



ABN 32 009 220 053

31 August 2012

## **ASX RELEASE**

### **Atlas South Sea Pearl liquidity secured**

Atlas South Sea Pearl Limited (“Atlas”; ASX: ATP) today announced its results for the half-year ended 30 June 2012, delivering revenue \$5.4 million, and a net profit after tax of \$0.16 million.

Poor first quarter sales resulting from a market slowdown reduced normalised EBITDA for the 6-month period ending 30 June 2012 (excluding foreign currency and agricultural asset revaluations) to \$0.46M (\$0.85M 1H11). Similarly operating revenue was lower than for the same period in 2011 (\$5.4M 1H12 compared to \$6.2M 1H11). Atlas instigated a deliberate strategy of diversifying our selling platform for loose pearls from March 2012 to combat these slower market conditions. The strategy resulted in less sales than 1H11 from loose pearls but a 5% increase in gross margin percentage overall. Since the beginning of 2012 we have increased our clientele and strengthened our sales and marketing team.

The Company significantly improved its liquidity position in 1H12 with a 91% subscribed rights issue and subsequent placements raising \$4.3Million. Closing cash on hand has increased from \$0.4M at 31 December 2011 to \$2.7M at 30 June 2012.

Atlas has stabilised its liquidity by successfully raising capital, introducing a new sales strategy and revising its oyster seeding program to more sustainable levels.

The 2012 statutory net profit after tax result is lower than 2011, however, this is not representative of the underlying performance of the business. The 1H11 result included a non-cash fair market revaluation uplift of approximately \$1.5M compared to a write-down of \$0.1M in 1H12.

Oyster numbers are sufficient to maintain current year seedings at the levels achieved in 2011. Pearl harvests in 2012 have resulted in a slight increase in increased average size and the proportion of higher grade pearls remains consistent with those harvested in 2011.

Our cash reserves place us in the enviable position with an ability to seek increased margin on Pearl sales than the prices being realised in late 2011 and early 2012. Research and Development continues strongly across the group, with a focus on genetics and by-products.

The Company continues to have a strong balance sheet with net tangible assets of \$0.11 per ordinary share and gearing reduced from 28% to 21% over the course of the past 12 months.

Retail operations are continuing to grow with a seven outlets now operating. Consolidation of the retail operations in Bali is under way with a focus on improving margin through better branding and promotion. An eighth store is scheduled to open in Sanur, Bali in the fourth quarter of 2012.

Our new Wholesale division commenced trading in April 2012 including an exclusive business partnership with Showcase Jewellers in Australia who supply independent retailers nationwide.



**Steve Birkbeck**  
**Chairman**

#### **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 wholesale partners and via its retail outlets.