

AVARAE GLOBAL COINS PLC

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2012

London (AIM: AVR): 14 December 2012 – 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 2012.

Highlights for the period include:

- Sales for the six month period of £440,000 (2011: £1,580,000);
- Loss on ordinary activities for the period of £149,000 (2011: profit £503,000);
- Additions to the portfolio of £713,000 in the period (2011: £230,000), including very high quality and rare examples of English, Islamic and Roman coins;
- Carrying value of coin inventory of £10,443,000 at the period end (31 March 2012: £10,112,000, 30 September 2011: £9,413,000); and
- Net assets as at 30 September 2012 of £11,131,000 (31 March 2012: £11,428,000, 30 September 2011: £11,426,000);

Commenting, Matt Wood, Director of Avarae, said:

“As previously announced, the trading result in the first half was down on the same period last year as the Company had recorded an exceptional return from the sale of a consignment of coins at the Hong Kong auctions in August 2011. Whilst the first half of 2012 has seen some important additions to the portfolio, including some very rare examples of English and Islamic coins, we anticipate a stronger second half in terms of sales with a number of coins earmarked for auction in the fourth quarter.”

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 price growth. We have a strong balance sheet with liquid assets and our highest ever carrying value for the coin portfolio of £10.4 million. Continued strong competition for the very best pieces, such as those owned by Avarae, positions the Company well for the future.”

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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 2012. During the period under review the Company made significant investments in, and some selective divestments from, its portfolio of rare and high quality coins. At the period end, the value of the Company’s coin portfolio was at an all-time high of £10.4 million. 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 broadly positive over the period, although as mentioned in our full year results released in August, there were signs of slowing growth rates in certain sectors. 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 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.

Avarae’s investments

In the six month period to 30 September 2012, the Company acquired approximately £713,000 worth of coins (H1 2011: £230,000) and sold coins for approximately £440,000 (H1 2011: £1,580,000). Seeking out and acquiring the very highest quality English, Islamic and Roman coins dominated activities during the period. Examples of rare coins acquired during the period include:

- a very rare James I Half Crown, mintmark Thistle (1603-04), with excellent pedigree and believed to be one of the finest known;
- an excessively rare Abd al-Malik b. Marwin (c72-73h) dechristianised copy of a Byzantine Gold Solidus of the Emperor Heraclius and his two sons. It is the earliest gold coin to contain the Kalima, the Islamic statement of faith, in its legends;
- a Roman Republic, Gold Aureus, struck by Lucius Cestius and Caius Norbanus, 43 BC, featuring the head of Africa, wearing elephant's skin on the face, with a reverse showing a curule chair with two snakes;

- an 'Abd al-'Aziz al-Sa'ud, (1344-1373h) Gold Pattern Guinea or One Riyal, Makka al Mukarrima, 1370h. This is one of the world's rarest proof pattern coinages. There were probably only two struck, one of which was sent by the Royal Mint in London to Saudi Arabia for royal approval; and
- an extremely rare George V Pattern 1910 Silver Crown. It is as struck and we believe there are less than 10 known.

Financial Results

Sales of £440,000 with gross profit of £58,000 in the period reflected the lower level of auction consignments than in the first half of 2011. Last year apart, 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. However, the healthy double digit gross margin achieved over and above the March 2012 revaluation demonstrates, the directors believe, the continued conservative carrying value of our coins.

Administrative expenses during the period of £207,000 were marginally up on the same period in 2011 (H1 2011: £193,000), due entirely to £19,000 of unrecovered VAT. This arose due to the relatively high proportion of coins sold during the period which were deemed to be "investment gold coins" by HMRC. Investment gold coins are exempt from VAT and therefore this restricts the amount of VAT that Avarae can recover on its costs.

The net loss for the period was £148,000 (H1 2011: profit of £503,000), resulting in a loss per share of 0.18 pence (H1 2011: profit per share of 0.62 pence).

Avarae declared its maiden dividend in August 2012 of 0.185p per share, resulting in a payment to shareholders on 28 September 2012 of approximately £149,000. The dividend policy adopted by the Board is intended to be a progressive one and is expected to be declared on an annual basis. No dividend has been declared in respect of the interim period. 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), such as the excellent results in the year ended 31 March 2012. The policy will be 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 £713,000 of coins acquired in the period under review, together with the £810,000 of coins acquired during the year ended 31 March 2012, remain valued at cost. The total value of the coin portfolio at the period end was the highest ever at £10.44 million (31 March 2012: £10.11 million), reflecting the higher levels of purchases during the year.

The Company ended the period with £444,000 of net cash (31 March 2012: £1,299,000) and no borrowings (2011: £nil).

Trade and other receivables at the period end totalled £441,000 (31 March 2012: £247,000). Trade creditors and accruals were £197,000 as at 30 September 2012 (31 March 2012: £230,000).

At the period end, the Company had net assets of £11.13 million (31 March 2012: £11.43 million), resulting in a net asset value per Ordinary Share of 13.8 pence (31 March 2011: 14.1 pence).

Outlook

Whilst trading in the first half was down on the same period last year, due entirely to the one-off auction in Hong Kong in August 2011, 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. In these current uncertain economic times, investments in rare coins can often outperform more traditional investments over a sustained period, as has been proven by Avarae over the last 6 years.

14 December 2012

Directors

Avarae Global Coins plc

Unaudited Income Statement
from 1 April 2012 to 30 September 2012

		1 April 12 to 30 Sept 12	1 April 11 to 30 Sept 11	1 April 11 to 31 Mar 12
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>Note</i>	£'000	£'000	£'000
Revenue				
Sales		440	1,580	1,660
Cost of Sales		(382)	(885)	(966)
Coin revaluation		-	-	196
		<hr/>	<hr/>	<hr/>
Gross profit		58	695	890
Administrative expenses		(207)	(193)	(387)
		<hr/>	<hr/>	<hr/>
(Loss)/Profit on ordinary activities before:		(149)	502	503
Finance income		1	1	2
		<hr/>	<hr/>	<hr/>
(Loss)/Profit on ordinary activities before tax		(148)	503	505
Tax on (loss)/profit on ordinary activities		-	-	-
		<hr/>	<hr/>	<hr/>
(Loss)/Profit on ordinary activities after taxation		(148)	503	505
Dividends		(149)	-	-
		<hr/>	<hr/>	<hr/>
Retained (loss)/profit for the period		(297)	503	505
		<hr/>	<hr/>	<hr/>
(Loss)/Earnings per share	2	(0.18)p	0.62p	0.63p

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

Unaudited Balance Sheet
as at 30 September 2012

		As at 30 Sept 12 <i>Unaudited</i>	As at 30 Sept 11 <i>Unaudited</i>	As at 31 Mar 12 <i>Audited</i>
	<i>Note</i>	£'000	£'000	£'000
Assets				
Current Assets				
Coin inventory	3	10,443	9,413	10,112
Trade and other receivables	4	441	1,514	247
Cash at bank		444	608	1,299
		<hr/>	<hr/>	<hr/>
Total Assets		11,328	11,535	11,658
		<hr/>	<hr/>	<hr/>
Liabilities and Equity				
Creditors: amounts falling due within one year	5	197	109	230
		<hr/>	<hr/>	<hr/>
Total Liabilities		197	109	230
		<hr/>	<hr/>	<hr/>
Equity				
Called up equity share capital	6	808	808	808
Share premium		8,880	8,880	8,880
Profit and loss account		1,443	1,738	1,740
		<hr/>	<hr/>	<hr/>
Total Equity Shareholders' Funds		11,131	11,426	11,428
		<hr/>	<hr/>	<hr/>
Total Liabilities and Equity		11,328	11,535	11,658
		<hr/>	<hr/>	<hr/>

Diane Clarke

Matt Wood

Unaudited Cash Flow Statement

as at 30 September 2012

	1 April 12 to 30 Sept 12	1 April 11 to 30 Sept 11	1 April 11 to 31 Mar 12
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	£'000	£'000	£' 000
Cash flows from operating activities:			
(Loss)/Profit for the period	(149)	502	503
Adjustments for:			
(decrease)/increase in payables	(33)	69	190
(Increase)/decrease in receivables	(194)	(1,053)	214
(Increase)/decrease in inventory	(331)	654	(45)
Net cash flow from operations	(707)	172	862
Interest received	1	1	2
Net cash received from investing activities	1	1	2
Dividends paid	(149)	-	-
Net cash from financing activities	(149)	-	-
Net (decrease)/increase in cash and cash equivalents	(855)	173	864
Opening cash position	1,299	435	435
Closing cash and cash equivalents	444	608	1,299

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 2012.

(2) Earnings per share

The (loss)/earnings per share for the period was (0.18)p (H1 2011: earnings of 0.62p). The calculation of (loss)/earnings per share is based on the loss on ordinary activities after taxation of £148,000 for the period (H1 2011: profit of £503,000) and the weighted average number of shares in issue during the period under review of 80,783,334 (2011: 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 2011 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 2012 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

	As at 30 Sept 12 <i>Unaudited</i> £'000	As at 30 Sept 11 <i>Unaudited</i> £'000	As at 31 Mar 12 <i>Audited</i> £'000
Trade debtors	429	1,501	202
Prepayments and other debtors	12	13	45
	<hr/>	<hr/>	<hr/>
Total	441	1,514	247
	<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

	As at 30 Sept 12 <i>Unaudited</i> £'000	As at 30 Sept 11 <i>Unaudited</i> £'000	As at 31 Mar 12 <i>Audited</i> £'000
Trade creditors	121	-	172
Accrued expenses	66	99	58
Other creditors	10	10	-
	<hr/>	<hr/>	<hr/>
	197	109	230
	<hr/>	<hr/>	<hr/>

All creditors are due within one year.

(6) Share capital

	As at 30 Sept 12	As at 30 Sept 11	As at 31 Mar 12
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	£'000	£'000	£'000
Authorised			
Ordinary shares of £0.01 each	2,000	2,000	2,000
	_____	_____	_____
Allotted, called up and fully paid			
Ordinary shares of £0.01 each	808	808	808
	_____	_____	_____

(7) Preparation of the Interim Report

This report was approved by the Directors on 14 December 2012.

The results for the period ended 30 September 2012 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.