ATLAS PACIFIC LIMITED

ACN 009 220 053

Shareholder Update No 25
September 2003

Since our last shareholder update in July, the Company has made a number of announcements regarding its financial performance for the half year ended 30th June 2003 and results of the pearl auction held in August. This update expands further on operational and corporate matters.

Financial

The half-year financial results were released to the ASX on 29th August. The company reported a net after tax profit for the first six months of $906,643 on a sales turnover of $5.96 million. Further details of the financial results for the six months to 30th June 2003 are attached.

$4,790,622 of the total sales revenue was achieved from the sale of "sellable" grade pearls. Proportionally fewer pearls were sold in the first half of 2003 than in the co-responding period in 2002 due to a reduced global demand and a lower quantity of "sellable" grade pearls. The revenue for the reporting period has also been effected by the strengthening Australian Dollar against the Japanese Yen (the currency in which the majority of pearls are sold). This and quality differences has led to a lower Australian Dollar value per weight of pearls.

The company made an announcement to the ASX on 2nd September advising that sales of $2 million had been achieved at an auction held at the end of August. Further to the auction, a further $450,000 worth of pearls have been sold. It is expected that further sales will be achieved before the end of 2003.

Alyui Bay

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The Company has recently announced that it would not be paying a dividend in the second half of 2003.

The operating results have been significantly affected by an increase in the costs relating to the specific pearls that have been sold. The gross profit margin for the group has been affected by a lower yield of "sellable" grade pearls compared to previous years. For the first time, many of the pearls harvested this year were the result of repeat operations on oysters. The pearls produced from these re-operated oysters were of poorer quality than pearls produced from first time operated (virgin) oysters and fewer "sellable" pearls have resulted. The net effect is a reduced overall yield of "sellable" quality pearls compared to the number of oysters operated. The number of virgin oysters seeded during 2001 and 2002 did not increase, largely as a result of lower production of juveniles brought about by the unfavourable climatic conditions (El Nino). At the same time, the Company has increased expenditure in line with future growth strategies.

Corporate

Shareholders have asked about sources of information to gain a better understanding of the pearling industry. The Company obtains industry information from two publications being Jewellery News Asia (see the web site at www.jewellery-net-asia.com) and Pearl World – The International Pearling Journal (contact at prlwrld@aol.com). Although it is difficult to get precise information regarding pearl auction results and production quantities, information provided from time to time in these articles does provide an indication of the industry trends which may be useful for investors.

The registration for the receipt of shareholder updates and announcements by email through Computershare is now complete and we encourage shareholders to elect to receive this information electronically. Register by visiting Computershare's internet site at www.computershare.com and follow these steps:

- Click on **Investors**
- Click on **Register your Email address**
- Select **Atlas Pacific Limited** from the drop-down list
- Enter your **Holder Identification Number (HIN)** or **Security Reference Number (SRN)**.

Click on **Submit** and follow the prompts.

Operational

Seeding:
The seeding program for 2003 is progressing as scheduled. Up until the date of this report, 194,000 oysters had been nucleated at Alyui Bay. Of these 44,000 are for the benefit of joint venture partners who have supplied the company with mature virgin oysters to seed at a time when the supply from internal sources was low. More than 90% of operations to date have been on virgin oysters and those oysters that have been re-operated after harvest have been carefully selected for their health and previous pearl quality. The emphasis on the use of virgin oysters is expected to have a positive impact on future yields. It is anticipated that the company will seed more oysters in 2003 than it did for 2002.

The company has set itself a target to seed 300,000 virgin oysters in 2004. Sufficient juvenile oysters are available at Alyui and other grow-out sites to allow for this target to be achieved. There are also sufficient operating technicians employed by the company to achieve this objective.

Restructuring program:
The restructuring program is well advanced. The Alyui Bay project in West Papua is now primarily focused on preparing mature oysters for operation, maintaining operated oysters and harvesting. This facility is the primary pearl production asset of the Company and its dedicated use for this purpose will ensure that maximum cost efficiency is achieved. As the costs of the Alyui Bay facilities are largely fixed, the primary objective is to ensure that the maximum number of juvenile oysters are supplied at the cheapest possible cost from other grow-out sites. By maximising the number of seeded oysters at this site, greater economies of scale will be achieved.

The grow-out of juvenile oysters has been removed from Alyui Bay. The grow-out phase of the oysters requires a large number of relatively unskilled workers on a regular, scheduled basis

but not full time. By locating the new grow-out farms near villages where such a workforce is available the cost of transportation, accommodation and amenities for employees is significantly reduced. The growing of juvenile oysters is now being undertaken at a site in North Bali called Banyupoh and in the North Maluku region around an area called Bacan. A further grow-out farm site in North Bali is in the process of being secured in the Company's own name as opposed to being operated under a joint arrangement as is the case with the existing site.

The number of juveniles that have been raised at both of these locations to date has justified the change in operating philosophy. Transportation of the juveniles from North Bali will commence in October. The transportation of the oysters over a long distance presents a logistical challenge for the business but this has been undertaken successfully in the past when oysters were transferred from the Company's original farm at Kupang, West Timor up to Alyui Bay. The success of the transfer of oysters from Bali and Bacan will underwrite the ability to achieve the nucleation target set for 2004.

Another part of the company restructuring is the relocation of the Managing Director to Bali where he will be able to more directly oversee operational matters. This relocation should be completed by the end of 2003.

Vessels:
At the end of July this year, the company lost one of its main transportation vessels, the D'Entrecasteau. This loss is the subject of an insurance claim which is likely to be settled soon. A new vessel has been purchased to replace the lost ship and should be commissioned for use by the end of October. The loss of this vessel has meant that a charter boat has been needed to undertake some personnel and cargo transportation between Alyui Bay and the nearest town of Sorong.

A new oyster cleaning vessel is due to be commissioned at Alyui Bay soon and another large work vessel is under construction in Bali.

Hatchery:
The oyster spawning season has commenced and the company has access to hatcheries at Alyui Bay, Bacan and Bali. Good quality brood-stock from Alyui Bay is being used at all hatcheries for the spawning process. Spat (post larval oysters) that are produced at Alyui Bay will be transferred to the other grow-out sites after spawning. The development of successful techniques to allow the transfer of these oysters while they are still in the larval phase has provided a viable means of spreading the spawning and subsequent grow-out risks between a greater number of sites.

Harvests:
A harvest will take place at Alyui Bay in November followed by another one in early January 2004.

Staff:
The number of Expatriate staff in Indonesia has been reduced over the last 12 months. We now have five farm based managers including the project manager, Jan Jorgensen. In addition to this, Jens Knauer fills the role of technical operations manager responsible for the seeding programs, R&D and other technical and biological issues relating to the Alyui Bay farm. Our senior engineering manager, Ryan Arnup, is responsible for the maintenance regime of all boat and ship engines and power generation units at each of the farms. The senior roles of Electrical/Building manager, Security manager and Accountant along with other senior Administrative roles are filled by Indonesian nationals. Graduates from Australian universities are being given work experience with the Company in Indonesia as a means of assessing them for their suitability for further employment as the opportunities arise.

The Company has employed Simon Waugh as the financial accountant in the Perth office.

WALLY JAMES
Chairman

Note:
The summary financial information contained on the following page should be read in conjunction with the notes which accompany the full set of half-year accounts as lodged with the ASX. A copy of these accounts can be accessed from the company's web site at www.atlaspacific.com.au or by contacting our head office in Perth for a hard copy of the document.

SUMMARY OF FINANCIAL RESULTS
FOR THE 6 MONTHS TO 30TH JUNE 2003

Statement of Financial Performance:

	Consolidated	
	2003 (6 months)	**2002 (6 months)**
Revenue from sale of goods	5,504,730	8,109,971
Other revenues from ordinary activities	451,301	366,451
Total revenue	5,956,031	8,476,422
Expenses from ordinary activities		
Cost of goods sold	3,256,443	1,872,478
Marketing expenses	344,409	576,849
Administration expenses	832,315	972,782
Borrowing costs	-	3,295
Depreciation/amortisation expenses	138,058	130,288
Other expenses from ordinary activities	18,920	35,334
Total expenses	4,590,145	3,591,026
Profit from ordinary activities before related income tax expense	1,365,886	4,885,396
Income tax expense relating to ordinary activities	459,243	1,561,052
Profit from ordinary activities after related income tax	906,643	3,324,344

Statement of Financial position:

		Consolidated	
	30/06/03	**31/12/02**	**30/06/02**
CURRENT ASSETS			
Cash	3,793,191	6,119,808	7,994,115
Receivables	1,998,423	1,182,741	1,359,363
Inventories	2,536,204	2,924,061	831,155
Self generating and regenerating assets	342,702	2,671,601	917,409
Total Current Assets	8,670,520	12,898,211	11,102,042
NON-CURRENT ASSETS			
Inventories	93,952	145,237	66,549
Self generating and regenerating assets	10,833,678	8,203,530	9,799,609
Property, plant and equipment	2,311,285	2,194,935	2,204,505
Intangibles	122,847	247,776	374,788
Deferred Tax Asset	25,792	25,792	21,082
Total Non-Current Assets	13,387,554	10,817,270	12,466,533
Total Assets	22,058,074	23,715,481	23,568,575
CURRENT LIABILITIES			
Accounts payable	975,829	935,500	917,906
Current tax liabilities	-	1,720,422	1,580,951
Interest bearing liabilities	-	-	-
Provisions	118,533	124,387	114,519
Total Current Liabilities	1,094,362	2,780,309	2,613,376
NON-CURRENT LIABILITIES			
Deferred tax liability	-	-	961
Total Non-Current Liabilities	-	-	961
Total Liabilities	1,094,362	2,780,309	2,614,337
Net Assets	20,963,712	20,935,172	20,954,238
SHAREHOLDERS EQUITY			
Contributed equity	18,849,092	18,849,092	17,286,629
Retained profit	2,114,620	2,086,080	3,667,609
Total Shareholders Equity	20,963,712	20,935,172	20,954,238