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ASX RELEASE

Atlas South Sea Pearl expansion remains on track

Atlas South Sea Pearl Limited (“Atlas”; ASX: ATP) today announced its results for the half year ended 30 June 2011, delivering revenue growth of 23% to \$6.2 million, and a profit of \$1.7 million which were in line with budget.

INTERIM RESULTS SUMMARY

\$ million	2011	2010	Change
Revenue	6.2	5.0	+23%
Normalised EBITDA	0.845	0.850	-1%
Statutory NPAT	1.7	3.3	-50%
Gearing (net debt/equity)	12.2%	13.7%	

For the 6 month period ending 30 June 2011 Atlas has recorded a normalised EBITDA, excluding foreign currency and agricultural asset revaluations, of \$0.845 million, which was broadly in line with the previous corresponding period. The EBITDA result reflected a 19% increase in gross profit to \$2.970 million offset by increased investment in growth initiatives.

The reduced statutory NPAT of \$1.7 million in 1H11 was impacted by two major factors:

- (i) an increased tax expense of \$1.0 million compared to a small tax credit in the previous corresponding period as Atlas started to pay tax on profits having utilised previous tax losses;
- (ii) an increase in operating expenses of \$0.5 million to fund growth initiatives.

Commenting on the performance of the group, Chairman Steve Birbeck said, “Atlas remains on track with its expansion program after a successful 2010/11 breeding season. Oyster numbers are sufficient to allow an increase in the current year seedings compared to 2010. Pearl harvests in 2011 have resulted in an increased average size and the proportion of round pearls has increased since 2010.”

“Whilst our statutory profit result was down, this is not representative of the underlying performance reflected in the 29% increase in pearl sales and a 19% increase in the value of our biological assets to \$16.5 million, which is a key leading indicator of future performance.”

Atlas's operating revenue was up 23% to \$6.2 million (1H10 - \$5.0 million). Pearl sales income was up 29% to \$5.8 million due to an increase in average pearl value, despite the volume of pearls sold being lower than the prior year by 12%. Demand for pearls produced by Atlas remains strong and the pearl industry continues to experience growth and firm price indicators.

Reported operating cash flow improved by \$1.2 million to record a \$170,000 out flow in the period compared to cash out flow of \$1.4 million in the previous corresponding period.


Steve Birkbeck said, "It is pleasing to see the improvement in our operating cash flow which is occurring through our improved sales performance. Whilst the operating cash flow recorded an out flow of \$170,000, this included \$630,000 that was spent on longline ropes and oyster panels for the expansion program in the last six months. It is encouraging that we have improved cash flow in a period when we have also had significant growth in the size and value of our biological assets."

"In 2009, Atlas was at a crossroad with revenue down to \$6.9M. Full year revenue for 2011 is set to be a 100% improvement on the 2009 result. We are pleased to have weathered this period when some industry peers have closed their operations."

The Company continues to have a strong balance sheet with net tangible assets of \$0.15 per ordinary share.

Retail operations are continuing to grow with a sixth outlet opened in 2011. Consolidation of the retail operations in Bali is under way with a focus on improving margin and turnover through better branding and promotion. Atlas will open its first retail outlet in Australia in October 2011. This outlet is part of the Company's new corporate premises located in the Perth suburb of Claremont.

There is ongoing research being carried out by the Company in relation to the value adding of by-products including Mother of Pearl and oyster meat. The uplift in profitability from the improvement in this product enhances gross margin.



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Chairman

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About Atlas

Atlas South Sea Pearl Limited ("Atlas", ASX:ATP) is an Australian based pearling business established in 1992. Atlas has earned an enviable reputation as a world leading pearl producer of "nature's most precious gift", the South Sea pearl, specialising in highly sought after white and silver pearls. Atlas operates pearl farms spread across the Indonesian archipelago including Bali, Flores, Alor and Papua. Atlas is a fully integrated pearling business with its own high quality grading and loose pearl distribution business, a jewellery manufacturing capability and sales direct to customers through retail partners or via its Bali based retail outlets.