin purchases and coin buyers for Avarae;

**Notes to the Financial Statements for the year ended 31 March 2012
(continued)**

these fees include a performance-based element. As the Company's numismatic adviser, Noble co-ordinated the Company's annual revaluation exercise. As at 13 December 2010, the last date that the Company was notified by Noble, Noble had an interest in 13,000,000 Ordinary Shares, representing approximately 16.1 per cent. of the Company's issued ordinary share capital. All purchases and sales made by Avarae, including those made through Noble and its subsidiaries, are independently assessed and approved by the Company's Advisory Panel ("Panel"). The members of the Panel are Sir John Wheeler and Clement Chambers.

(15) Commitments under operating leases

At 31 March 2012, the Company had no commitments under operating leases (2011: £nil).

(16) Capital commitments

At 31 March 2012, the Company had no capital commitments included in trade creditors (2011: £nil).

(17) Post balance sheet events

There are no post balance sheet events that the Directors believe need disclosure.

(18) Dividends

Reflecting the Company's continued increase in its NAV year-on-year, the Company's strong cash position, the increase in profits for the year ended 31 March 2012 and the board's cautiously optimistic outlook, the board is pleased to propose Avarae's maiden dividend, subject to shareholder approval to be sought at the Company's annual general meeting to be held on 11 September 2012. The dividend will be paid on or around 28 September 2012 to shareholders on the register on 14 September 2012.

The dividend policy adopted by the board is intended to be a progressive one and is expected to be declared on an annual basis. The level of the dividend will reflect the Company's reported profits over a three year period, thereby smoothing out any years of one off profits (or losses). The policy will be to pay out approximately 1/3 of the average net profits reported over the most recent three year period. For the year ended 31 March 2012, the level of the dividend will be approximately £0.15 million or 0.185 pence per share.