



29 October 2010

ASX Limited
Companies Announcement Platform

APPENDIX 4C QUARTERLY CASH FLOW SEPTEMBER 2010

Attached is the report for the September 2010 quarter submitted by Arafura Pearls Holdings Limited.

Operations

The September quarter saw the Company realise on its key performance assumptions in its transition to a full scale commercial pearling operation. After reaching the 2010 milestone harvest of approximately 80,000 shell, the Company and its dedicated team successfully seeded approximately 200,000 shells for the second year in a row. This seasons cohort of seeded shells exceeded all expectations in terms of quality – larger more vibrant first operation oysters which in turn allowed for larger first operation nuclei and excellent donor material (saibo).

In addition the hatchery team under the guidance of Mr Juan Gutierrez, Arafura's Marine Biologist, continues to produce excellent quality spat on a sustainable and cost effective basis with over 50,000 spat 'selected out' so far this season. Mr Gutierrez is now preparing for the upcoming spawning season to continue the pipeline of quality spat for annual seeding.

Arafura Pearls Senior Farm Manager Mr Phil Thomas has overseen a major revamp of the Elizabeth Bay farming areas by replacing all the old, worn lines with brand new equipment in carefully laid out sections and consolidating the outer lying leases in a move to greater operational efficiency.

The other major development has been the winding up of the Beagle Bay (WA) joint venture and the leasing on favorable terms the Point David pearl farm on Croker Island in the Northern Territory. This will allow the company to concentrate its efforts as the largest Northern Territory pearl farmer in a more streamlined and efficient manner.

Sales & Distribution

Arafura's Pearl Marketing representatives attended the Hong Kong Jewellery fair in September 2010 and completed pearl sales of approx \$1m during the September quarter.

The sales and distribution team are currently finalising the processing of this years harvest and preliminary results are very encouraging.

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

The upcoming December quarter is typically a busy one with wholesalers buying to satisfy Christmas trade.

Corporate

In August 2010 Arafura placed \$1.05m of shares at \$0.015 per share to a range of sophisticated investors.

Arafura also initiated a Rights Issue to shareholders on 27 September 2010 on the basis of 2 new shares for every 3 shares held at \$0.015 per share to raise \$5.88m. This issue was closed on 26th October 2010 and has raised \$4.05m out of the total available \$5.88m. The shortfall of \$1.83m is expected to be placed with several retail broking firms to complete the issue in the short term.

An application has recently been lodged with the Australian Taxation Office to apply for a 2010/11 Tax Product Ruling which is expected to issue shortly. The tax ruling will complement the 2011 Arafura MIS investment project, which the Company will begin marketing shortly.

+ See chapter 19 for defined terms.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

ARAFURA PEARLS HOLDINGS LIMITED

ABN

88 092 266 067

Quarter ended ("current quarter")

30 SEPTEMBER 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date
	\$A'000	(3 months) \$A'000
1.1 Receipts from customers	1,695	1,695
1.2 Payments for		
(a) staff costs	(1,444)	(1,444)
(b) NT farm operations	(169)	(169)
(c) Corporate Admin	(310)	(310)
(d) MIS expenses	(1,052)	(1,052)
(e) other working capital	(201)	(201)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		-
1.5 Interest and other costs of finance paid	(311)	(311)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(1,792)	(1,792)

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	Curent quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,792)	(1,792)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(287)	(287)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(287)	(287)
1.14 Total operating and investing cash flows	(2,079)	(2,079)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	847	847
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	1,535	1,535
1.18 Repayment of borrowings	(317)	(317)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	2,065	2,065
Net increase (decrease) in cash held	(14)	(14)
1.21 Cash at beginning of quarter/year to date	265	265
1.22 Exchange rate adjustments to item 1.1	22	22
1.23 Cash at end of quarter	273	273

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	15
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Executive directors fees included in Staff costs 1.2 (a)	98
	Non Executive Directors fees included in 1.2 (a)	83
	Fees due for services rendered last year related entity – prior to appointment as director included in 1.2(f)	0

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	5,088	4,632
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	179	172
4.2 Deposits at call	93	93
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	273	265

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date 29 October 2010
 (Director)

Print name: Andrew Hewitt

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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