



ATLAS
PEARLS AND PERFUMES

(ASX:ATP)
COMPANY PRESENTATION
OCTOBER 2014

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ATLAS
PEARLS AND PERFUMES



EXECUTIVE SUMMARY

Atlas is an international producer of pearls, pearl jewellery and perfume/cosmetics with administrative offices in Perth, Bali and Hobart as well as retail/farm stores in Perth and Indonesia.

The business encompasses pearls (Indonesia) fragrance and flavours (Tasmania).

Atlas employs over 800 people, is profitable and commands a market capitalisation of ~\$33 million.

The pearling division currently markets over \$12M of white and silver south sea pearls and is struggling to supply demand with record auction prices achieved.

The perfume division provides a new arm to the business with excellent material growth prospects whilst diversifying risk in a complementary sector.

Atlas is well placed amongst its peers (many of whom have fallen to industry consolidation) with a differentiated pearl offering, a 20 year history, an exciting growth path including a newly diversified and integrated focus.



CORPORATE STATISTICS (As at 30th September 2014)

Price	10 cents
Shares	328M
Market Cap	\$33M
Shareholders	2200
Debt	Bank \$5M & Con Notes \$1M
12mth high/low	14 cents (H) & 4.2 cents (L)

BOARD OF DIRECTORS

Executive Chairman & CEO	Stephen Birkbeck
Alternate Director	Nelson Rocher
Director (Non-Executive)	Geoffrey Newman
Director (Non-Executive)	Dr Joseph Taylor
Director (Non-Executive)	Timothy Martin
Director (Non-Executive)	Stephen Arrow
Company Secretary	Susan Hunter
Company Secretary	Stephen Gleeson

TOP 3 SHAREHOLDERS

Martin Family	14.01%
Birkbeck Family	13.36%
Arrow Pearl	3.52%



THE BOARD



MR STEPHEN PAUL BIRKBECK

Chief Executive Officer / Chairman

Mr Birkbeck is a pioneer of Australian agri-business export industries and was the founder and former CEO of Mt Romance, an Australian company that remains the worlds largest producers of sandalwood oil.

He has extensive marketing expertise, specifically in the luxury goods

market and was WA's inaugural Export Hall of Fame Inductee in 2005 and in 2011 was nominated by the French Government to be an Australian Export Hero, based on his contributions to Australia's export status.

Mr Birkbeck brings to the Board his business development skills, passion and unprecedented luxury industry networks in New York and Paris.



MR GEOFFREY NEWMAN

Non-Executive Director

Geoffrey Newman brings more than 29 years of experience from a range of finance, marketing and general management roles in a range of industries. After a number of years as the manager of Bunnings' pulpwood operations, Mr Newman joined Coogee Chemicals in 1995 as their Commercial Manager.

He was subsequently appointed to the Board as Finance Director in the following year. Between 1996 and August 2005, Mr Newman held positions of Finance Director, Chief Financial Officer and Company Secretary of both Coogee Chemicals and its oil and gas subsidiary, Coogee Resources.

Mr Newman is currently the Chairman of Ledge Finance Limited.



DR. JOSEPH JAMES UEL TAYLOR

B.Sc. (Biology), Ph.D.
Non-Executive Director

Dr. Taylor is a marine biologist and aquaculturalist whose Ph.D. research specialised in the husbandry of *Pinctada maxima* pearl oysters. Dr. Taylor has been involved in the management of aquaculture operations, mainly associated with South Sea pearl farming.

He has acquired extensive knowledge about the biology of pearl oysters, having presented many research papers on this subject, as well as pearl farm management. Dr. Taylor commenced employment with the Company in 1996 and has overseen the development of the project to its current level of production in an executive capacity.



MR TIMOTHY JAMES MARTIN

Non-Executive Director

Mr Martin has over 15 years experience in the chemical, manufacturing and property sectors in Australia and south-east Asia. Mr Martin is Managing Director of Coogee Chemicals with operations throughout Australia and in Asia. He has experience in the resource sector as a Non-Executive Director of related company Coogee Resources, where he was also a member of their Risk and Audit Committee. Prior to this Tim worked in the wholesale food manufacturing and distribution business in senior management positions.

He is also Director Principal of a private company specialising in commercial property development and leasing, with current projects in Port Hedland, Rockingham, and south Western Australia. As well as being a member of the Plastics and Chemicals Industry Association of Australia (PACIA) strategic issues advisory council.



MR. STEPHEN ARROW

Non-Executive Director

Mr Arrow has been involved in the pearling industry in Western Australia and the Northern Territory since 1980 and is Managing Director and owner of Arrow Pearl Co Pty Ltd. Mr Arrow brings to the Board extensive pearling experience from many regions of the world as well as contacts within the industry.

EXECUTIVE COMMITTEE



MR NELSON ROCHER

Head of Development -
Perfumes and Cosmetics

Prior to joining Atlas, Mr Rocher worked in Yves Rocher, an internationally recognised cosmetic and perfume group and a market leader in France. He worked in the Yves Rocher marketing department as a product development manager with his focus and passion being the products, branding and marketing areas. During his time with Yves Rocher, Nelson finely honed and crafted his skills within the cosmetic industry.



MR STEPHEN GLEESON

Managing Director
Essential Oils of Tasmania

Prior to joining Atlas in 2012, Mr Gleeson held the position of CFO of state wide recruitment company Skill Hire from 2008 to 2012. He also has international experience as CFO of Peter Lik USA and has previously acted as Company Secretary for the ASX listed company Golden Valley Mines NL. He is a member of CPA Australia and has over 25 years' experience in corporate restructuring and business re-engineering. Mr Gleeson is focussing his business expertise on transforming Essential Oils of Tasmania into one of the world's most preeminent supplier's of Fragrances and Flavours as well as opening up the Company into Tourism.



MR PIERRE FALLOOD

Vice President - Pearling

Mr Fallood is highly recognised in the pearl and jewellery industry for his role in developing and marketing Golden Pearls globally for over 15 years for Jeweler. Pierre is a specialist in managing the pearl value chain and maximising the use and value of each pearl harvested. Pierre is fundamental to Atlas's cradle to cradle strategy of extracting and maximising all aspects of the pearl and its by-products.



MS SONIA MAKAY-COGHILL

Vice President -
Retail, Jewellery and Cosmetics

Ms Mackay-Coghill has extensive experience in dynamic branding environments spending the last ten years in senior leadership roles with Crown Ltd, and then leading Kailis Jewellery internationally. Sonia's knowledge of brand building combined with her international sales and marketing network provide a powerful base for driving the Atlas value-added division forward.



MS DANIELLE BRANDENBURG

CFO

Joined Atlas in 2012 as Group Financial Controller and has recently been promoted to Chief Financial Officer, Ms Brandenburg brings a wealth of knowledge and experience to the role of CFO following 10 years' experience with companies that have included BDO Audit and Wyllie Group Ltd.

VISION

“To maximise end value and utilisation of all products through a market driven culture and create the world’s most profitable south sea pearl and perfume enterprise.

Become the supplier of choice for ethically created pearls and cosmetic products”

The Atlas revenue model sees cash inflows from the following:

PEARLS

- Loose to Japan
- Jewellery to Australian Wholesale/Retail
- Jewellery via its own Retail Outlets

ESSENTIAL OILS

- International and Domestic Customers

PERFUMES

- Luxury Fragrance Houses

OPERATIONS SUMMARY

The pearling division has 5 farms and two hatcheries dispersed through the Indonesian archipelago and the perfume division is the result of a recent acquisition of Essential Oils of Tasmania with a production facility in Kingston near Hobart.

Offices – Perth Head Office, Bali Pearling Office and Essential Oils of Tasmania based in Hobart.

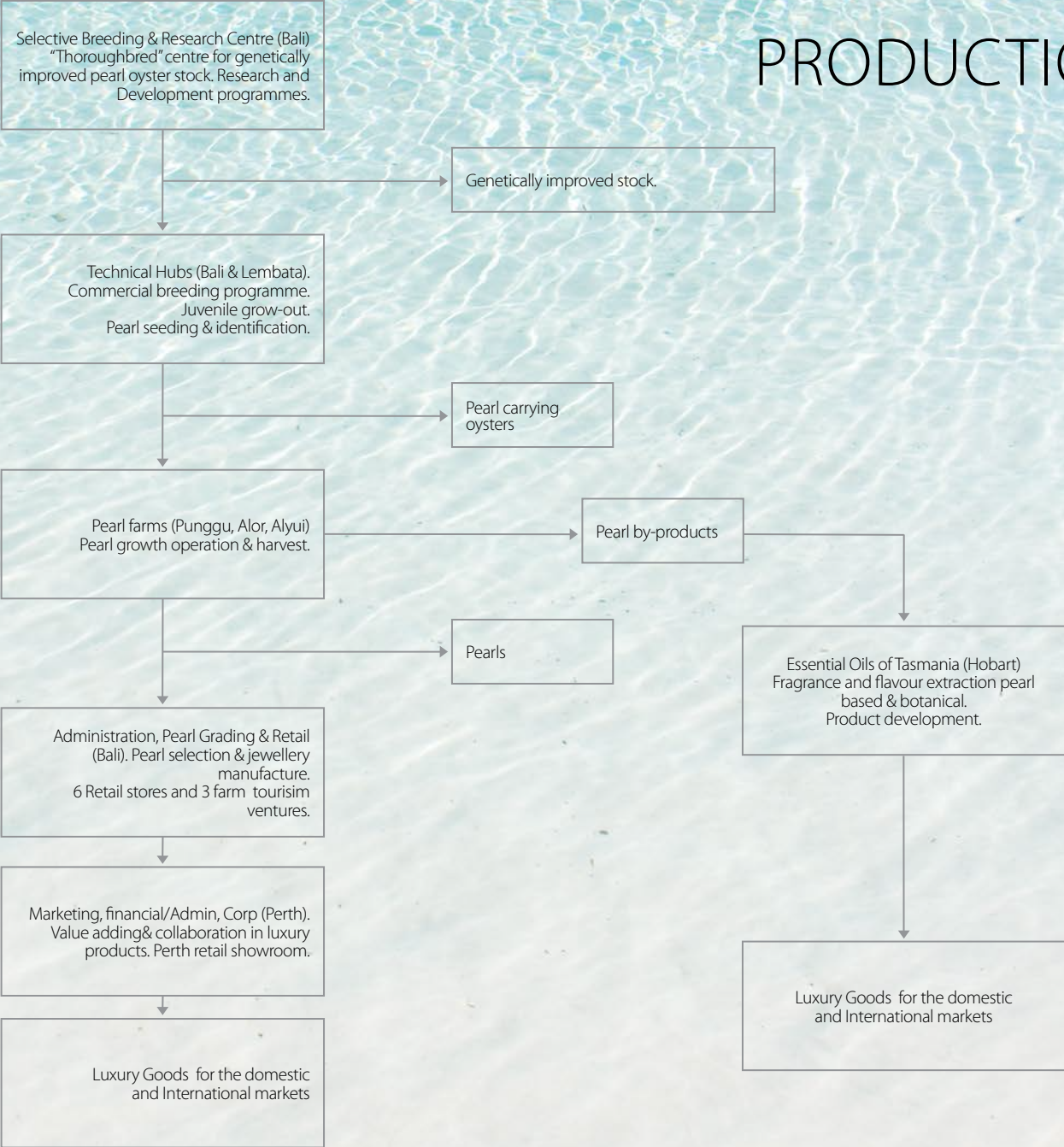
PEARLING

- 1 Showroom in Perth and 5 Retail in Bali
- 2 Hatcheries in Indonesia
- Dedicated separate R&D Hatchery
- 3 Pearl farms
- Collaboration with James Cook University

FLAVOURS & FRAGRANCES

- 300 Hectares
- 20 Farms
- 6 Crops
- Collaboration with University of Tasmania

PRODUCTION FLOW



LOCATION OF OPERATIONS



RETAIL STORES/SHOWROOMS

- 1 North Bali Farm - Showroom
- 2 Sanur
- 3 Nusa Dua
- 4 Jimbaran
- 5 Seminyak
- 6 Punggu
- 7 Perth

OFFICES

- 1 Bali, Indonesia
- 2 Perth, WA, Australia
- 3 Hobart, Tas, Australia

ESSENTIAL OIL CROPS

- Tasmania, Australia
More than 20+ growers

PEARL FARMS

- 1 Bali
- 2 Punggu
- 3 Lembata
- 4 Alor
- 5 Alyui



PEARLING BRIEF HISTORY

- For 20 years, Atlas has maintained a world-class pearling business that is considered a leader in ethical and sustainable production of luxury goods.
- The pilot pearling venture opened in Kupang NTT in 1993 with commercialisation from 1996.
- In 1997 Atlas opened the Alyui pearl farm & by 2000 harvested over 50,000 pearls.
- By 2002, the project had expanded to include Bali the first dedicated technical hub for breeding and seeding.
- 2005 saw the commencement of the long term genetically based selective breeding programme and the company harvesting over 100,000 pearls.
- Production doubled again by 2010 and Atlas began to seek further sites.
- From 2011 through to present day the pearling venture developed a second technical hub in Lembata and two new farms in Punggu and Alor along with a dedicated selective breeding and R&D facility in Bali.
- Pearl harvests are now near 300,000 with further growth anticipated.

PEARLING INDUSTRY

- Pearls have been traded since antiquity and are the only sustainable gem.
- Atlas has a unique position as a premium quality producer with a GP of 55%.
- Pearl markets are growing as Asian consumers move toward luxury products.
- New entrants face long lead times, high capital investment and major technological/environmental challenges.
- Atlas is a sustainable, ethical producer of pearls targeting an increasingly environmentally aware consumer.
- Following drastic industry consolidation post GFC demand for premium quality, white pearls is growing and prices are exceeding 2007 levels.
- World wide, there are less than 10 significant producers of South Sea Pearls.

RISK MITIGATION

- On-going technological developments has allowed for "best in class" husbandry and selective breeding.
- Rigorous quality control process has enhanced disease control.
- Meticulous selective breeding has produced better lustre and nacre thickness.
- Very experienced in working in Indonesia.
- Essential oil crops spread across 20 locations in Tasmania.

CURRENT STATUS

- **300,000 PEARLS PER ANNUM**
- Historically, Atlas has doubled production every 5 -6 years.
- Atlas has undeveloped lease areas with plans to build a third technical hub over the next 3 years which would increase production to meet customer demand.

PEARL DISTRIBUTION

- Japan
- Australia
- Indonesia



FARMS & HUMAN RESOURCES

- Atlas has 3 pearl farms across the Indonesian archipelago and 2 technical hubs in place to optimise production and mitigate risk – plans in place to open a third hub over course of next 3 years.
- Freehold Land Titles and long term water leases.
- Islands and bays specifically suited to pearl farming.
- Locations in West Papua, Flores, Nusa Tenggara Timur and Bali provides geographical spread of risk.
- With 20 years of exposure to Indonesia the Company is well versed on managing Sovereign Risk.
- Stable Indonesian workforce of >800.
- Experienced, qualified and loyal Expatriate management. team experienced in Indonesian culture and management.

New key appointments support foreseen growth.





COMPETITIVE ADVANTAGE

Atlas is one of the world's largest producer of *Pinctada maxima*

COMPETITIVE ADVANTAGE

- Low cost production.
- Average size range of 9-13 mm (as opposed to Australian producers 14-19mm) resulting in unchallenged market space.
- Colour (white/silver) lustre is equal to, or best in the world.
- Use of 100% domesticated oysters is a testament to selective breeding success and strength of genetic diversity.
- Risk of disease to stock lines is mitigated by the selective breeding program and also by geographical spread of farms which are spread over the entire Indonesian Archipelago from Bali in the west to Papua in the east.

STRATEGY

- Optimise existing 5 pearl farms in short to medium term.
- Open third technical hub in medium to long term to further grow the production base as well as provide additional risk mitigation.
- Increase production of pearls in the medium term.
- Develop integrated supply chain into new markets such as perfume.

OBJECTIVE

To sustainably produce world class pearls and perfumes to world scale volume.

ESSENTIAL OILS OF TASMANIA

- Acquired in January 2013.
- 30 Years exporting experience to leading international flavour houses.
- Business will relocate over the course of the next three years to an innovative manufacturing and eco-tourism facility at Brookfield Estate (South of Hobart) via Brookfield Tasmania JV.
- \$1.1 million Commercialisation Australia Grant has been received enabling acquisition of innovative pearling milling and CO² Supercritical Extraction Units.
- New Managing Director Stephen Gleeson (Ex CFO) appointed July 2014.

NON PEARLING

NON PEARLING SECTORS INCLUDE

EOT Flavour & Fragrances - perfume and food flavours:

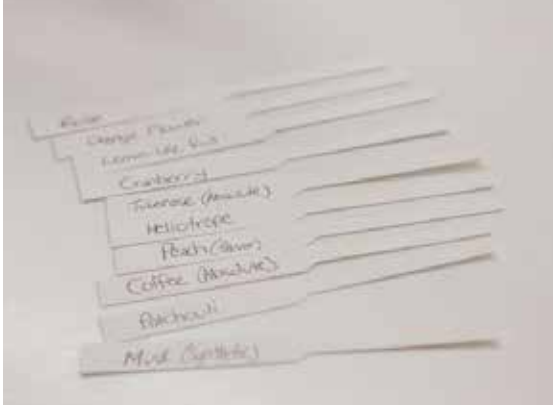
- Boronia
- Tasmanian Native Pepper
- Peppermint
- Fennel
- Parsley
- Blackcurrant
- Pearl
- Berries
- Lavender

Value Added Division –Retail stores (Farm and Bali Tourist).

World Senses JV (50% share) – Cosmetics (pearl powder, protein and fragrances).

Brookfield Tasmania JV – Eco Tourism (Consumer fragrance and flavour products).

By Products and Other Income include Mother of Pearl, Pearl Meat, and Ship Charters.



PEARL EXTRACTS

- Propriety I.P.
- Fast track natural complementary medicines
- Can license technology

FOUR COSMETIC BASES

- Mother of Pearl Powder
- Mother Of Pearl Powder Extracts via CO2
- Extracts from the tissue of this oceanic organism
- Compounds from the shell exterior

ONE PERFUME EXTRACT

Fractionation of these extracts into a fragrance concentrate

OCEAN COMPOUNDS : NOVEL : SEXY : EFFECTIVE

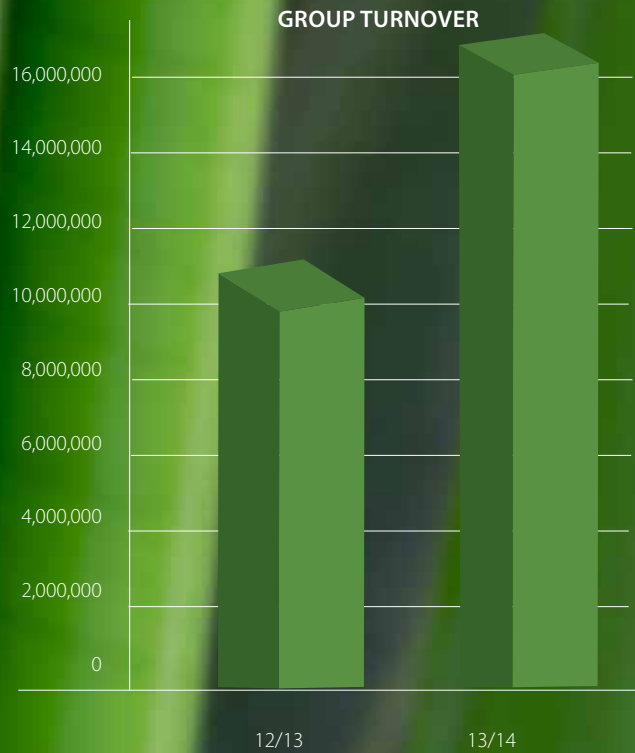
MARKETING STRATEGY

- Linked to the mainstream luxury sector
- Development of push pull strategies
- Innovative design and key Ambassador roles
- Central corporate social responsibility program



FINANCIAL HIGHLIGHTS

12 MONTHS TO 30TH JUNE 2014



UP 55%
TO \$16.3M

TOTAL REVENUE

UP 292%
TO \$1.8M

NET PROFIT AFTERTAX

UP 1055%
TO \$3.4M

NORMALISED EBITDA

STEADY AT
\$1.7M

CASH RESERVES

9.4 CENTS
PER SHARE

NTA

10 CENTS
PER SHARE

CURRENT SHARE PRICE
(as at 30th sept 2014)

PROFIT AND LOSS

	12 MONTHS ENDING 30 JUNE 2014 \$	12 MONTHS ENDING 30 JUNE 2013 \$
Revenue from continuing operations	16,283,183	10,453,703
Cost of goods sold	(6,230,257)	(4,223,494)
Gross profit	10,052,926	6,230,209
Other income	1,091,279	3,376,326
Marketing expenses	(360,364)	(148,860)
Administration expenses	(6,814,921)	(5,930,665)
Finance costs	(513,496)	(359,517)
Other expenses	(1,996,783)	(7,405,399)
Profit/(Loss) before income tax	1,458,642	(4,237,906)
Income tax (expense)/benefit	355,280	3,293,212
Net Profit/(Loss) after Tax	1,813,922	(944,694)
Less: Net Forex Gains	577,928	(2,058,701)
Add: Net Interest	470,775	(519,086)
Add: Depreciation/Amortisation	302,686	243,928
Add: Income tax expense	(355,280)	(3,293,213)
Add: Other taxes	-	(70,015)
Add: Revaluation of Biological Assets and Inventory	(75,421)	5,906,702
Add: Other non-operating (income/expense)	299,971	404,179
Add: Loss on derivative	435,732	(32,177)
Normalised EBITDA	3,470,313	(363,078)

BALANCE SHEET

	30 June 2014	30 June 2013
	\$	\$
Current assets		
Cash and cash equivalents	1,665,207	1,767,156
Trade and other receivables	3,020,985	1,074,871
Inventories and Biological assets	14,528,244	13,030,472
Total current assets	19,214,436	15,872,499
Non-current assets		
Other non-current assets	463,795	594,910
Inventories and Biological assets	12,143,505	11,758,960
Property, plant and equipment	4,401,274	4,513,455
Deferred tax assets	4,599,784	2,936,629
Total non-current assets	21,608,359	19,803,955
Total assets	40,822,795	35,676,454
Current liabilities		
Trade and other payables	3,141,549	2,329,224
Borrowings	5,014,791	4,436,797
Other current liabilities	815,561	341,400
Total current liabilities	8,971,901	7,107,421
Non-current liabilities		
Other non-current liabilities	-	390,148
Borrowings	140,168	837,646
Deferred tax liabilities	2,901,397	1,544,570
Total non-current liabilities	3,041,566	2,772,364
Total liabilities	12,013,467	9,879,785
Net assets	28,809,329	25,796,669
Equity		
Contributed equity	32,153,002	30,203,033
Reserves	(8,036,205)	(7,284,974)
Retained profits	4,692,533	2,878,610
Total equity	28,809,329	25,796,669



ORGANIC GROWTH

CORE GROWTH

- Increase volume of high quality pearls
- Improve the efficiency of pearl oyster breeding and reduce the pearl growing cycle through selective breeding program in association with James Cook University
- Increase weight and quality

SECONDARY GROWTH

- Maximise use of all by-products
- Develop an eco-chic BRAND of jewellery
- Compliment brand appeal with perfumes and cosmetic products
- Open up wholesale sales of pearl cosmetic active ingredients
- Expand Value Added Growth



GROWTH OPPORTUNITIES

- Third Pearl Technical Hub in Indonesia supports and increase from 600kg to over 1 tonne of pearls per annum.
- Natural extracts and perfume factory in Tasmania supports growth into luxury supply chain.
- Commercialisation Australia grant is funding new innovative technology.
- Value added division will grow to a substantial business with sizeable market share.

INVESTMENT HIGHLIGHTS

- 20 year track record in pearl production business.
- Extensive work undertaken to achieve worlds best practice with animal husbandry and breeding programs – agricultural risk ameliorated.
- Only Australian company relying 100% on domesticated oysters for production – no wild harvest.
- Atlas achieving record prices and worldwide recognition for its niche product.
- Company has diversified both its site risk and its product offering to capture interrelated luxury opportunities with fragrances.
- World class management team lead by an experienced board.
- Material upside from perfume and extracts business.

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