



ASX Release
6 January 2015

OPERATIONS UPDATE

Pearling Division

On 25 November 2014, Atlas Pearls and Perfumes Limited ("the Company") released to the market a Pearling Operations Update, which announced an anticipated reduction in the average size of loose pearls of approximately 15% for FY15 when compared to FY14.

The Company has since had the opportunity to audit the harvest schedules and oyster stocks. Based on the results of the auctions the Company held in October and December 2014, it is anticipated that the reduction in weights will have a symmetrical 15% impact on price per gram. The timing of the 29 June 2014 auction has resulted in a lower opening stock for FY15 compared to FY14 as alluded to in the 2014 Annual Financial Report. Overall FY15 annual Group Revenue is anticipated to be 15% down on FY14 results. This along with the predicted lower pearl weight for FY15 will reduce FY15 cash generation by an estimated \$2.5m.

A review of seeding, x-ray and pearl growth rates indicate a return to larger sized pearls in FY16 in line with Company expectations. The Company continues to pursue pearl improvements in all quality factors.

Market demand for 9-13mm Atlas White South Sea Pearls is consistently increasing and is expected to continue on that trend for the foreseeable future driven by a re-emerging North American market and consistent demand out of China. Atlas Pearls and Perfumes Limited is positioning itself to capitalise on this increased demand.

Perfume Division

Essential Oils of Tasmania has completed the construction of its pearl by-products powdering, extraction and byproducts manufacturing facility and is now commercializing processed pearl products. The Super Critical CO₂ extraction plant has also been commissioned. The revenue streams from the flavour and fragrance division in Tasmania-Australia is well positioned to benefit from the weakening of the \$AUD against the \$USD and additional domestic revenue is expected from the growth in finished jewellery and perfumes.



ABOUT ATLAS PEARLS AND PERFUMES LTD

Atlas Pearls and Perfumes (“Atlas”) is an Australian based pearling and perfume 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, and West Papua. Atlas is a fully integrated pearling business. The Company has its own high quality grading and loose pearl distribution business, a jewellery manufacturing capability and sells direct to customers through wholesale partners and via its retail outlets. In 2012, the Company expanded its operations into perfumes and is currently developing a range of propriety products which include pearl powder (cosmetics and nutraceuticals), pearl proteins (cosmetics), pearl volatiles and boronia (perfumes) for supply into the global luxury supply chain.

For more information please visit: www.atlaspearlsandperfumes.com.au

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