



ATLAS PEARLS AND PERFUMES LTD
ABN 32 009 220 053

(Formerly Atlas South Sea Pearl Limited)

Appendix 4E – Preliminary Final Report
For the Year Ended 31 December 2012

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Results for announcement to the market

Consolidated Financial Results	Compared to actual for previous year ended 31 December 2011		Year Ended 31 December 2012
Total revenue from ordinary activities	Down	3%	12,007,287
Profit / (loss) from ordinary activities after tax attributable to members	Up	146%	1,341,273
Net Profit/(loss) attributable to members	Up	146%	1,341,273
Dividends	Amount per security		Franked Amount per security
Dividend per ordinary share in respect of 31 December 2012 financial year	0.0 cents		0.0 cents

Brief Explanation

Refer to the section headed “**Commentary on the Results**” for a brief explanation of the results.

Statement of Comprehensive Income

For the year ended 31 December 2012

	Note	2012 \$	2011 \$
Revenue from continuing operations	2	12,007,287	12,350,171
Cost of goods sold		(5,403,943)	(5,665,016)
Gross profit		6,603,344	6,685,155
Other income	2	2,415,219	3,955,033
Marketing expenses		(157,668)	(840,809)
Administration expenses	3	(4,709,117)	(4,875,300)
Finance costs	3	(266,541)	(264,907)
Research and development		7,399	(106,473)
Other expenses	3	(4,727,695)	(3,454,668)
Profit/(Loss) before income tax		(835,059)	1,098,031
Income tax (expense)/benefit		2,176,332	(504,095)
Profit/(Loss) for the year from continuing operations		1,341,273	593,936
Other comprehensive income/(expenses)			
Exchange differences on translation of foreign operations		(1,795,785)	(102,485)
Share of other comprehensive income of joint ventures		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income/(expenses) for the year, net of tax		(1,795,785)	(102,485)
Total comprehensive income/(expenses) for the year		(454,512)	491,451
Profit/(loss) is attributable to:			
Owners of the Company		1,341,273	593,936
Total comprehensive income/(expenses) is attributable to:			
Owners of the Company		(454,512)	491,451
Overall operations :			
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents)	4	0.65	0.43
Diluted earnings per share (cents)	4	0.64	0.42

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2012

	Note	2012 \$	2011 \$
Current assets			
Cash and cash equivalents		2,127,414	409,871
Trade and other receivables		3,832,815	1,078,409
Derivative financial instruments	5	181,327	-
Inventories	6	4,632,909	6,231,292
Biological assets	7	7,613,044	6,771,528
Total current assets		18,387,509	14,491,100
Non-current assets			
Loans from joint venture entities		127,816	-
Equity accounted for investments		554,766	-
Other investments		89,105	-
Inventories	6	176,936	264,865
Biological assets	7	8,644,564	10,679,488
Property, plant and equipment		4,040,748	4,007,400
Deferred tax assets		1,559,488	1,388,527
Total non-current assets		15,193,425	16,340,280
Total assets		33,580,934	30,831,380
Current liabilities			
Trade and other payables		2,150,442	2,367,752
Borrowings	8	4,755,043	5,327,089
Derivative financial instruments	5	-	146,450
Current tax liabilities		55,132	74,417
Short-term provisions		1,805	23,399
Total current liabilities		6,962,422	7,939,107
Non-current liabilities			
Trade and other payables		-	-
Borrowings	8	180,879	393,397
Deferred tax liabilities		1,982,588	2,215,056
Long term provisions		-	-
Total non-current liabilities		2,163,467	2,608,453
Total liabilities		9,125,889	10,547,560
Net assets		24,455,045	20,283,820
Equity			
Contributed equity	9	27,913,289	23,287,552
Reserves	10	(8,466,622)	(6,670,837)
Retained profits/(accumulated losses)	11	5,008,378	3,667,105
Total equity		24,455,045	20,283,820

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2012

Consolidated

	Attributable to owners of Atlas Pearls and Perfumes Limited				Total equity
	Contributed equity	Share based payment reserve	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	
	\$	\$	\$	\$	\$
Balance at 1 January 2012	23,287,552	581,029	(7,251,866)	3,667,105	20,283,820
Profit/(loss) for the year	-	-	-	1,341,273	1,341,273
Exchange differences on translation of foreign operations	-	-	(1,795,785)	-	(1,795,785)
Total comprehensive income for the year	-	-	(1,795,785)	1,341,273	(454,506)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	4,625,737	-	-	-	4,625,737
Dividends provided for or paid	-	-	-	-	-
Employee share scheme	-	-	-	-	-
	4,625,737	-	-	-	4,625,737
Balance at 31 December 2012	27,913,289	581,029	(9,047,651)	5,008,378	24,455,045
Balance at 1 January 2011	22,512,922	581,029	(7,149,381)	3,073,169	19,017,739
Profit/(loss) for the year	-	-	-	593,936	593,936
Exchange differences on translation of foreign operations	-	-	(102,485)	-	(102,485)
Total comprehensive income for the year	-	-	(102,485)	593,936	491,451
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	774,630	-	-	-	774,630
Dividends provided for or paid	-	-	-	-	-
Employee share scheme	-	-	-	-	-
	774,630	-	-	-	774,630
Balance at 31 December 2011	23,287,552	581,029	(7,251,866)	3,667,105	20,283,820

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cashflows

For the year ended 31 December 2012

	2012	2011
	\$	\$
Cash flows from operating activities		
Proceeds from pearl, jewellery and oyster sales	14,648,202	11,934,837
Proceeds from other operating activities	(2,123,256)	376,076
Interest paid	33,329	(229,445)
Interest received	(239,661)	16,758
Payments to suppliers and employees	(13,135,851)	(12,921,713)
Income tax(paid)/received	(926,505)	(53,135)
Net cash provided by/(used in) operating activities	(1,743,742)	(876,622)
Cash flows from investing activities		
Acquisition of pearling operation	-	-
Payments for property, plant and equipment	819,954	(2,325,302)
Joint venture partnership distributions (paid)/received	(537,920)	-
Other investments	(89,105)	-
Net cash provided by/(used in) investing activities	192,929	(2,325,302)
Cash flows from financing activities		
Proceeds from borrowings	-	2,395,851
Repayment of borrowings	(997,466)	(555,257)
Proceeds from issue of shares	4,286,317	774,630
Dividend payment	-	-
Net cash provided by/(used in) financing activities	3,288,851	2,615,224
Net increase/(decrease) in cash and cash equivalents	1,738,037	(586,700)
Cash and cash equivalents at the beginning of the financial year	409,871	998,335
Effects of exchange rate changes on cash and cash equivalents	(20,506)	(1,764)
Cash and cash equivalents at the end of the financial year	2,127,414	409,871

The above statement of cashflows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report covers the economic entity of Atlas Pearls and Perfumes Ltd and its controlled entities. Atlas Pearls and Perfumes Ltd is a listed public company, incorporated and domiciled in Australia.

The financial report of Atlas Pearls and Perfumes Ltd and its controlled entities has been prepared in accordance with Australian Accounting Standards, which includes AIFRS, and the Corporations Act 2001. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

b) Revenue recognition

- (a) Sales revenue comprises of revenue earned from the sale of products or services to entities outside the consolidated entity. Sales revenue is recognised when the goods are provided or when the fee in respect of services provided is receivable.
- (b) Interest income is recognised as it accrues.
- (c) Asset sales revenue comprises of the gross proceeds of the assets. The profit and loss on disposal of assets is brought to account at the date on which an unconditional contract is signed.

c) Biological Assets

Oysters are measured at their fair value less estimated point of sale costs. The fair value of oysters is determined by using the present value of expected net cash flows from the oysters, discounted using a pre-tax market determined rate.

Changes in fair value less estimated point of sale costs of oysters are recognised in the income statement in the year they arise.

Pearls are initially measured at their fair value less estimated point of sale costs at the time of harvest. The fair value of pearls is determined by reference to market prices for pearls at the time of harvest.

The gain on initial recognition of pearls is recognised in the income statement in the year of harvest. At the time of harvest, pearls are recorded as inventory.

d) Other accounting policies

A full description of other accounting policies was included in the financial report for the half year ended 30 June 2012 and will also be included in the 31 December 2012 annual report.

Notes to the Financial Statements (continued)

2. Revenue

	Consolidated	
	2012	2011
	\$	\$
Sales Revenue		
Sale of goods	11,232,428	12,186,151
Other Revenue		
Interest income	619,412	16,753
Other revenues	155,447	147,267
Revenue	12,007,287	12,350,171
Change in net market value of biological assets		
Change in fair value less point of sale costs of oysters	-	2,825,138
Gain arising on initial recognition of harvested pearls	-	-
		2,825,138
Other Income		
Foreign exchange gains	1,919,237	907,238
Gain on financial instruments	332,355	222,657
Gain on bargain purchase of pearling operation	-	-
Gain on sale of intangible	163,627	-
Other Income	2,415,219	3,955,033

3. Profit before income tax includes the following specific expenses:

Finance Costs

Interest and finance charges payable	266,541	264,907
	266,541	264,907

Administration expenses from ordinary activities

Salaries and wages	2,149,967	2,134,926
Depreciation property, plant and equipment	215,522	121,309
Loss on foreign currency derivatives not qualifying as hedges	(26,824)	632,692
Share based payment to employees	17,559	-
Operating lease rental costs	496,988	410,355
Compliance and finance	471,443	381,216
Other	1,384,462	1,194,802
	4,709,117	4,875,300

Notes to the Financial Statements (continued)

3. Profit before income tax includes the following specific expenses (Cont)

	Consolidated	
	2012	2011
	\$	\$
Other expenses from ordinary activities		
Other expenses		
Foreign exchange loss	1,114,809	1,415,924
Provision for employee entitlements	13,313	31,688
Change in net market value of biological assets	(574,234)	-
Loss arising on initial recognition of harvested pearls	3,869,374	1,862,684
Impairment of other assets	-	-
Biological assets	275,693	144,372
Pearl Inventories	28,739	-
	<u>4,727,695</u>	<u>3,454,668</u>

4. Earnings per Share

	Consolidated	
	2012	2011
	CENTS	CENTS
Basic earnings per share (cents per share)	0.65	0.43
Diluted earnings per share (cents per share)	0.64	0.42

	Consolidated	
	2012	2011
	\$	\$
Earnings reconciliation		
Net profit/(loss) used for basic earnings	1,341,273	593,936
After tax effect of dilutive securities	-	-
Diluted earnings	<u>1,341,273</u>	<u>593,936</u>

	No.	No.
Weighted average number of ordinary share outstanding during the year used for calculation of basic earnings per share	206,854,705	139,209,330
Adjustments for calculation of diluted earnings per share: Employee Share Plan shares	3,855,060	1,900,000
Weighted average number of potential ordinary shares outstanding during the year used for calculation of diluted earnings per share	<u>210,709,765</u>	<u>141,109,330</u>

Notes to the Financial Statements (continued)

4. Earnings per Share (Cont)

Diluted earnings per share is calculated after taking into consideration all options and any other securities that were on issue that remain unconverted at 31 December as potential ordinary shares which may have a dilutive effect on the profit of the Group.

5. Financial Instruments

	Consolidated	
	2012	2011
Derivative financial assets	181,327	-
Derivative financial liabilities	-	146,450

Derivative financial assets and liabilities comprise forward foreign exchange contracts and foreign currency options which are in place as cash flow hedges. Gains and losses arising from changes in fair value of foreign exchange contracts are recognised in the income statement in the period in which they arise. These financial instruments are classed as held for trading.

6. Inventories

	Consolidated	
	2012	2011
CURRENT		
Pearls –at fair value	1,742,005	3,214,124
Other – at cost	2,890,904	3,017,168
	4,632,909	6,231,292
NON CURRENT		
Nuclei – at cost	176,936	264,865
TOTAL INVENTORY	4,809,846	6,496,157

7. Biological assets

CURRENT		
Oysters – at fair value	7,613,044	6,771,528
	7,613,044	6,771,528
NON CURRENT		
Oysters – at fair value	8,644,564	10,679,488
	8,644,564	10,679,488
TOTAL BIOLOGICAL ASSETS	16,257,009	17,451,016

Notes to the Financial Statements (continued)

8. Borrowings

	2012	2011
	\$	\$
BORROWINGS		
CURRENT		
Secured		
Bank loan	4,303,195	4,868,227
Other bank loan	95,400	83,333
Lease liabilities	121,951	106,818
Total secured current borrowings	4,520,546	5,058,378
Unsecured		
Other	234,497	268,711
Total current borrowings	4,755,043	5,327,089
NON CURRENT		
Secured		
Bank loan	-	-
Other bank loan	70,470	160,497
Lease liabilities	110,409	232,900
Total secured non current borrowings	180,879	393,397
Unsecured		
Other	-	-
Total non current borrowings	180,879	393,397

Bank loan is secured by a registered company charge by Commonwealth Bank of Australia over the whole of the assets and undertakings including uncalled capital of Atlas Pearls and Perfumes Ltd and its related entities. The bank loans are provided under a Japanese Yen facility with a fixed interest rate which currently stands at 3.55% and is repayable on 31 May 2014. As at the reporting date the Company had drawn down \$4,303,195 (2011: \$ 4,868,227) and had undrawn facilities available of \$696,805 (2011: \$131,773). This loan can be drawn at any time and is subject to annual review.

The Other bank loan (secured) is also provided by Commonwealth Bank of Australia Ltd and is secured by the same charge over the whole of the assets and undertakings of Atlas Pearls and Perfumes Ltd and its related entities as above. These loans are provided under an Australian Dollar denominated business loan which has a variable interest rate of 8.11%. The loan has a term of two years remaining expiring on 24 November 2014 and is repayable in equal monthly amounts over the term of the loan. As at the reporting date, the amount outstanding on this loan was \$165,870.

Lease liabilities have been provided by St George Bank and Esanda and are effectively secured by the rights to the leased assets, recognised in the financial statements, which revert to the lessor in the event of default. The value of the loans relating to Lease liabilities as at the balance date was \$232,360 (2011: \$339,718).

The company is required to meet three financial undertakings to comply with the lending conditions as follows:

1. Earnings before interest, tax, depreciation, amortisation and exceptional items (Normalised EBITDA) will be greater than and at least equal to;
 1. \$1,250,000 for the 12 months 1 January 2012 to 31 December 2012; and
 2. \$1,500,000 for the 12 months 1 January 2013 to 31 December 2013.
2. Minimum net worth of the borrower (Atlas) will at all times be greater than \$18,000,000; and
3. The ratio of net worth of the borrower to total tangible assets of the borrower will at all times be equal to or greater than 60%.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

Notes to the Financial Statements (continued)

9. Contributed Equity

	Consolidated	
	2012	2011
	\$	\$
Fully paid Ordinary Shares	27,913,289	23,287,552

Reconciliation of Contributed Equity 2012

	No.	\$
Ordinary Shares :		
At the beginning of the financial year	140,958,097	23,287,552
Shares issued	88,212,975	4,681,849
At the end of the financial year	229,171,072	27,969,401

Reconciliation of Contributed Equity 2011

	No.	\$
Ordinary Shares :		
At the beginning of the financial year	134,458,097	22,512,922
Shares issued	6,500,000	774,630
At the end of the financial year	140,958,097	23,287,552

Treasury Shares

	2012 No.	2011 No.
At the beginning of the financial year	1,900,000	1,900,000
Shares issued	6,064,000	-
At the end of the financial year	7,964,000	1,900,000

Treasury shares are shares in Atlas Pearls and Perfumes Ltd that are held by the Atlas South Sea Limited Executive Share Plan Trust and the Atlas South Sea Pearl Limited Employee Share Trust for the purpose of issuing shares under the Atlas South Sea Pearl Employee Share Plan, the Atlas South Sea Pearl Employee Salary Sacrifice Share Plan and the Atlas South Sea Pearl NED Fee Sacrifice Plan.

10. Reserves

	Consolidated	
	2012	2011
	\$	\$
Foreign currency translation reserve	(9,047,651)	(7,251,632)
Employee share reserve	581,029	581,029
	(8,466,622)	(6,670,603)

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries to the presentation currency.

The employee share reserve records the value of equity based remuneration to executives of the company.

Notes to the Financial Statements (continued)

11. Retained Profits

	Consolidated	
	2012	2011
	\$	\$
Balance at beginning of the year	3,667,105	3,073,169
Net profit/(loss) for the year	1,341,273	593,936
Dividends paid	-	-
Balance at end of year	<u>5,008,378</u>	<u>3,667,105</u>

12. Contingent Assets and Liabilities

The 2008 tax audit for PT Cendana Indopearls was completed subsequently to balance sheet date, and a liability in the order of IDR 3,504,206,185 or AUD\$351,000 has been assessed by the Indonesian Tax Office. PT Cendana Indopearls are in agreement with an amount in the order of AUD\$50,000 and plan to dispute the balance of AUD \$300,000 via an appeal process.

Amounts totalling approximately AUD \$180,000 are in dispute with the Indonesian Tax Office for deductions made from the 2007 Income Tax Refund.

PT Cendana Indopearls has received a non-binding offer of USD \$140,000 from AXA Hong Kong in relation to a shipping incident which resulted in total loss of its vessel KM Teguh Prima, PT Cendana Indopearls is currently assessing whether to accept this amount or litigate for higher damages.

Commentary on the Results

1. Summary of Financial Results

	2012	2011	Change	%
	\$'million	\$'million		
Total Revenue from Continuing operations	12.01	12.35	(0.34)	(3%)
Profit/(Loss) from continuing operations	1.34	0.59	0.75	126%
Normalised EBITDA	1.35	1.55	(0.21)	(13%)
Net asset value	24.46	20.28	4.17	21%
Gearing (debt : equity)	20%	28%		

Reconciliation of Normalised EBITDA to Net Profit/(Loss) After Tax (Consolidated Statement of Comprehensive Income)

	2012	2011
	\$	\$
Net profit/(loss) after tax	1,341,273	593,936
Add: Income tax expense	(2,176,332)	504,095
Add: Net Interest	(352,873)	264,154
Add: Depreciation/Amortisation	215,523	121,309
Add: Net Forex gains (losses)	(1,136,783)	918,719
Add: Revaluation of Biological Assets and Inventory	3,323,880	(962,454)
Add: Non-operating expenditure	130,397	114,673
Normalised EBITDA	1,345,085	1,554,433

2. Year in Perspective

2012 started with low loose pearl prices due to the Company's liquidity position as at 31st December 2011. In March 2012 the Company successfully completed a 100% subscribed rights issue and shortfall placement which raised \$4,201,709. This increased liquidity supported a change in sales strategy that ultimately saw the average loose pearl price for the year ended 31 December 2012 increase in the vicinity of 32% when compared to the average loose pearl prices achieved in January and February 2012.

The Company's liquidity and net equity positions improved substantially from 31st December 2011 to 31st December 2012 as demonstrated by the following table:-

	2012	2011	Change	%
	\$'million	\$'million		
Cash and cash equivalents	2.1	0.4	1.7	425%
Trade and other receivables	3.8	1.1	2.7	245%
Trade and other payables	2.2	2.4	(0.2)	(8%)
Inventories	4.8	6.5	(1.7)	(26%)
Borrowings	4.9	5.7	(0.8)	(14%)
Net Equity	24.5	20.3	4.2	21%

- **Revenue**

Revenue decreased by 3% in 2012 to \$12.0M. Loose pearl sales were less in value as the Company elected to seek higher margins due to its improved liquidity position. Retail and wholesale jewellery sales increased by \$0.6M as the Company opened its seventh retail outlet in Sanur, Bali and the newly established Showcase wholesale account realised sales for the first time. Interest revenue was higher due to the successful tax appeal in Indonesia.

	2012	2011
	\$	\$
Loose pearl sales	9,037,383	10,516,185
Retail & wholesale jewellery sales	1,931,364	1,308,355
By-product sales	212,213	361,611
	11,182,972	12,186,151
Interest	619,412	16,753
Other operating revenue	204,903	147,267
Revenue from continuing operations	12,007,287	12,350,171

- **Operating expenses**

Gross profit margin improved overall from the previous financial year from 54% to 55%. Marketing expenses reduced dramatically as the Company changed its selling strategy for loose pearls by holding larger less frequent auctions through-out the year. Administration costs reduced slightly as the Company sort better efficiencies and cost control management in its operations.

- **Taxation**

The Indonesian taxation court handed down a favourable decision in December 2012 in relation to the double taxation that the company was required to pay for the 2007 tax year assessment. The funds (IDR 23,292,124,445) were received in February 2013.

- **Inventories**

The Company reduced its inventory holdings throughout the year in loose pearls and jewellery as it sought to improve working capital with more efficient stock control management.

- **Biological Assets (Oysters)**

The overall quantity of oysters decreased from 1,920,000 in 2011 to 1,867,000 in 2012 due to the Company's change in strategy from increasing quantity to that of improved quality of Oysters. Additional hatchery production and a new seeding facility at Lembata have seen better utilisation of favourable periods during the production year.

- **Equity**

A rights issue and share placements were undertaken in the first half of 2012, which raised capital of \$4.3M.

3. Production activities

The company achieved oyster seedings of 550,000 in 2012 as the Company sought to improve the quality of Oysters seeded. Seeding of virgin oysters was undertaken at the North Bali and Lembata, Flores sites.

Juvenile and Virgin stocks remained constant from 2011 to 2012 at 1.1million oysters The Company's third hatchery was commissioned in August 2012 which gives Atlas the capacity to be more selective and consistent in production of juveniles.

Following trials, the Lembata site has yielded promising results in the seeding of virgin oysters which has mitigated geographical risk and added flexibility by allowing seeding to be conducted

during favourable times of the year. The first pearl harvests conducted on Punggu Island in 2012 are on par with our other pearl grow-out sites. In 2013 the Punggu Island site will expand to increase capacity.

An additional grow-out site was commissioned in Patas, North Bali in 2012 which has shown above average performance in rearing of juveniles to virgin oysters.

4. Marketing

During 2012, Atlas changed its marketing and distribution of loose pearls strategy by holding fewer but larger auctions in Kobe, Japan and Hong Kong. Fewer auctions also improved grading and pearl presentation timing which helped increase the selling price.

Retail and wholesale sales improved significantly in 2012. This was due partly to the increased number of stores in Bali where a new retail outlet in Sanur was opened in October 2012, a full years trading of the Perth store and the opening of the wholesale division which opened in the first half of 2012 and is selling the Perl'eco brand to the Showcase chain of stores in Australia.

Other Information

Net tangible assets backing per share

	Consolidated	
	2012	2011
	\$	\$
Net assets	24,455,045	20,283,820
Addback/(deduct) net intangibles	241,773	972,979
Net tangible assets	24,696,818	21,256,799
Number of shares outstanding	237,135,072	142,858,097
Net tangible assets per share	\$0.10	\$0.15

Acquired or Disposed Controlled entities

Subsequent to balance sheet date the Company acquired 100% of shares in Essential Oils of Tasmania Pty Ltd in January 2013.

Associates and Joint Ventures

The Company formed World Senses Pty Ltd in October 2012 which is a 50:50 joint venture with Nomad Two Worlds Pty Ltd.

Compliance Statement

This report has been prepared in accordance with Australian Accounting Standards, which includes AIFRS and the Corporations Act 2001. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Reporting Standards (IFRS). It is lodged with the ASX under Listing Rule 4.3A.

This report and the financial statements upon which the report is based use the same accounting policies. This report gives a true and fair view of the matters disclosed.

The accounts are in the process of being audited. No qualifications are anticipated from the auditor. The audit report by the auditor will be included in the Atlas Pearls and Perfumes Ltd Annual Report for 31 December 2012.

Atlas Pearls and Perfumes Ltd
Declaration of Directors

The Directors of the Company declare that:

- (a) the Appendix 4E comprising the statement of comprehensive income, statement of financial position, statement of cashflows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and :
 - (i) give a true and fair view of the financial position as at 31 December 2012 and the performance for the year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (i) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the Appendix 4E and notes for the financial year comply with the Accounting Standards;
 - (iii) the Appendix 4E and notes for the financial year give a true and fair view; and
 - (iv) a copy of the declaration by the Chief Executive Officer and the Chief Financial Officer has been given to the directors as required by section 295A of the Corporations Act 2001.
- (c) at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

A handwritten signature in dark ink, appearing to read 'Stephen Birkbeck', is written over a light blue rectangular background.

Stephen Birkbeck
Chairman

28th February 2013