

ATLAS PEARLS AND PERFUMES LIMITED  
ABN 32 009 220 053

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## ENTITLEMENT OFFER PROSPECTUS

For a pro-rata non-renounceable entitlement offer of 1 New Share for every 5 Shares held by Eligible Shareholders registered at 5.00pm (AWST) on 23 March 2015 at an issue price of \$0.045 per New Share to raise up to approximately \$3.1 million before costs.

The Entitlement Offer is scheduled to close at 5.00pm (AWST) on 20 April 2015.

The Entitlement Offer is fully underwritten.

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### **IMPORTANT INFORMATION**

**This is an important document and requires your immediate attention.**

**If you are an Eligible Shareholder, you should read this Prospectus in its entirety before deciding whether to apply for New Shares and Additional New Shares. New Shares and Additional New Shares offered pursuant to this Prospectus should be considered as a speculative investment.**

**If you do not understand any part of this Prospectus, or are in any doubt as to how to deal with it or your Entitlement, you should consult your stockbroker, accountant, solicitor or other professional adviser.**

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## Important notices

You should read this entire Prospectus carefully before deciding whether to invest in New Shares and Additional New Shares. In particular, you should consider the key risks that could affect the performance of the Company or the value of an investment in the Company, some of which are outlined in **section 5** of this Prospectus.

However, the information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Before deciding whether to apply for New Shares and Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading this Prospectus, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant, solicitor or other professional adviser.

### Regulatory Information

This Prospectus is dated 16 March 2015 and was lodged with ASIC on that date. This Prospectus has been prepared by the Company.

The Company has applied to ASX for quotation of the New Shares.

Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

This Prospectus expires on the date 13 months after the date of this Prospectus. No securities will be allotted, issued or sold on the basis of this Prospectus after that date.

The offer being made under this Prospectus comprises of an offer of:

- New Shares to Eligible Shareholders;
- Additional New Shares to Eligible Shareholders eligible to participate in the Shortfall; and
- New Shares to the Underwriter pursuant to the Underwriting Agreement.

### Transaction Specific Prospectus

This is a Prospectus for an offer of 'continuously quoted securities' (as defined in the Corporations Act) of the Company and is a 'transaction specific prospectus' to which special content rules under section 713 of the Corporations Act apply. This allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the Prospectus. In general terms, 'transaction specific

prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

### Disclaimer

Neither the Company nor any other person warrants the future performance of the Company, or any return on any investment made under this Prospectus. An investment in the New Shares offered by this Prospectus should be considered speculative.

No person is authorised to give any information or make any representation in connection with the Entitlement Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Entitlement Offer.

### Forward-looking statements

This Prospectus includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in or implied by the forward-looking statements in this Prospectus.

In particular, this Prospectus details some important factors and risks that could cause the Company's actual results to differ from the forward-looking statements in this Prospectus (some of which are outlined in **section 5** of this Prospectus).

The pro-forma and prospective financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of the Company's view on its future financial condition and/or performance.

### Prospectus availability

Shareholders with registered addresses in Australia and New Zealand can obtain a copy of this Prospectus during the Offer Period on the Company's website at [www.atlaspearlsandperfumes.com.au](http://www.atlaspearlsandperfumes.com.au) or by calling the Atlas Pearls and Perfumes Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from

8.30am to 5.00pm (AWST) Monday to Friday during the Offer Period. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic version of this Prospectus on the Company's website will not include a personalised Entitlement and Acceptance Form. You will only be entitled to accept the Entitlement Offer by completing and returning your personalised Entitlement and Acceptance Form, which accompanies this Prospectus, or by making a payment via BPAY® using the information provided on your personalised Entitlement and Acceptance Form (refer to **section 3** of this Prospectus for further information).

The Corporations Act prohibits any person from passing the Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and should seek your own advice on those restrictions. Any non-compliance with the restrictions may contravene applicable securities laws.

This document may not be released or distributed in the United States.

### **Foreign jurisdictions**

This Prospectus has been prepared to comply with the requirements of the laws of Australia. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register the New Shares or otherwise permit an offering of New Shares in any jurisdiction outside of Australia.

#### *New Zealand*

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### *United States*

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Prospectus have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States (including for the account or benefit of US persons) except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

See **section 2.7** of this Prospectus for further details in relation to persons in other jurisdictions.

### **Glossary**

Terms and abbreviations used in this Prospectus are explained in the Glossary in **section 7** of this Prospectus.

A reference in this Prospectus to time is a reference to the local time in Perth, Western Australia, unless otherwise stated.

All financial amounts in this Prospectus are expressed in Australian dollars, unless otherwise stated.

### **Enquiries**

If you have any questions in relation to the Entitlement Offer, please contact your stockbroker, accountant, solicitor or other professional adviser.

If you have questions in relation to the Existing Shares upon which your Entitlement has been calculated, or how to complete the Entitlement and Acceptance Form or take up all or part of your Entitlement, please call the Atlas Pearls and Perfumes Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AWST) Monday to Friday during the Offer Period.

### **Privacy**

Please read the privacy statement located in **section 6.6** of this Prospectus.

It is important you understand that by submitting an Entitlement and Acceptance Form or by making a payment via BPAY® using the information provided on the Entitlement and Acceptance Form, you consent to the matters outlined in that privacy statement.

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# Chairman's Letter

Dear Shareholder,

On behalf of Atlas Pearls and Perfumes Limited (**Company**), I am pleased to invite you to participate in a 1 for 5 pro-rata non-renounceable entitlement offer at an offer price of \$0.045 per New Share (**Entitlement Offer**) to raise up to \$3.1 million subject to the terms of the Entitlement Offer outlined in this Prospectus.

The last 6 months have been a difficult time for the Company.

During this period, we announced a lower than expected average size of loose pearl stock from the current harvest which has had, and is continuing to have, a direct negative impact on revenue. This will significantly impact the Atlas Group's liquidity in the second half of FY2015.

To address this situation, the Company has moved to:

- extend a portion of the Company's existing debt facilities until 30 June 2015;
- agree with its lender the basis on which those facilities will seek to be renegotiated on expiry (including an agreement to reset covenants based on minimum earnings sufficient for debt servicing);
- put in place short term bridging finance to meet immediate cash flow needs;
- restructure its board;
- pursue a strategic investment into the Company's wholly owned subsidiary Essential Oils of Tasmania Pty Ltd (**EOT**); and
- review all operations and overheads to identify further cost savings aligned with a refocus on the core pearling business whilst preserving value-adding projects.

In addition to these initiatives, the Company must raise additional funds to address its liquidity issues and be able to continue as a going concern. The Entitlement Offer is the culmination of an extensive search by the Company for the most appropriate means to raise the required finance. This has included the consideration a wide range of alternatives (including refinancing, placements, convertible debt issues and entitlement issues) and an assessment of each of them in light of all prevailing circumstances (including the time in which the raising could be completed, the level of certainty of delivering the needed outcome, the Company's debt carrying capacity and the dilution caused by raising money at current share prices from external sources). The Directors have determined that, in the current circumstances, the Entitlement Offer is the most achievable and advantageous to all Shareholders.

The Entitlement Offer offers New Shares at a discount to the volume-weighted average price per Share (a 23% discount to the 30 day volume-weighted average price of Shares prior to the date of this Prospectus). We have also made provision for Shareholders to make an application for Additional New Shares under the Shortfall.

To ensure that the Company raises the full amount offered under the Entitlement Offer, the Company has entered into an underwriting agreement with Boneyard Investments Pty Ltd (**Underwriter**). The Underwriter forms part of a group of Shareholders, entities and persons related to the family of current director Mr Timothy Martin. Together, the current voting power of this group equates to 16.13% of the issued Shares in the Company. The underwriting arrangements will result in the Underwriter subscribing for any shortfall not otherwise subscribed for by Eligible Shareholders (whether through

their Entitlement or by subscription for Additional New Shares). It could therefore be described as an underwriting of 'last resort'. It is important for Shareholders to acknowledge that this underwriting may have control implications for the Company. In the unlikely event that no Eligible Shareholders take up their Entitlement or apply for additional new shares in excess of their Entitlement then this could result in the Underwriter's voting power in the Company increasing to 30.11%. This is explained in more detail in **section 4.8** of this Prospectus.

Providing the Underwriting Agreement is not terminated (refer to **section 2.5**), the funds raised pursuant to the Entitlement Offer will be used to repay existing bridging finance arrangements and meet working capital requirements as and when they fall due.

Moving forward, the Company expects the harvest of smaller pearls to be completed by the end of FY2015 and it expects there will be a return to historical average sizes in FY2016. The money raised from the Entitlement Offer is also expected to solve the Company's short term liquidity issues and is integral to returning the Company to a more secure financial footing for the remainder of FY2015 and into FY2016. With a continued focus on containing costs during this period, the Company hopes to be able to take advantage of near-term opportunities to improve returns from pearling through more effective management of growth cycles and expansion of operations as well as opportunities for new extracts and concentrate sales for EOT.

This Prospectus contains important information about the Entitlement Offer and the impact on the Company. I encourage you to read this document in its entirety, together with the accompanying Entitlement and Acceptance Form that contains details of your Entitlement. In particular, you should consider the fact that, as with all companies, the Company is subject to a range of risks. Such risks which apply to the Company include those associated with the Company's ability to agree new terms to its debt facilities on or before 30 June 2015, liquidity risks associated with cash flows which are heavily dependent upon product sales (which are in turn impacted by product quality, size and sale price), environment, climate and pollution risks impacting pearl and perfume production and general economic conditions. These risks and others are discussed in more detail in **section 5** of this Prospectus. Any of these risks could, if they eventuate, have a material adverse effect on the Company's financial condition and accordingly the value of its Shares.

Details of how to accept the Entitlement Offer are provided on the Entitlement and Acceptance Form and in **section 3** of this Prospectus.

Both of the independent directors of the Company (being Messrs Newman and Arrow) intend to take up their full Entitlements under the Entitlement Offer.

On behalf of the Board of the Company, I thank you for your patience and continued support of our Company.

Yours faithfully,



**Geoffrey Newman**  
**Non-executive Chairman**

## Key Offer Information

Offer Price per New Share under the Entitlement Offer	\$0.045
Eligible Shareholders' Entitlement	1 New Share for every 5 Existing Shares held on the Record Date
Approximate maximum Entitlement Offer Proceeds	\$3.1 million (before costs)
Shares currently on issue	345,616,452 <sup>1</sup>
Approximate number of New Shares to be issued in respect of the maximum Entitlement Offer Proceeds	69,123,290
Approximate maximum number of Shares on issue on completion of the Entitlement Offer	414,739,742

<sup>1</sup> This assumes no further Shares are issued (including by way of exercise of Options or conversion of Convertible Notes) prior to the Record Date.

## Key Dates

Prospectus lodged with ASX and ASIC	16 March 2015
Notice sent to Shareholders containing details of the Entitlement Offer and timetable	18 March 2015
'Ex' date	19 March 2015
Record Date	5.00pm (AWST) on 23 March 2015
Opening Date	25 March 2015
Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders	25 March 2015
Closing Date for acceptance and payment	5.00pm (AWST) on 20 April 2015
Deferred settlement trading commences	21 April 2015
Notification of under-subscriptions	23 April 2015
Issue and allotment of New Shares	27 April 2015
Dispatch of holding statements	28 April 2015
Commencement of trading of New Shares	28 April 2015

**Note:** All dates (other than the date of lodgement of the Prospectus with ASX and ASIC) are indicative only. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Closing Date or accepting late Applications, either generally or in particular cases, without notice.

# 1 Investment Overview

## 1.1 The Entitlement Offer and frequently asked questions

<b>What is the Entitlement Offer?</b>	The Entitlement Offer is a pro-rata non-renounceable offer made to Eligible Shareholders to subscribe for New Shares.	<b>Section 2.2</b>
<b>What is my Entitlement?</b>	Each Eligible Shareholder is entitled to subscribe for 1 New Share for every 5 Existing Shares held on the Record Date subject to the terms of this Prospectus.	<b>Entitlement and Acceptance Form</b>
<b>What is the Offer Price?</b>	The Offer Price is \$0.045 per New Share.	<b>Section 2.2</b>
<b>Am I an Eligible Shareholder?</b>	Eligible Shareholders are those persons who: <ul style="list-style-type: none"><li>• are registered as a holder of Shares as at 5.00pm (AWST) on 23 March 2015; and</li><li>• have a registered address in Australia or New Zealand or are, in the opinion of the Company, otherwise eligible under all applicable securities laws to receive an offer of New Shares under the Entitlement Offer.</li></ul>	<b>Sections 2.6 and 2.7</b>
<b>How much will be raised from the Entitlement Offer?</b>	The Entitlement Offer will raise approximately \$3.1 million (before costs).	<b>Section 4.7</b>
<b>What is the purpose of the Entitlement Offer?</b>	In light of operational issues encountered by the Company, the purpose of the Entitlement Offer is to raise the necessary funds to meet the Company's current liquidity issues and continue as a going concern. The funds raised are expected to solve the Company's short term liquidity issues and are integral to returning the Company to a more secure financial footing for the remainder of FY2015 and into FY2016.	<b>Chairman's letter and Section 2.1</b>
<b>Why the Entitlement Offer and not another form of financing?</b>	<p>The Entitlement Offer is the culmination of an extensive search by the Company for the most appropriate means to raise the required finance.</p> <p>This has included the consideration a wide range of alternatives (including refinancing, placements, convertible debt issues and entitlement issues) and an assessment of each of them in light of all prevailing circumstances (including the time in which the raising could be completed, the level of certainty of delivering the needed outcome, the Company's debt carrying capacity and the dilution caused by raising money at current share prices from external sources).</p> <p>The Directors have determined that, in the current circumstances, the Entitlement Offer is the most achievable and advantageous to all Shareholders.</p>	<b>Chairman's letter and Section 2.1</b>
<b>How will the proceeds of the Entitlement Offer be used?</b>	Providing the Underwriting Agreement is not terminated (refer to <b>section 2.5</b> ), the funds raised pursuant to the Entitlement Offer will be used to repay existing bridging finance arrangements and meet working capital requirements as and when they fall due.	<b>Chairman's letter and Section 2.1</b>



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**Why should I invest in the Company?**

The funds raised are expected to solve the Company's short term liquidity issues and are integral to returning the Company to a more secure financial footing for the remainder of FY2015 and into FY2016.

**Section 4.2**

The Board remains of the view that the Company has a viable business model and has identified the following points of difference and competitive advantages:

- experienced personnel with a balanced mix of experience and technical capabilities;
- an invested emphasis on pearl quality to improve overall pearl value;
- cost competitiveness through building and maximising production capacity to lower production cost;
- continuing to develop customer focus and reinforce existing strong trading and wholesale commercial relationships and building and maintaining solid retail culture;
- broadening the range of products derived from pearls and pearl by-products and the full commercialisation of the pearl oyster material; and
- working with leading Fragrance and Flavour (F&F) global groups as well as luxury houses and/or global brands through the establishment of long term supply, licensing agreements and eventually direct investment.

With a continued focus on containing costs during this period, the Company hopes to be able to take advantage of near-term opportunities to improve returns from pearling through more effective management of growth cycles and expansion of operations as well as opportunities for new extracts and concentrate sales for EOT.

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**What key financial information do I need to be aware of?**

The pro forma statement of financial position of the Company set out in **section 4.7** of this Prospectus shows the financial position of the Company at 30 June 2014 and 31 December 2014 and a pro forma position of the Company as at 31 December 2014, adjusted to reflect, amongst other things, the issue of New Shares under, and money raised (after costs) from, the Entitlement Offer.

**Sections 4.6 and 4.7**

Net assets will increase by approximately \$2.9 million following receipt of the Entitlement Offer Proceeds.

For more information generally on the Company, see **section 4** of this Prospectus or see the Company's announcements, including its most recent annual report and interim financial report available at [www.asx.com.au](http://www.asx.com.au).

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**What is the current status of the Company's debt facilities?**

The Company has in place a \$5 million facility with the Commonwealth Bank of Australia which is effectively fully drawn down. The facility consists of a bills discount facility with a limit of A\$3.125m (**Bills Discount Facility**) and a Yen domestic foreign currency advance facility with a limit of A\$1.875m (**Yen Advance Facility**).

**Section 4.6**

The reduction in FY2015 revenue from pearling operations meant that whilst the Company was not immediately in breach of its lending covenants, it was unlikely to meet its end of year normalised EBITDA covenant.

The Company took immediate steps to address this issue by agreeing with CBA to:

- extend the Bills Discount Facility until 30 June 2015 (on condition that it provides CBA with regular performance

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updates); and

- enter into negotiations for revised 2015/2016 covenants based on minimum EBITDA earnings sufficient for ongoing debt servicing.

The Yen Advance Facility is due to expire on 31 May 2016.

The Company notes that there is no guarantee that it will reach agreement with CBA on new suitable terms. If it is unable to, then it will be required to seek to refinance those arrangements or find other sources of capital to repay them. There is a risk it may be unable to do so, prejudicing its ability to continue as a going concern. Whilst this risk is acknowledged, the Board has reasonable grounds to believe that it will reach agreement to refinance the Company's existing debt facilities with CBA.

EOT also has in place a \$300,000 loan with NAB secured over its assets.

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**What is the status of EOT operations?**

The Company purchased EOT in 2012 with the prime objective of allowing the company to design, build and operate a pearl powder milling and pearl protein extraction production unit. This initiative effectively provided EOT with the opportunity to diversify into bio-actives extraction business as well as entering the fragrance industry in addition to its existing native crops growing and processing dedicated to the less lucrative flavour industry.

On 16 February 2015, the Company announced that it had executed a non-binding heads of agreement for strategic Tasmanian owned partner Westwood Properties Pty Ltd (**Westwood**) to invest into EOT with the objective to jointly own the company and grow the business to the next level.

The Company has secured a partial advance on Westwood's intended subscription (\$550,000 by way of loan to be offset against the final agreed subscription arrangements and repayable on 45 days notice if the parties cannot agree suitable investment agreements).

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**Sections 4.3 and 6.4**

**Is the Entitlement Offer underwritten?**

The Entitlement Offer is fully underwritten. Pursuant to the Underwriting Agreement, the Company is paying the Underwriter an underwriting fee of 3% of the Entitlement Offer Proceeds.

The underwriting is subject to a number of termination events customary for underwriting agreements of this nature.

If the Underwriter is entitled to, and does, terminate the Underwriting Agreement, the Company reserves the right to continue with the Entitlement Offer. Eligible Shareholders who have participated in the Entitlement Offer before the Underwriting Agreement has been terminated may not be able to withdraw their acceptance.

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**Section 2.5**

**How did the Company choose the Underwriter?**

The Company must raise additional funds to address its liquidity issue and to be able to continue as a going concern. Thus the Directors were of the view that an underwriting was the best means available to ensure that the full amount of the Entitlement Offer was raised.

The decision to choose the Underwriter (an entity forming part of a group of Shareholders, entities and persons related to the family of current Director Tim Martin and a related party of the Company) followed a search by the Company for potential underwriters.

The independent Board believes the Underwriter to be the best alternative available given the lack of available professional underwriters, the fact that it offered to underwrite the full amount of

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**Section 2.5**

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the Entitlement Offer, that it was already familiar with the Company, its assets and strategy and was able to move quickly and efficiently in agreeing to fund the Company. It is also significant that the Underwriter was willing to enter into the Underwriting Agreement which is not conditional on there being a minimal level of sub-underwriting support.

The terms of the Underwriting Agreement were negotiated and agreed with the Underwriter at arm's length and approved by an independent sub-committee of the Board (excluding Mr Tim Martin).

This independent sub-committee considers any financial benefit obtained by the Underwriter as a result of the underwriting to be reasonable in the circumstances. Accordingly, Shareholder approval for the appointment of the Underwriter is not required.

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**What will be the effect on control of the Entitlement Offer?**

The Underwriter forms part of a group of Shareholders, entities and persons related to the family of current director Mr Timothy Martin. Together, the current voting power of this group equates to 16.13% of the issued Shares in the Company.

This is likely to increase following the close of the Entitlement Offer.

The exact number of Shares that will be issued to the Underwriter will depend on the extent to which other Shareholders take up their Entitlements under the Entitlement Offer, and participate in any Shortfall.

For example, if no Shareholders take up their Entitlements under the Entitlement Offer (which the Company believes is highly unlikely), then this could result in the Underwriter's voting power in the Company increasing to 30.11%. If Shareholders (other than the Underwriter and its Associates) take up only 50% of their full Entitlement under the Entitlement Offer, then this could result in the Underwriter's voting power in the Company increasing to 21.78%.

Other than the Underwriter and its Associates, no other Shareholder will increase their voting power in the Company from below 20% to above 20% as a result of the Entitlement Offer.

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**Section 4.8**

**What are the tax implications of participating in the Entitlement Offer?**

Taxation implications will vary depending upon the specific circumstances of individual Shareholders. Investors should obtain their own professional advice as to the particular taxation treatment which will apply to them.

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**Section 6.9**

**Can I apply for Additional New Shares above my Entitlement?**

Yes, Eligible Shareholders (other than a member of the Underwriter Group, a related party of the Company or a related party or Associate of the Underwriter) may also apply for New Shares in excess of their Entitlement. There is no maximum cap on the number of Additional New Shares for which an Eligible Shareholder may apply for, subject to there being a sufficient Shortfall. The Company may issue Additional New Shares, at its discretion.

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**Section 2.3**

**What are the key risks of subscription under the Entitlement Offer?**

Whilst the Directors recommend the Entitlement Offer, New Shares offered pursuant to this Prospectus should be considered as a speculative investment and one that should be considered high-risk.

An investment in the Company has risks that you should consider before making a decision to invest.

These risks include:

- a portion of the Company's existing debt facilities are currently due and payable on 30 June 2015. There is a risk (albeit which the Directors believe to be unlikely) that the Company will be unable to refinance its existing bank facilities (either on suitable
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**Section 5**

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terms or at all). Failure to do so may prejudice the Company's ability to continue as a going concern;

- liquidity risks associated with fluctuating cash flows which are heavily dependent on product sales (which are in turn impacted by product quality, size and sale price);
- risks relating to the Company's ability to continue as a going concern;
- foreign exchange and interest rate fluctuations;
- pricing risks for pearls caused by changes in supply and demand;
- risks regarding the commercialisation of pearl by-products and perfumes;
- risks that the retail environment and general economic conditions in Australia and Indonesia may worsen; and
- environmental, climate and pollution risks particularly in the pearling industry.

The above risk factors are not an exhaustive list. Please carefully consider these risks and others (including those set out in **section 5**) and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares and Additional New Shares.

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## 1.2 Actions for Eligible Shareholders

<b>How do Eligible Shareholders find out what their Entitlement is?</b>	Your Entitlement is set out on the personalised Entitlement and Acceptance Form accompanying this Prospectus.	<b>Entitlement and Acceptance Form</b>
<b>What can I do with my Entitlement?</b>	You can do the following: <ul style="list-style-type: none"><li>• take up all or part of your Entitlement; or</li><li>• do nothing, in which case your Entitlement will lapse.</li></ul> You may also choose to apply for Additional New Shares, as described in <b>section 2.3</b> .	<b>Section 2.3 and 3.2</b>
<b>Can I trade my Entitlement?</b>	No – the Entitlement Offer is non-renounceable, meaning you cannot trade your Entitlement.	<b>Section 2.10</b>
<b>What happens if I do not take up my Entitlement, or take up only part of my Entitlement?</b>	If you do not take up all of your Entitlement by the Closing Date, then New Shares representing the number of New Shares not taken up under your Entitlement will form part of the Shortfall. This will result in your interest in the Company being diluted.	<b>Section 3.4</b>
<b>How do I accept the Entitlement Offer? And how do I apply for Additional New Shares?</b>	If you wish to take up all or part of your Entitlement (and if you wish to apply for Additional New Shares), you must either: <ul style="list-style-type: none"><li>• complete and return the personalised Entitlement and Acceptance Form to the Share Registry together with a cheque, bank draft or money order for the full Application Monies so that it is received by the Share Registry by no later than 5.00pm (AWST) on the Closing Date; or</li><li>• pay the full Application Monies via BPAY® by no later than 4.00pm (AWST) on the Closing Date,</li></ul>	<b>Section 3.5</b>

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in accordance with instructions set out in **section 3** and on your Entitlement and Acceptance Form.

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### **1.3 Further information**

If you have any questions about the Entitlement Offer that are not answered in this Prospectus you should consult your stockbroker, accountant, solicitor or other professional adviser before deciding to invest or call the Atlas Pearls and Perfumes Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AWST) Monday to Friday during the Offer Period.

## 2 Details of Entitlement Offer

### 2.1 Purpose of Entitlement Offer and use of funds

As announced by the Company on 25 November 2014, 6 January 2015 and 16 February 2015, lower than expected pearl sizes have had and are continuing to have an adverse impact on revenue and the Company's ability to continue as a going concern.

This is because the pearls that have been harvested and that will be harvested for sale over the next 6 to 12 months will attract a lower valuation than the pearls harvested and sold in FY2014.

While management has performed an internal audit of oyster stocks and it is anticipated that the harvest of smaller pearls will be completed by the end of FY2015 and in FY2016 the Company expects to see a return to historical average sizes, the fall in expected revenue has had a materially adverse effect on the Company's financial position. As set out in the Company's interim financial report as at 31 December 2014, this has resulted in a significant fall in revenue, a net loss and a negative EBITDA result for the period of those accounts.

In light of these matters, management reviewed all operations and overheads to identify costs savings aligned with a refocus on the core pearling business whilst preserving the most prospective of the value-adding projects. The Company also immediately moved to reach agreement with its primary lender, CBA, to extend the term of the loan and seek clarity on the terms on which such loan could be extended (see **section 4.6** for further detail).

The purpose of the Entitlement Offer is therefore to raise the necessary funds to meet the Company's current liquidity issues. It is integral to returning the Company to a more secure financial footing for the remainder of FY2015 into FY2016.

Providing the Underwriting Agreement is not terminated (refer to **section 2.5**), the funds raised pursuant to the Entitlement Offer will be used to repay existing bridging finance arrangements and meet working capital requirements as they fall due.

The Entitlement Offer Proceeds are planned to be used in accordance with the table set out below:

Use of funds	\$	% of Entitlement Offer Proceeds
Repayment of bridging loan	\$500,000	16.1%
Costs of Entitlement Offer	\$183,300	5.9%
Working capital <sup>1</sup>	\$2,427,248	78.0%

Use of funds	\$	% of Entitlement Offer Proceeds
<b>Total</b>	<b>\$3,110,548</b>	<b>100%</b>

**Notes:**

- 1 Working capital includes, for example, head office and administrative costs, farming operation costs, staff remuneration, insurance and debt interest service.

The above is a statement of the Board's current intention as at the date of this Prospectus. The Company anticipates that the proceeds from the Entitlement Offer will be used during the 12 month period from the close of the Entitlement Offer. However, Shareholders should note that, as with any budget and forecast, the allocation of funds set out in the above table and the use of funds within the timeframe indicated may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors, and the risk that the Underwriting Agreement may be terminated. In light of this, the Board reserves the right to alter the way and the timeframe in which the funds are applied. If the full amount under the Entitlement Offer is not raised, the Company will use the funds for the purposes outlined above and apportion the funds in a way which best represents Shareholders' interests.

Shareholders should note that the Company may be required to raise further capital in the future to execute its business strategy and ultimately continue its operations.

The Entitlement Offer is fully underwritten. Unless the Underwriting Agreement is terminated, the Company will receive the full amount of approximately \$3.1 million before costs under the Entitlement Offer even if all Eligible Shareholders do not subscribe for their full Entitlements. The Underwriting Agreement includes a number of termination events customary for agreements of this nature. Please refer to **section 2.5** of this Prospectus for further details.

## **2.2 Structure of Entitlement Offer**

Approximately 69,123,290 New Shares are being offered at an Offer Price of \$0.045 per New Share. Each Eligible Shareholder has the opportunity to subscribe for 1 New Share for every 5 Existing Shares held on the Record Date.

Due to rounding of Entitlements under the Entitlement Offer based on Shareholdings on the Record Date, among other things, the exact number of New Shares to be issued will not be known until completion of the Entitlement Offer.

Eligible Shareholders are being sent this Prospectus together with a personalised Entitlement and Acceptance Form and are invited to apply for New Shares and Additional New Shares. The Entitlement Offer opens on 25 March 2015 and is scheduled to close at 5.00pm (AWST) on 20 April 2015.

## 2.3 Shortfall and Application for Additional New Shares

Eligible Shareholders who take up all of their Entitlement may also apply for New Shares in excess of their Entitlement (**Additional New Shares**).

These Additional New Shares are also offered at \$0.045 per New Share. You may apply for Additional New Shares by completing the relevant section of your Entitlement and Acceptance Form sent with the Prospectus or via BPAY® payment in accordance with the instructions in **section 3.5** and on the Entitlement and Acceptance Form.

Payment for Additional New Shares must be made in the same manner as described in **section 3** of the Prospectus. There is no maximum cap on the number of Additional New Shares for which an Eligible Shareholder may apply for.

Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements (i.e. that form part of the Shortfall) or from New Shares that would have been offered to Ineligible Shareholders (as defined in **section 2.7** below) if they had been entitled to participate in the Entitlement Offer.

To the extent possible and subject to the restrictions below, Additional New Shares will be allocated to Eligible Shareholders on a pro rata basis. If there is excess demand, Eligible Shareholders who subscribe for Additional New Shares may not be issued all of the Additional New Shares they applied for. The Company's decision on the number of Additional New Shares allocated to Eligible Shareholders will be final.

The following persons will not be entitled to submit Applications for Additional New Shares:

- (a) the Underwriter and the Shareholders, entities and persons forming part of the group referred to in **section 4.8**;
- (b) a related party of the Company; and
- (c) a related party or Associate of the Underwriter.

The Directors reserve the right to issue any Shares under the Shortfall at their discretion within 3 months after the Closing Date. However, given the Entitlement Offer is fully underwritten, unless the Underwriting Agreement has been terminated, this is unlikely as the Shortfall will be taken up by the Underwriter.

The offer of Shares that form part of the Shortfall is, to the extent it is made in Australia, made under this Prospectus. To the extent this Offer is made outside Australia, the offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

## 2.4 No minimum subscription

There is no minimum subscription for the Entitlement Offer.



## 2.5 Underwriting

The Company has entered into an underwriting agreement dated 16 March 2015 (**Underwriting Agreement**) with the Underwriter who has agreed to fully underwrite the Entitlement Offer.

The Underwriter forms part of a group of Shareholders, entities and persons related to the family of current Director Mr Timothy Martin. Together, the current voting power of this group equates to 16.13% of the issued Shares in the Company. The relationship between these entities is described in more detail in **section 4.8**. Any issue of New Shares to the Underwriter under the Underwriting Agreement is made under this Prospectus.

### ***Background***

The Company is in a position where it must raise additional funds to address its liquidity issue and to be able to continue as a going concern. Thus the Directors were of the view that an underwriting was the best means available to ensure that the full amount of the Entitlement Offer is raised.

The decision to choose the Underwriter followed a search by the Company for potential underwriters. Given the Underwriter is an entity forming part of a group of Shareholders, entities and persons related to the family of current Director Mr Timothy Martin and is itself a related party of the Company, the Company formed an independent sub-committee of the Board to lead this search.

The independent Board believes the Underwriter to be the best alternative available given the lack of available professional underwriters, the fact that it offered to underwrite the full amount of the Entitlement Offer, that it was already familiar with the Company, its assets and strategy and was able to move quickly and efficiently in agreeing to fund the Company. It is also significant that the Underwriter was willing to enter into the Underwriting Agreement which is not conditional on there being a minimal level of sub-underwriting support.

The terms of the Underwriting Agreement were negotiated and agreed with the Underwriter at arm's length and approved by an independent sub-committee of the Board (excluding Mr Timothy Martin). This independent sub-committee considers any financial benefit obtained by the Underwriter as a result of the underwriting to be reasonable in the circumstances. Accordingly, Shareholder approval for the appointment of the Underwriter is not required.

Please refer to **section 4.8** for details on the control implications that the underwriting may have on the Company.

### ***Fee***

The Company must pay the Underwriter a fee which is equal to 3% of the Entitlement Offer Proceeds.

### ***Representations and warranties***

The Company has agreed to give representations and warranties customary for an underwriting of this kind, including not engaging in conduct that is

misleading or deceptive or likely to mislead or deceive in connection with the Entitlement Offer.

The Underwriter has agreed to give representations and warranties customary for an underwriting of this kind, including a warranty that it has the power to perform its obligations under the Underwriting Agreement, which include underwriting the Entitlement Offer.

### ***Undertakings***

The Company has agreed to provide a number of undertakings customary for an agreement of this nature, including notifying the Underwriter of any breach of any warranty or undertaking given by the Company under the Underwriting Agreement or the occurrence of any termination event set out in the Underwriting Agreement, not amending its Constitution and keeping the Underwriter informed during the term of the Underwriting Agreement of any material adverse changes to the Company's financial position or prospects.

### ***Unqualified termination events***

As is customary for these types of arrangements, the Underwriter may terminate the Underwriting Agreement (and its obligation to underwrite the Entitlement Offer) on the occurrence of the following termination events before the issue of the New Shares to the Underwriter to the extent that Eligible Shareholders do not take up their initial Entitlement under the Entitlement Offer (currently expected to be 27 April 2015):

- the Company fails to lodge the Prospectus with ASIC on the agreed date except where the sole reason for failing to lodge is an act or omission of the Underwriter;
- approval for official quotation of all of the New Shares on ASX is refused or not granted, or if approval is granted, the approval is granted on conditions other than customary conditions or subsequently withdrawn, qualified or withheld before the issue of the New Shares;
- the Company fails to lodge a supplementary or replacement prospectus in a form acceptable to the Underwriter in circumstances where the Underwriter reasonably believes that the Company is prohibited by section 728(1) of the Corporations Act from offering New Shares under the Prospectus;
- the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company as they relate to the Entitlement Offer are unacceptable circumstances under Part 6.10 of the Corporations Act;
- any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner which means that the Entitlement Offer cannot proceed;
- the Company is in material breach of the Underwriting Agreement (including any of the representations and warranties in the

Underwriting Agreement) and, if the breach is capable of remedy, does not rectify the breach within two Business Days of the date of written notification of the breach by the Underwriter to the Company;

- the Entitlement Offer is prevented from proceeding by reason of:
  - an order made by ASIC or ASX; or
  - an investigation or inquiry or proceedings initiated by either ASIC or ASX into the conduct of the Company;
- an insolvency event occurs in respect of the Company including:
  - the appointment of a receiver, liquidator, administrator or similar form of official management without the prior consent of the Underwriter;
  - winding up; and
  - the proposal or implementation of a scheme of arrangement;
- ASX makes any official statement to any person, or indicates to the Company or the Underwriter (whether or not by way of an official statement) that:
  - Existing Shares will be suspended from quotation; or
  - the Company will be removed from the official list;
- the Company issues or agrees to issue Shares or convertible securities other than:
  - as contemplated by the Entitlement Offer;
  - any existing share purchase plan of that company;
  - pursuant to any incentive plan or scheme for the issue of securities to employees or officers of that company; or
  - upon the conversion of convertible securities issued prior to the date of the Underwriting Agreement,

without the prior written consent of the Underwriter (such consent not to be unreasonably withheld); and
- the Company notifies the Underwriter that it has withdrawn the Entitlement Offer.

***Qualified termination events***

Other termination events only occur if there are reasonable and bona fide grounds for a person to believe and the Underwriter does believe that the event could give rise to a liability of the Underwriter under any law, regulation or rule, or is likely to have a materially adverse effect on the outcome of the Entitlement Offer.

These qualified termination events are:

- the Prospectus or any aspect of the Entitlement Offer not complying with the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- there being a statement contained in the Prospectus that is or becomes misleading or deceptive or likely to mislead or deceive, or the Prospectus omits any information it is required to contain (having regard to the provisions of Part 6D.2 of the Corporations Act and any other applicable requirements);
- the Company being prevented from allotting and issuing the New Shares within the time required by the timetable, ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency;
- the Company failing to lodge an Appendix 3B in relation to the New Shares with ASX by the time required by the Corporations Act, the ASX Listing Rules or any other applicable regulations;
- the Company suspending payment of its debts generally or being or becoming unable to pay its debts when they are due or being or becoming unable to pay its debts within the meaning of the Corporations Act;
- the Company altering or amending its Constitution without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- the Company contravening its Constitution, the Corporations Act or any of the ASX Listing Rules;
- there being hostilities not presently existing commencing (whether war has been declared or not) or a major escalation in existing hostilities occurring (whether war has been declared or not) involving any one or more of Australia or Indonesia, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world;
- there being passed by the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopting a new policy, any of which prohibits or regulates the Entitlement Offer, capital issues or stock markets;
- general moratorium on commercial banking activities in Australia, the United States, the European Union or the United Kingdom being declared by the relevant central banking authority in any of those countries (or any member state of the European Union), or there being a material disruption in commercial banking or security settlement or clearance services in any of those countries;

- trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange being suspended or limited in a material respect for more than one day on which that exchange is open for trading; and
- an event specified in section 652C(1) or section 652C(2) of the Corporations Act occurring, but replacing “target” with “Company.”

***Consequences of termination***

If the Underwriter is entitled to, and does, terminate the Underwriting Agreement, the Company reserves the right to continue with the Entitlement Offer. Eligible Shareholders who have returned their Entitlement and Acceptance Form or made a BPAY® payment before the Underwriting Agreement has been terminated, may not be able to withdraw their acceptance.

***Right to appoint sub-underwriters***

Subject to obtaining the Company’s prior written consent, the Underwriter may at any time appoint sub-underwriters on terms consistent with the Underwriting Agreement. At the date of this Prospectus, there are no such sub-underwriters.

**2.6 Eligible Shareholders**

Eligible Shareholders are those persons who:

- are registered as a holder of Shares as at 5.00pm (AWST) on 23 March 2015; and
- have a registered address in Australia or New Zealand or are, in the opinion of the Company, otherwise eligible under all applicable securities laws to receive an offer of New Shares under the Entitlement Offer.

See below regarding the treatment of foreign Shareholders.

**2.7 Treatment of foreign Shareholders**

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer.

Return of a duly completed Entitlement and Acceptance Form or BPAY® payment will be taken by the Company to constitute a representation by the Applicant that there has been no breach of applicable securities laws.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and anyone who receives this Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares or the Entitlement Offer, or otherwise permit a public offering of New Shares, in any jurisdiction outside Australia. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

It is the responsibility of any Applicant to ensure compliance with any laws of the country relevant to their Application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the Applicant is physically present in Australia or New Zealand.

### **New Zealand**

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### **United States**

This Prospectus may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Prospectus have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States (including for the account or benefit of US persons) except in transactions exempt from, or not subject to, the registration requirements under the US Securities Act and applicable US state securities laws.

### **Ineligible Shareholders**

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

The Company has determined, in reliance on ASX Listing Rule 7.7.1, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to the:

- small number of Ineligible Shareholders;
- small number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, the Entitlement Offer is not being extended to any Shareholders outside Australia and New Zealand, unless, in the opinion of the Company, that Shareholder would be eligible under all applicable securities laws to receive an offer of New Shares under the Entitlement Offer.

The Company will notify all Ineligible Shareholders of the Entitlement Offer and advise that the Company is not extending the Entitlement Offer to those Shareholders.

## **2.8 Nominees, trustees and custodians**

The foreign selling restrictions under the Entitlement Offer summarised in **section 2.7** apply to the underlying beneficial holder. Nominees, trustees or custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder.

Shareholders who hold Shares on behalf of persons whose registered address is not in Australia or New Zealand are responsible for ensuring that accepting the Entitlement Offer does not breach securities laws in the relevant overseas jurisdictions.

Shareholders who are nominees, trustees or custodians are therefore advised to seek professional advice as to how they should proceed. Failure to comply with restrictions set out in this Prospectus may result in violations of applicable securities laws.

In particular, nominees, trustees and custodians must not:

- send any materials relating to the Entitlement Offer into the United States or to any other country outside Australia and New Zealand except to beneficial Shareholders who are institutional or professional investors in other countries listed in, and to the extent permitted under, **section 2.7** above; or
- submit an Application or otherwise accept the Entitlement Offer on behalf of a person in the United States or any other country outside Australia and New Zealand except beneficial Shareholders who are institutional or professional investors in other countries listed in, and to the extent permitted under, **section 2.7** above.

## **2.9 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares or Additional New Shares under the Entitlement Offer. You cannot withdraw your Application or payment once it has been accepted.

## **2.10 Trading of Entitlements**

Entitlements cannot be traded on ASX or any other exchange, or privately transferred.

## **2.11 ASX quotation and trading of New Shares**

The Company has applied to ASX for the official quotation of the New Shares.

Subject to approval being granted, it is expected that normal trading of New Shares issued under the Entitlement Offer will commence on 28 April 2015. If ASX does not permit quotation within three months from the date of this Prospectus, none of the New Shares will be issued and the Application Monies will be refunded in full without interest.

Holding statements are expected to be dispatched to Eligible Shareholders on 28 April 2015. It is the responsibility of each Applicant to confirm their holding before trading in New Shares commences. Any Applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. The Company disclaims all liability, whether in negligence or otherwise (and to the maximum extent permitted by law), to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Share Registry.

## **2.12 Rounding and determining Entitlements**

All Entitlements will be rounded up to the nearest whole number of New Shares.

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their allocations or claims prove to be overstated.

## **2.13 Ranking of New Shares**

New Shares will be issued on a fully paid basis and will rank equally in all respects with Existing Shares.

## **2.14 Application Monies**

All Application Monies will be held by the Company in a bank account on trust for Applicants until the New Shares are issued or, if the New Shares are not issued, until the Application Monies are returned to Applicants.

The bank account will be established and maintained by the Company solely for the purposes of depositing Application Monies and retaining those funds for as long as required under the Corporations Act.

Interest earned on the Application Monies will be for the benefit of, and will remain the property of, the Company and will be retained by the Company whether or not the allotment and issue of New Shares take place.

Amounts received by the Company in excess of your Entitlement (**Excess Amount**) may be treated as an Application to apply for as many Additional New Shares as your Excess Amount will pay for in full. Alternatively, your Application may not be accepted.

Any Application Monies received for more than your final allocation of New Shares and Additional New Shares (if any) will be refunded as soon as practicable after the Closing Date (except for where the amount is less than the Offer Price, in which case it will be retained by the Company).

If the New Shares or Additional New Shares are not issued to you, a cheque will be drawn and relevant Application Monies will be refunded as soon as practicable after the Closing Date.



## **2.15 Withdrawal of the Entitlement Offer**

The Company reserves the right to withdraw the Entitlement Offer at any time, in which case the Company will refund Application Monies in accordance with the Corporations Act and will do so without interest.

## **2.16 CHESS**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). ASX Settlement Pty Ltd (**ASX Settlement**), a wholly-owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you under this Prospectus, and provide details of your holder identification number and the participant identification number of the sponsor. A CHESS allotment advice will be dispatched from the Share Registry on 28 April 2015.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by the Share Registry on 28 April 2015 and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time. However, a charge may be incurred for additional statements.

## **2.17 Optionholders**

Holders of Options in respect of Shares will not be entitled to participate in the Entitlement Offer unless:

- they have become entitled to exercise their Options under the terms of their issue and do so prior to the Record Date; and
- participate in the Entitlement Offer as a result of being a holder of Shares registered on the share register at 5.00pm (AWST) on the Record Date.

## 3 How to Apply

### 3.1 Eligible Shareholders

You should read this section in its entirety for instructions in relation to the choices available to you as an Eligible Shareholder. You should also refer to **section 2** for an overview of the Entitlement Offer.

#### Foreign Shareholders

Please refer to **sections 2.6** and **2.7** to determine whether you are an Eligible Shareholder.

### 3.2 Choices available

Eligible Shareholders may do any of the following:

- take up all or part of their Entitlement (refer to **section 3.3**); or
- do nothing (refer to **section 3.4**).

Eligible Shareholders who take up all of their Entitlement may also choose to apply for Additional New Shares as described in **section 2.3**.

The Entitlement Offer is a fully underwritten pro-rata offer to Eligible Shareholders. Eligible Shareholders who take up their Entitlement in full will not have their percentage Shareholding in the Company diluted by the Entitlement Offer. The percentage Shareholding of Eligible Shareholders who do not take up all of their Entitlement will be diluted.

For further details on the effect of the Entitlement Offer on the Company, please refer to **sections 4.5** and **4.7**.

### 3.3 If you wish to take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, complete the Entitlement and Acceptance Form in respect of the number of New Shares (including any Additional New Shares) you wish to subscribe for (unless you are paying by BPAY® payment) and arrange for payment of the Application Monies in accordance with **section 3.5** and the instructions in the Entitlement and Acceptance Form.

Your Entitlement is set out in the accompanying Entitlement and Acceptance Form and has been calculated based on the number of Shares you held as at the Record Date. If you have more than one holding of Shares, you will receive more than one Entitlement and Acceptance Form and you will have separate Entitlements for each holding.

The Company will treat you as applying for as many New Shares and Additional New Shares as your payment will pay for in full, subject to any scale-back in respect of the Shortfall (see **section 2.3**). Amounts received by the Company in excess of your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full.

### **3.4 Allowing all or part of your Entitlement to lapse**

If you decide not to accept all or part of your Entitlement to New Shares, or fail to accept by the Closing Date, the part of your Entitlement not accepted will lapse. The New Shares not subscribed for will form part of the Shortfall.

You should note that if you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage holding in the Company will be reduced.

### **3.5 Payment and return of Entitlement and Acceptance Form**

You have two payment options in order to take up your Entitlement.

#### **Option 1: Submit your completed Entitlement and Acceptance Form together with a cheque, bank draft or money order**

To follow Option 1, you should:

- complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of New Shares (including any Additional New Shares) you wish to subscribe for; and
- return the form to the Share Registry (address details below) together with a cheque, bank draft or money order which must be:
  - in respect of the full Application Monies (being \$0.045 multiplied by the number of New Shares (including any Additional New Shares) you wish to subscribe for);
  - in Australian currency drawn on an Australian branch of a financial institution; and
  - made payable to 'Atlas Pearls and Perfumes Limited' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form in full, you will be taken to have applied for the lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will be rejected.

The Company will also treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for. Any amount received by the Company in excess of your final allocation of New Shares and Additional New Shares will be refunded and no interest will be paid on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order reaches the Share Registry at the address below by no later than 5.00pm (AWST) on 20 April 2015.

Your completed Entitlement and Acceptance Form and cheque, bank draft or money order must be returned to the Share Registry at the following address:

By hand delivery Atlas Pearls and Perfumes Limited  
C/- Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
PERTH WA 6000  
AUSTRALIA

By post Atlas Pearls and Perfumes Limited  
C/- Computershare Investor Services Pty Limited  
GPO Box 505  
MELBOURNE VIC 3001  
AUSTRALIA

Entitlement and Acceptance Forms (and payment of Application Monies) may not be accepted if received after 5.00pm (AWST) on 20 April 2015 or at the Company's registered or corporate offices.

#### **Option 2: Pay via BPAY® payment**

To follow Option 2, you should pay the full Application Monies, being \$0.045 multiplied by the number of New Shares comprising your Entitlement (plus any Additional New Shares), or, if you are subscribing for only part of your Entitlement, the number of New Shares you wish to subscribe for, via BPAY® payment in accordance with the instructions set out on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique customer reference number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution.

Please note that if you choose to pay by BPAY® payment:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form and in this Prospectus;
- if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies; and
- the Company will treat you as applying for as many New Shares and Additional New Shares as your BPAY® payment will pay for. Any amount received by the Company in excess of your final allocation of New Shares and Additional New Shares will be refunded and no interest will be paid on any Application Monies received or refunded.

You need to ensure that your BPAY® payment is received by the Share Registry by no later than 4.00pm (AWST) on 20 April 2015. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to

ensure that funds are submitted through BPAY® by the date and time mentioned above.

**Effect of returning Entitlement and Acceptance Form or making BPAY® payment**

If an Application is not completed or submitted correctly it may still be treated as a valid Application. The Company's decision whether to treat an Application as valid and how to construe, amend, complete or submit an Application is final.

Returning a completed Entitlement and Acceptance Form or making a BPAY® payment will be taken to constitute a representation by the Applicant that they:

- are an Eligible Shareholder;
- have received, read and understood a printed or electronic copy of this Prospectus and the accompanying Entitlement and Acceptance Form and that they acknowledge the matters, and make the warranties and representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form;
- agree to be bound by the terms of this Prospectus and the Constitution;
- declare that the law of any other place does not prohibit them from being given this Prospectus or making an Application for New Shares and Additional New Shares;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that they are the current registered holder(s) of the Shares in their name at the Record Date;
- declare that they are not associated (as that term is defined in sections 12 and 16 of the Corporations Act) with any existing Shareholder of the Company;
- declare that they will not acquire a Relevant Interest in issued voting shares in the Company that increases their, or someone else's, voting power in the Company either: (i) from 20% or below to more than 20%, or (ii) from a starting point that is above 20% and below 90% (for the purposes of this paragraph the terms, 'voting shares' and 'relevant interest' have the meanings given in the Corporations Act);
- declare that they are over 18 years of age and have full legal capacity and power to perform all their rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once the Entitlement and Acceptance Form is returned or a BPAY® payment made their acceptance may not be withdrawn (including in the event that the Underwriting Agreement is terminated), except as allowed by law;
- agree to being issued the number of New Shares they apply for at the Offer Price (or a lower number issued in a way described in this

Prospectus) and, subject to **section 2.3**, to being issued up to the number of Additional New Shares they apply for at the Offer Price;

- authorise the Company to register them as the holder(s) of the New Shares and Additional New Shares allotted or granted to them;
- acknowledge that the information contained in this Prospectus is not investment advice or a recommendation that New Shares are suitable for them, given their investment objectives, financial situation or particular needs; and
- authorise the Company and its officers or agents to do anything on their behalf necessary for New Shares and Additional New Shares to be issued to them, including correcting any errors in their Entitlement and Acceptance Form or other form provided by them and acting on instructions received by the Share Registry using the contact details in the Entitlement and Acceptance Form.

### **3.6 Enquiries**

If you are in doubt as to the course you should follow, you should consult your stockbroker, accountant, solicitor or other professional adviser before deciding to invest. If you:

- have questions in relation to the Existing Shares upon which your Entitlement has been calculated;
- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the Atlas Pearls and Perfumes Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AWST) Monday to Friday during the Offer Period.

## 4 Overview of the Company

### 4.1 Current operations

The Company was established as a pearl farming company in 1992. It has since grown into a fully integrated and diversified pearling and perfume business.

#### ***Pearling operations***

The key components of the Atlas Group's pearling business are as follows:

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<b>Indonesian operations</b>	Establishment and management of pearling operations in Indonesia incorporating a state of the art hatchery, oyster grow-out and pearl farming land and sea based facilities strategically disseminated throughout the archipelago.
<b>Stable management team</b>	A stable management team comprising of skilled and experienced individuals and a balanced mix of Indonesians and expatriates involved in: <ul style="list-style-type: none"><li>• marine biology research and development;</li><li>• oyster growing and seeding;</li><li>• pearl grading and matching; and</li><li>• jewellery design and manufacturing both in Indonesia and Australia.</li></ul>
<b>Distribution of harvest</b>	Rational harvest allocation among appropriate distribution channels at the right price, including: <ul style="list-style-type: none"><li>• trading of loose pearls through cost efficient and value adding private auction system successfully implemented by the Company since 2012;</li><li>• wholesaling of loose pearls, strands and jewellery through a network of independent retailers, jewellery chain and branded luxury houses; and</li><li>• retailing of pearls strands and jewellery through the Company's network of urban, farm stores and online in Indonesia and Western Australia.</li></ul>

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#### ***Perfume operations***

The Company's wholly owned subsidiary EOT grows and extracts essential oils and sells essential oils to the international flavour and fragrance market and also produces bio-actives from various mineral and vegetal raw ingredients as well as distils perfumes in its manufacturing facility in Tasmania.

#### ***General operations***

The Company's primary business is to build a competitive advantage in the production, transformation and commercialisation of quality raw materials and ingredients through skill building and process development in farming, harvesting, grading, processing, extraction, refining, raw material exports distribution, wholesaling and retailing of pearls, pearl by-products and perfume.

The Company provides a range of pearl raw materials, perfume technologies, market concepts, and consumer products that can demonstrate to the supply chain competitive advantage and product differentiation that are linked through pearls, micronised powder products and a range of Australian and Indonesian flavour and fragrances ingredients.

Further details regarding the Company and its operations are disclosed in the Company's Annual Report released to ASX on 24 October 2014 and its Interim Financial Report released to ASX on 25 February 2015. These reports and all ASX announcements are available on the Company's website ([www.atlaspearlsandperfumes.com.au](http://www.atlaspearlsandperfumes.com.au)) or on ASX's website ([www.asx.com.au](http://www.asx.com.au)) (ASX code: ATP).

## 4.2 Pearling business strategy and outlook

In light of recent operational issues, the Company has announced an intent to refocus on the core pearling business whilst preserving the most prospective of the value-adding projects.

With skills and experience on both pearls and perfumes value chains, the Company intends to position itself in the epicentre of global luxury houses by both understanding the forces at play as well being a supplier of superior raw, semi-finished and finished products.

The Atlas Group has identified its points of differences and competitive advantages as follows:

- **experienced personnel** – the Company's CEO, Pierre Fallourd, has over 15 years' experience in successfully operating a pearling business and has been recognised by the industry as a leader in the sustainable management of such a business. The Board has a balanced mix of experience and technical capabilities appropriate for the Company and a clear understanding of the risks associated with the Company's business. Indonesian pearling operations leadership is now driven by two experienced Australian pearlurs – Richard Satchell and Mark Longhurst, respectively COO and Pearling Operation Manager, both dedicated to implement changes and improvements through the pearling value chain;
- **quality output** - emphasis is invested on pearl quality through R&D funding and a strategic partnership with Universities in Australia (James Cook University) as well as continuous process and protocol improvements. The objective is to improve overall pearl value through operating procedure alignments from hatchery, oyster and site selection fine tuning, shell care program, seeding techniques improvement and well as appropriate cultivation time and key operations involving shell transport within ideal windows;
- **cost competitiveness** – the Company is actively working at building and maximising production capacity to lower production cost. Current staffing and sites can accommodate more oysters to be seeded and nurtured;
- **customer focus** – continuing to develop customer focus throughout the organisation and reinforce existing strong trading and wholesale



commercial relationships as well as building and maintaining solid retail culture;

- **pearl value adding** – in addition to pearl matching, jewellery design, manufacturing and commercialisation, the Company has conducted research into oyster by-product bio-active ingredients extraction with the aim of broadening the range of products derived from pearls and pearl by-products and the full commercialisation of the pearl oyster material; and
- **alliances** – the Company will pursue the incubation of the most promising value-adding projects and concepts in the area of jewellery, cosmetics and perfumes with the objective to trigger the interest and support of leading Fragrance and Flavour (F&F) global groups as well as luxury houses and/or global brands through the establishment of long term supply, licensing agreements and eventually direct investment.

With a continued focus on containing costs during this period, the Company hopes to be able to take advantage of near-term opportunities to improve returns from pearling through more effective management of growth cycles and expansion of operations.

### 4.3 Perfume business strategy and outlook

The Company purchased EOT in 2012 with the prime objective of allowing the company to design, build and operate a pearl powder milling and pearl protein extraction production unit. This initiative effectively provided EOT with the opportunity to diversify into bio-actives extraction business as well as entering the fragrance industry in addition to its existing native crops growing and processing dedicated to the less lucrative flavour industry.

Under the guidance and with the support of the Company, EOT was able to design and assemble new production lines dedicated to bio-actives extraction from various minerals and organics such as pearl nacre, berries and other native second grade agriculture and aquaculture by-products as well as the ability to distil, assemble and bottle finished fragrances.

On 16 February 2015 the Company announced that it had executed a non-binding heads of agreement for strategic Tasmanian owned partner Westwood Properties Pty Ltd (**Westwood**) to invest into EOT with the objective to jointly own the company and grow the business to the next level.

Subject to agreeing binding documentation and completion of due diligence, it is proposed that Westwood would acquire a 50% holding in EOT for a total consideration of \$1.0 million, comprising of \$280,000 for 50% of the shares in EOT and a loan of \$720,000.

The Company has secured a partial advance on Westwood's intended subscription (\$550,000 by way of loan to be offset against the final agreed subscription arrangements and repayable on 45 days notice if the parties cannot agree suitable investment agreements). Further details regarding this arrangement are set out in **section 6.4**.

The Company and Westwood already jointly own Brookfield Pty Ltd in equal shares, an entity established to facilitate the building and operation of a tourism

facility at Brookfield, Tasmania on strategically located land owned by Westwood.

While there has not been any formal agreement made between the parties, it is the current intention of the parties to relocate EOT's processing facilities to Brookfield and in doing so this will provide the necessary space for the newly delivered bio-active extraction production lines to become fully operational and assembled in a tourism friendly layout so it would become an attraction in itself. The parties' current aim is to operate a \$1,500,000 commercial tourism project in Hobart (on land owned by Westwood) selling fragrances and pearls.

## 4.4 Corporate structure

### Structure

The Company is a company limited by shares that is incorporated and domiciled in Australia. It is the ultimate parent entity of the Atlas Group. The following companies are wholly owned subsidiaries of the Company:

Company	Country of Incorporation
Aspirasi Satria Sdn Bhd	Malaysia
P.T. Cendana Indopearls	Indonesia
Perl'Eco Pty Ltd	Australia
Tansim Pty. Ltd.	Australia
Essential Oils of Tasmania Pty Ltd	Australia
Cannabinoid Extracts Australia Pty Ltd	Australia

The Company currently holds interests in the following joint venture companies:

Joint Venture Company	Country of Incorporation
World Senses Pty Ltd	Australia
Brookfield Tasmania Pty Ltd	Australia

### Substantial shareholders

The following table sets out the substantial shareholders of the Company and their voting power in the Company at the date of this Prospectus:

Substantial Shareholder	Shareholding
Underwriter Group <sup>1</sup>	16.13%

Substantial Shareholder	Shareholding
Raintree Pearls and Perfumes Pty Ltd <sup>2</sup>	13.12%

**Notes:**

1. See **section 4.8** for a description of the persons and entities that comprise the Underwriter Group and the nature of the voting power held by them.
2. Includes Shares held by SP & K Birkbeck Holdings Pty Ltd.

## 4.5 Effect of the Entitlement Offer on the Company

### Effect on capital structure

A table showing the changes in the capital structure of the Company as a consequence of the Entitlement Offer is set out below.

Shares on issue at date of this Prospectus	345,616,452
Unlisted Options on issue at the date of this Prospectus <sup>1</sup>	28,500,000
Shares issuable on conversion of Convertible Notes on issue at the date of this Prospectus <sup>2</sup>	3,000,000
Issue of New Shares under the Entitlement Offer	69,123,290
<b>Total Shares on issue after completion of the Entitlement Offer (undiluted)</b>	<b>414,739,742</b>
<b>Share capital of the Company after completion of the Entitlement Offer (fully diluted)</b>	<b>446,239,742</b>

**Notes:**

1. 20,000,000 Options exercisable at \$0.0858 each on or before 31 December 2016.  
8,500,000 Options exercisable at \$0.095 each on or before 31 December 2016.
2. On the assumption that these \$150,000 of Convertible Notes held by K Birkbeck are converted at \$0.05. Under the terms of the Convertible Note, conversion will occur at the lower of \$0.05 and 90% of the 10-day volume weighted average price of Shares 10 days prior to the date of conversion.

The above figures assume that no further Shares are issued or Options or Convertible Notes converted prior to the issue of New Shares under the Entitlement Offer. In addition, Shareholders should note that due to rounding of Entitlements under the Entitlement Offer to Shareholdings on the Record Date, among other things, the exact number of New Shares to be issued will not be known until completion of the Entitlement Offer.

## 4.6 Current status of the Company's finance facilities

The Company has in place a \$5 million facility with Commonwealth Bank of Australia (**CBA**) comprising a Japanese Yen Domestic Foreign Currency Advance with a limit of \$1.875m (**Yen Advance Facility**) and a bills discount facility with a limit of \$3.125 million (**Bills Discount Facility**). The Yen Advance Facility expires on 31 May 2016. The Bills Discount Facility expires on 30 June 2015. These facilities are secured by a registered company charge by CBA over the whole of the assets and undertakings of the Company

including uncalled capital of the Company and its related entities, except for the shares and assets of EOT and World Senses Pty Ltd.

As at the date of this Prospectus, these facilities were effectively fully drawn down.

As announced on 16 February 2015, the reduction in FY2015 revenue from pearling operations meant that whilst the Company was not immediately in breach of its CBA lending covenants, it was unlikely that the Company would comply with its normalised EBITDA covenant at year end (meaning it would breach those covenants at that time).

The Company took the following steps to address this situation:

- it agreed with CBA the continuation of its Bills Discount Facility until 30 June 2015 on the basis that regular updates are provided to CBA and that the Company's actual performance meets the forecasts provided to CBA for the remainder of the financial year ending on 30 June 2015; and
- it also agreed with CBA to entered into negotiations for the 2015/2016 covenants based on minimum EBITDA earnings sufficient for ongoing debt servicing. These negotiations will commence shortly after the Company has completed its FY2016 budgets which is expected to be during May 2015.

The Company notes that there is no guarantee that it will reach agreement with CBA on new suitable terms. If it is unable to, then it will be required to seek to refinance those arrangements or find other sources of capital to repay them. Whilst this risk is acknowledged, the Board has reasonable grounds to believe that it will reach agreement to refinance the Company's existing debt facilities with CBA.

EOT has in place a \$300,000 5-year term loan with National Australia Bank. Security is charged over specific plant and equipment owned by EOT to the value of the loan. Interest of 3.6% per annum is payable.

On 12 and 17 February 2015 the Company entered into certain bridging loan arrangements raising an additional \$1,050,000. These arrangements are described in more detail in **sections 4.3** and **6.4**.

#### **4.7 Effect on the Company's financial position**

This section provides relevant financial information for Shareholders to consider when assessing whether to participate in the Entitlement Offer, including details of the potential financial impact of the Entitlement Offer. The impact of the Entitlement Offer is expected to be an increase in cash of approximately \$2.9 million (after costs of the Entitlement Offer).

The pro forma financial information should be read in conjunction with the limitations explained in the Important Notices section of this Prospectus.

All financial information is presented in accordance with the measurement and recognition principles under AIFRS unless otherwise noted.

## Pro forma Statement of Financial Position

Set out below is:

- the audited Statement of Financial Position for the Company at 30 June 2014;
- the reviewed Statement of Financial Position at 31 December 2014; and
- a pro forma Statement of Financial Position as at 31 December 2014 adjusted to reflect:
  - the issues of the New Shares and money raised under the Entitlement Offer;
  - the costs of the Entitlement Offer of \$183,300;
  - the conversion of \$850,000 of Convertible Notes into Shares since 31 December 2014; and
  - the following loans received since 31 December 2014:
    - a loan of \$500,000 received by the Company from Jingie, but this will be repaid out of the Entitlement Offer Proceeds;
    - a loan of \$550,000 received by the Company from Westwood; and
    - a loan of \$300,000 received by EOT from NAB.

Please refer to **sections 4.3** and **6.4** for more details.

	30 June 2014	31 December 2014	Adjustments: subsequent events	Adjustments: Entitlement Offer	Pro Forma balance sheet
	(\$)	(\$)	(\$)	(\$)	(\$)
Cash and cash equivalents	1,665,207	1,781,403	1,350,000	2,927,232	6,058,635
Trade and other receivables	3,020,985	1,309,861	-	-	1,309,861
Derivative financial instruments	-	-	-	-	-
Inventories	6,114,013	4,688,840	-	-	4,688,840
Biological assets	8,414,231	3,525,994	-	-	3,525,994
<b>TOTAL CURRENT ASSETS</b>	<b>19,214,436</b>	<b>11,306,098</b>	<b>1,350,000</b>	<b>2,927,232</b>	<b>15,583,330</b>
Intangibles	392,875	333,669	-	-	333,669
Loans joint venture entities	67,896	75,958	-	-	75,958

Investments accounted for using the equity method	3,025	51,328	-	-	51,328
Inventories	132,093	176,215	-	-	176,215
Biological assets	12,011,412	10,219,904	-	-	10,219,904
Property, plant and equipment	4,401,274	5,400,453	-	-	5,400,453
Deferred tax assets	4,599,784	5,386,558	-	-	5,386,558
<b>TOTAL NON CURRENT ASSETS</b>	<b>21,608,359</b>	<b>21,644,085</b>	<b>0</b>	<b>0</b>	<b>21,644,085</b>
<b>TOTAL ASSETS</b>	<b>40,822,795</b>	<b>32,950,183</b>	<b>1,350,000</b>	<b>2,927,232</b>	<b>37,227,415</b>
Trade and other payables	3,141,549	2,439,983	-	-	2,439,983
Borrowings	5,014,791	6,061,301	203,902	-	6,265,203
Derivative financial instruments	852,323	740,919	(538,520)	-	202,399
Current tax liabilities	(94,060)	(572,096)	-	-	(572,096)
Short-term provisions	57,298	60,293	-	-	60,293
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,971,901</b>	<b>8,730,400</b>	<b>(334,618)</b>	<b>0</b>	<b>8,395,782</b>
Borrowings	140,168	162,506	300,000	-	462,506
Deferred tax liabilities	2,901,397	1,826,401	-	-	1,826,401
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>3,041,565</b>	<b>1,988,907</b>	<b>300,000</b>	<b>0</b>	<b>2,288,907</b>
<b>TOTAL LIABILITIES</b>	<b>12,031,466</b>	<b>10,719,307</b>	<b>1,384,618</b>	<b>0</b>	<b>10,684,689</b>

<b>TOTAL NET ASSETS</b>	<b>28,809,329</b>	<b>22,230,876</b>	<b>0</b>	<b>2,927,232</b>	<b>26,542,726</b>
Contributed equity	32,153,001	32,468,512	1,384,618	<b>2,927,232</b>	36,780,362
Reserves	(8,036,205)	(7,963,053)	-	-	(7,963,053)
Retained profits	4,692,533	(2,274,583)	-	-	(2,274,583)
<b>TOTAL EQUITY</b>	<b>28,809,329</b>	<b>22,230,876</b>	<b>1,384,618</b>	<b>2,927,232</b>	<b>26,542,726</b>

### Notes of pro forma

The unaudited pro forma consolidated Statements of Financial Position set out above have been prepared on the basis that there has been and will be no material movements in assets and liabilities of the consolidated entity between 1 January 2015 and the Closing Date other than the issue of New Shares through the Entitlement Offer and the proceeds raised, after deducting expenses of the Entitlement Offer of \$183,300 and the other adjustments noted above. The pro forma does not take into account the Company's cash spend following 31 December 2014, which in the six months to 31 December 2014 averaged \$1.7 million per month.

The pro forma accounts are based on the reviewed 31 December 2014 half-year financial results, updated for the material subsequent events listed above and the Entitlement Offer. There have been no changes to the basis of preparation. For further information on the basis of preparation refer to Note 1 "Statement of Significant Accounting Policies" in the 30 June 2014 Annual Financial Statements and Note 1 "Basis of Preparation of Half-Year Report" in the 31 December 2014 Half-Year Financial Statements.

If the Underwriting Agreement is terminated, the Company proceeds with the Entitlement Offer and only raises 50% or 25% of the maximum possible Entitlement Offer Proceeds, then cash and cash equivalents would equal \$4,596,677 and \$3,819,040 respectively, and net assets would equal \$25,080,768 and \$24,303,131 respectively.

### Expenses of Entitlement Offer

The total expenses of the Entitlement Offer (including legal fees, underwriting fees and other fees) are estimated to be approximately \$183,300.

## 4.8 Effect on control and potential dilution

If Eligible Shareholders take up their Entitlements, their percentage interest in the total issued share capital of the Company will remain the same and will not be diluted.

To the extent that Eligible Shareholders do not take up their Entitlements, following the close of the Entitlement Offer, the percentage shareholding of those Eligible Shareholders will be diluted.

### ***The Underwriter***

The Underwriter forms part of a group of Shareholders, entities and persons related to the family of current director Mr Timothy Martin. Together, the current voting power of this group equates to 16.13% of the issued Shares in the Company.

The Company is informed that the entities and persons that form part of this group are the Underwriter, WG&BM Pty Ltd ACN 107 819 269, Jingie Investments Pty Ltd ACN 137 583 147, Chemco Superannuation Fund Pty Ltd ACN 153 172 984, Chemco Pty Ltd ACN 008 725 817, William Gordon Martin, Timothy James Martin, Beverley Michelle Martin and Jennifer Michelle Roughan (collectively referred to as the **Underwriter Group**).

The total number of Shares held by the Underwriter Group is 55,756,745.

Each of Jingie Investments Pty Ltd (14,900,200 Shares), Chemco Superannuation Fund Pty Ltd (32,400,000 Shares), Timothy James Martin (3,256,545 Shares), Jennifer Michelle Roughan (2,800,000 Shares) are registered holders of Shares in the Company. William Gordon Martin and Timothy James Martin (1,000,000 Shares) and Beverley Michelle Martin and Jennifer Michelle Roughan (1,400,000 Shares) hold Shares jointly.

William Gordon Martin controls Chemco Pty Ltd which in turn controls Jingie Investments Pty Ltd. William Gordon Martin is therefore the only person in this group that has a relevant interest in the Shares held by Jingie Investments Pty Ltd.

Each of William Gordon Martin, Timothy James Martin, Beverley Michelle Martin and Jennifer Michelle Roughan are the registered holders of more than 20% of WG&BM Pty Ltd which in turn holds all of the Shares in the Underwriter. Thus each of those persons will have a relevant interest in any New Shares acquired by the Underwriter. The Underwriter does not currently hold any Shares in the Company.

William Gordon Martin and Beverley Michelle Martin control Chemco Superannuation Fund Pty Ltd and thus are the only persons with a relevant interest in the Shares held by that company.

This results in William Gordon Martin having a relevant interest in 48,300,200 Shares or 13.97%, Beverley Michelle Martin having a relevant interest in 33,800,000 Shares or 9.78%, Timothy James Martin having a relevant interest in 4,256,545 Shares or 1.23% and Jennifer Michelle Roughan having a relevant interest in 4,200,000 Shares or 1.21%.

As at the date of this Prospectus, these persons and entities consider themselves to be associated with one another. This is because they consider themselves to be acting together in respect of the offer to underwrite the Entitlement Offer and the continuation of the Jingie Bridging Loan discussed in **section 6.4**. For this reason, the voting power of each such person and entity has been combined for the purposes of demonstrating the potential control impact of the Entitlement Offer on the Company.



The Underwriter Group has confirmed that there are no current agreements, arrangements or understandings between them as to the power of a member to exercise or control the exercise of the rights to vote attached to the Shares in which they have a relevant interest in or their respective ability to control or exercise the right to dispose of Shares held by them. Accordingly, other than as set out above, they do not have a relevant interest in the Shares held or controlled by other members.

The Underwriter Group has also informed the Company that the association between them may cease at any time and is likely to do so at the conclusion of the Entitlement Offer. In this circumstance, the voting power of the members of the Underwriter Group will be lower than the indicated voting power set out below.

To the extent that Eligible Shareholders do not take up all of their Entitlements under the Entitlement Offer or apply for sufficient Additional New Shares out of the Shortfall so that there is no Shortfall, the Entitlement Offer will be fully underwritten by the Underwriter subject to the terms of the Underwriting Agreement. This will result in the Underwriter acquiring a relevant interest in the Shares comprising the Shortfall. To the extent the Underwriter Group remain associated with one another at the time of issue of those Shares, the voting power of the Underwriter Group will also increase.

The table below illustrates the potential effect of the Entitlement Offer on the voting power of the Underwriter Group (assuming the association continues).

Scenario	Potential control impact
All Shareholders take up their full Entitlement under the Entitlement Offer.	No effect on control. The voting power in the Company of the members of the Underwriter Group will remain at 16.13%.
75% of all Entitlements are taken up (whether by subscription for New Shares or Additional New Shares).	The voting power in the Company of the members of the Underwriter Group will increase from 16.13% to 17.61%.
50% of all Entitlements are taken up (whether by subscription for New Shares or Additional New Shares).	The voting power in the Company of the members of the Underwriter Group will increase from 16.13% to 21.78%.
25% of all Entitlements are taken up (whether by subscription for New Shares or Additional New Shares).	The voting power in the Company of the members of the Underwriter Group will increase from 16.13% to 25.94%.
All Shareholders do not take up any of their Entitlement under the Entitlement Offer.	The voting power in the Company of the members of the Underwriter Group will increase from 16.13% to 30.11%.

**Notes:**

Assuming:

- 1 the Underwriting Agreement is not terminated;
- 2 no exercise of existing Options on issue or conversion of Convertible Notes and no other Share issues after the date of this Prospectus; and
- 3 the members of the Underwriting Group do not take up their Entitlements under the Entitlement Offer.

Other than the Underwriter Group, no Shareholder will increase their voting power in the Company from below 20% to above 20% as a result of the Entitlement Offer.

If any of the Option rights to take up Shares in the Company are exercised, or Convertible Notes are converted, then the Underwriter Group's percentage shareholding and voting power will decrease. In the event that the Underwriter's relevant interest in the Company exceeds 19.99%, it will be relying on the exemption to section 606 of the Corporations Act in section 611 (item 13) of the Corporations Act which will allow it to increase its voting power to more than 20%.

### ***Liquidity of Shares***

If the Underwriter Group increases its voting power as a result of taking up any Shortfall not taken up by other Eligible Shareholders, the market for Shares may become less liquid than at present.

### ***Intentions of the Underwriter Group***

If the Underwriter Group acquires in excess of 20% of the issued Shares in the Company, the Underwriter Group has advised the Company that following the completion of the Entitlement Offer, it has no present intention:

- to endeavour to change the business of the Company;
- to make changes to the Board;
- to inject further capital into the Company;
- of endeavouring to make any changes regarding the future employment of the present employees of the Company; or
- to significantly change the financial or dividend distribution policies of the Company.

These intentions are based on information known to the Underwriter Group at the date of this Prospectus regarding the Company, its business and the business environment. That information is limited to publicly available information.

Any final decisions regarding these matters will only be made by the Underwriter Group in light of information and circumstances at the relevant time. Accordingly, the statements set out above are statements of current intention only, which may change as new information becomes available to it or as circumstances change.

## **4.9 Dividend history**

No dividends have been paid by the Company since the interim fully franked dividend of \$0.02 per Share declared on 7 May 2008. The Company's dividend policy has been reviewed periodically by the Board since 2009.

#### **4.10 Directors**

The Directors of the Company as at the date of this Prospectus are:

- Mr Geoffrey Grosvenor Newman (Non-Executive Chairman);
- Mr Timothy James Martin (Non-Executive Director); and
- Mr Stephen John Arrow (Non-Executive Director).

Biographies of each Director are set out in the Directors' Report in the Company's 2014 Annual Report available on the Company's website at [www.atlaspearlsandperfumes.com.au](http://www.atlaspearlsandperfumes.com.au). The Company will also provide, free of charge, a copy of the 2014 Annual Report to any person who asks for it during the Offer Period – see further **section 6.1**.

Both of the independent Directors of the Company (being Messrs Newman and Arrow) intend to take up their full Entitlements under the Entitlement Offer.

## 5 Key Risks

### 5.1 Overview

The Company is a pearl farmer and producer of luxury products with pearling operations based in Indonesia and essential oils operations based in Australia. Due to the nature of the Company's business activities, increasing your investment in the Company carries with it risks reasonably expected of an investment in a business of this type.

Accordingly, whilst the Directors recommend the Entitlement Offer, New Shares offered pursuant to this Prospectus should be considered speculative. Pearl farming and the manufacture and sale of luxury products are high risk endeavours and prospective investors should read the whole of this Prospectus and consider the risk factors described within it as well as consult their stockbroker, accountant, solicitor or other professional adviser in order to fully appreciate the manner in which the Company operates before deciding whether to apply for their Entitlement.

The current and future activities of the Company may be affected by a range of factors, including, but not limited to, those discussed in this Prospectus. There is a range of specific risks associated with the Company's involvement in the pearl farming and luxury product industries. There are also numerous widespread risks associated with investing in any form of business and with investing in the share market generally. These risk factors are largely beyond the control of the Company and the Directors because of the nature of the Company's business.

By their nature, investments in pearling and luxury product businesses are subject to numerous risks. This section describes certain specific areas that are believed to be material risks associated with an investment in the Company. This section does not, and does not purport to, contain an exhaustive list of the risks associated with an investment in New Shares.

Before increasing your investment in the Company, you should consider whether this investment is suitable for you having regard to the risk factors set out below, publicly available information, your investment objectives and personal financial circumstances, and following consultation with your professional advisors.

### 5.2 Risks associated with an investment in the Company

The following risks have been identified as being key risks specific to an investment in the Company. These risks have the potential to have a significant adverse impact on the Company and may affect the Company's financial position, performance and prospects and the price and value of New Shares.

#### **Financing**

The Company's debt facilities are effectively fully drawn (refer to **section 4.6**). A portion of these facilities are due and payable on 30 June 2015. There is a risk that the Company will be unable to refinance its existing bank facilities (on suitable terms or at all). Whilst this risk is acknowledged, the Board has

reasonable grounds to believe that it will reach agreement to refinance the Company's existing debt facilities with CBA. This risk applies equally to future finance arrangements.

The Company's existing finance facilities are conditional on repayment obligations and covenants being satisfied by the Company as and when required. As outlined in this section, factors including weather, disease and pollution and general economic conditions can impact on the ability of the Company to generate cash flows and, consequently, its ability to generate sufficient cash flows to satisfy its obligations to financiers.

If the Company is unable to meet its ongoing obligations to financiers and is unable to secure adequate re-financing of existing facilities, it may not be able to fund its operations and, in extreme circumstances, continue as a going concern. The Company may be able to secure waivers and other relief from financiers in respect of a potential breach of its repayment obligations or covenants, however this is not guaranteed.

Factors such as a decline in the Company's operational and financial performance could lead to a breach of its banking covenants. If a breach occurs, the Company's financiers may seek to exercise enforcement rights under the debt facilities, including requiring immediate repayment, which may have a materially adverse effect on the Company's future financial performance and position.

The availability of capital or relief from financiers to meet the Company's requirements may be affected by factors in the financial markets and the general economy which are beyond the control of the Company, such as changes to interest and exchange rates and capital market liquidity.

### **Capital availability**

The Company's ability to meet future capital requirements will depend on a number of factors. Current economic conditions can impact on the availability of debt and equity funding that may be required to support the cash flow of the Company including market prices for the Company's products, exchange rates and the capital raising environment at the time. The Company's operations may be affected by availability of funding which would impact on its ability to maintain business operations at its current levels.

Depending on the outcome of the Entitlement Offer, the Company may require further financing. No assurance may be given that the Company will be able to procure funding (if required) in a timely manner on terms acceptable to it.

If the Company is unable to obtain adequate financing as needed, it may be required to reduce the scope of its operations which could have an adverse effect on the Company's activities and affect the Company's ability as a going concern.

### **Liquidity and going concern risk**

The operational issues suffered by the Company in the last 6 month highlights how the Company may be affected by a deterioration in its cash flows. Whilst

the Company is looking at all ways to return the Company to a stable footing, there is no guarantee that these attempts will be successful.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities – however, if new cash cannot be sourced to meet these maturity dates to Company may be unable to continue as a going concern.

Specifically, the Company has identified the following financial and operational outcomes which must be met, otherwise the Company risks not being able to continue as a going concern:

- the successful fund raising of capital through the Entitlement Offer;
- the execution of a shareholder agreement for a long term investment into EOT by Westwood;
- the renegotiation of existing credit and debt facilities of the Company;
- the international market for wholesale loose white south sea pearls maintaining existing demand levels and pricing;
- the Company meeting its auction forecasts;
- the Company generating profitable operations with positive cash flows; and/or
- the realisation of assets at amounts greater than their carrying values,

These conditions, along indicate the existence of a material uncertainty that may cast significant doubt about the Atlas Group's ability to continue as a going concern and therefore, the Atlas Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

For further information on this risk, please refer to Note 17 and the BDO auditor's report attached to the Company's interim financial report for the six month period ended 31 December 2014 lodged with ASX on 25 February 2015.

### **Pricing and competition risk**

Pearls and perfumes are luxury products and their price is subject to changes in supply and demand. Similarly, the level of demand for pearls is subject to macroeconomic demand levels which in turn are influenced by global economic conditions. South Sea pearls produced by the Company compete with other pearls such as Black pearls, Akoya pearls and fresh water pearls. Pearls also compete with other gems such as diamonds and metals such as gold and platinum within the jewellery industry.

Pearl prices have varied significantly over recent years and have been difficult to predict. Potential decreases in the market price of pearls could cause occasions where the Company may not be able to sell its product at an economic profit. For example, given the Company's current liquidity issues, the results from the next pearl auction in March 2015 is likely to have a significant impact on the Company's available cash resources. An adverse auction result may negatively impact the Company's ability to continue as a going concern.

The retail environment in which the Company operates has been experiencing some challenging conditions due to impacts on customer sentiment and demand. If global economic conditions worsen, there is a risk that demand for luxury items like jewellery and perfumes may be adversely impacted as customers reduce their level of consumption for such products or seek cheaper alternatives.

The essential oil business in which the Company operates is subject to demand and competition which can impact the price it receives for its essential oils.

Broadening the luxury product categories to jewellery, perfume, cosmetic, pearl by products and nutraceutical products will reduce risk through product diversity.

### **Currency risk**

The Company trades in Japanese Yen as its primary currency for the negotiation of pearl sales and United States Dollars for its sale of essential oils. A large proportion of the Company's operation expenditure is denominated in Indonesian Rupiah. Therefore, movements in foreign exchange rates may affect the Company's financial performance. The Company undertakes currency hedging within a risk policy framework to mitigate these risks where possible.

### **Commercialisation of pearl by-products and perfumes**

The Company is pursuing its current objectives of commercialising pearl by-products and manufacturing and selling perfumes. The Company has obtained a \$1.1 million AusIndustry government grant for such objectives. This grant is repayable in certain circumstances. If the grant is required to be repaid, the Company may need to source financing from alternative sources.

The current and future operations of the Company will be affected by a range of factors, some of which may impact on the ability of the Company to successfully achieve those objectives.

Despite the best efforts of the Company, as the Company's commercialisation of pearl by-products or developments in the perfume industry are at an early stage, there is no guarantee that such developments will be successful and commercially viable and these initiatives will result in sustained cash flows for the Company.

### **Interest rate fluctuations**

Changes in interest rates either under the Company's debt facilities or nationally and which are passed on to the Company may increase the Company's costs of servicing these borrowings which may adversely impact its financial position. Increases in interest rates may also affect consumer sentiment and the level of customer demand (both of which are important to the Company as a retail business), potentially leading to a decrease in consumer spending. Accordingly, an increase in interest rates may have a material adverse impact on the Company's future financial performance.

### **Climate risk**

The *Pinctada maxima* oyster from which the South Sea pearl is produced is susceptible to climatic changes, which affect water temperature, salinity and nutrient content. The Company has been affected by climate changes in the past. Adverse weather and climate conditions are difficult to manage but every effort is made to plan activities such as oyster transport and husbandry with due consideration to climatic conditions.

The Company grows a range of essential crops on over 300 hectares and across 20 locations in Tasmania. There is a risk these crops could be affected by natural disasters such as bushfires, floods or drought and this risk is mitigated to some extent by the geographical diversification of the business over different parts of Tasmania.

The effects of such climate risks may result in reductions in produce and therefore revenue which could have an adverse effect on the Company's future financial performance.

### **Pollution, disease and other events**

Pearl oysters may be lost as a result of pollution and disease. This is managed through rigorous cleaning and health monitoring which are maintained throughout the year on oyster stocks. Protocols are in place to isolate any disease outbreaks on farms. Pollution is reduced by the remote locations of oyster farms. Historically, pollution and disease have not significantly impacted on the Company's capacity to produce oysters.

EOT crops may be lost as a result of pollution and disease. This is managed through constant monitoring by a qualified agronomist throughout the year on all farm sites. Protocols are in place to isolate any disease outbreaks on farms. Pollution is reduced by the rural locations of essential oil farms. Historically, pollution and disease have not significantly impacted on the Company's capacity to produce essential oils.

The effect of any pollution and/or disease may result in reductions in produce and therefore revenue which could have an adverse effect on the Company's future financial performance.

Pearling operations may be susceptible to localised environmental events, some of which the Company has been affected by in the past, such as oil spills, volcanoes and disruption caused by sea animals. These changes have been mitigated to some extent by the geographical diversification of the business over different parts of Indonesia.

### **Environmental risks**

The Company's operations and activities are subject to the environmental laws and regulations of Indonesia and Australia and any other places the Company may conduct business. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. However, non-compliance with or breach of any conditions attached to the Company's environmental licences may lead to penalties and/or revocation of the licence,



and significant liability could be imposed on the Company for damages, clean-up costs or penalties in the event of certain environmental damage. This would require the Company to incur significant costs and may result in an adverse impact on the Company's cash flows, financial position and performance.

Further, the Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's operations, financial position and performance.

#### **Retail environment and general economic conditions in the Company's reference markets may worsen**

As the Company's products are typically viewed by consumers to be 'discretionary' items rather than 'necessities', the Company's financial performance is sensitive to the current state of, and future changes in, the retail environment in the countries in which it operates.

For example, the Australian retail environment has recently experienced challenging conditions due to soft consumer sentiment and retail demand. This has arisen as a result of factors such as general uncertainty about Australian and international economic conditions, political uncertainty and subdued consumer sentiment in the aftermath of the global financial crisis.

Economic conditions may worsen in Australia, Indonesia and globally which could cause the retail environment to deteriorate as consumers reduce their level of consumption of discretionary items. Relevant factors influencing economic conditions include interest, inflation and exchange rates, changes in fiscal, monetary and regulatory policies and sovereign or political risk in each of the regions in which the Company operates.

In addition, input prices may be impacted by any significant devaluation of the Australian dollar. Should any of these risks occur, they are likely to have an adverse impact on the Company's future financial performance.

#### **Competition may increase**

Competition is based on a variety of factors including source of products, price, advertising, new stores, store location, store appearance, product presentation and customer service.

The Company's competitive position in pearling, jewellery and essential oils may deteriorate as a result of factors including actions by existing competitors in these industries, the entry of new competitors (such as international retailers or online retailers) or a failure by the Company to successfully respond to changes in the industry. Any deterioration in the Company's competitive position may have an adverse effect on the Company's future financial performance.

### **Prevailing fashions and consumer preferences may change**

Part of the Company's revenue is generated from the retailing of pearls, which is subject to changes in prevailing fashions and consumer preferences. Failure by the Company to predict or respond to such changes could adversely impact the future financial performance of the Company. In addition, any failure by the Company to correctly judge customer preferences, or to convert market trends into appealing product offerings on a timely basis, may result in lower revenue and margins and could adversely impact the future financial performance of the Company. In addition, any unexpected change in prevailing fashions or customer preferences may lead to the Company carrying increased obsolete inventory.

### **Store leases**

The Company currently has stores in Australia and Indonesia. The Company leases these premises from a number of landlords. The leases have a range of terms and option periods, although they are generally leases which the Company cannot readily terminate. Any failure to renew existing leases on acceptable terms, or an inability to negotiate alternative arrangements, could also materially adversely affect the Company's ability to operate stores in preferred locations, which may have an adverse effect on the Company's future financial performance. In addition, there is a risk that the Company may become subject to terms which are less favourable due to unanticipated changes in the property market or if one or more stores does not achieve the financial performance anticipated at the time of entering into the relevant leases.

### **Brand and reputation**

The Company's name and its related intellectual property rights are key assets of its business. The reputation and value associated with the Company and related intellectual property rights could be adversely impacted by a number of factors including failure to provide customers with the quality of product and service standards they expect, disputes or litigation with third parties such as employees, contractors or customers, failure to adequately protect the Company's intellectual property rights or adverse media (including social media) coverage. Significant erosion in the reputation of, or value associated with, these could have an adverse impact on customer loyalty, relationships with suppliers and contractors, employee retention rates and demand for the relevant products, all of which could adversely impact the future financial performance of the Company.

### **Retention of key personnel**

The Company employs a management team that is highly trained to carry out the supervision of the technical issues that are required to successfully operate a pearling, jewellery and essential oils business. The Company's operations may be adversely impacted if one or more of these key management personnel cease employment.

The employees of EOT have a long standing tenure with the Company but there is a risk that key employees may leave resulting in a loss of years of intellectual property in the growing and extraction of essential oils.

#### **Litigation and counterparty risk**

The Company operates in a commercial setting and accordingly the Company is exposed to potential legal and other claims or disputes in the course of its business, including litigation from employees, regulators or other third parties. As with all litigation, there are risks involved – an adverse outcome in litigation or the cost of responding to potential or actual litigation may have a material adverse impact on the financial performance of the Company.

In addition, there is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party (such as the proposed EOT joint venture and World Senses Pty Ltd joint venture), or the insolvency or managerial failure by any of the contractors or other suppliers used by the Company in any of its activities, or that any of those agreements are terminated in accordance with their terms. There is also a risk of legal or other disputes between the Company and co-venturers or contractors or other suppliers.

#### **Insurance risks**

The Company endeavours to maintain insurance within ranges of coverage in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have an adverse effect on the Company's operations and financial position and performance.

#### **Loss of inventory risk**

While the Company endeavours to maintain high levels of security and adequate insurance over its pearl stock, there is a risk that the Company may suffer a loss inventory due to piracy or other theft which would have a corresponding negative impact on revenue.

#### **Geo-political, legal and security risk**

The Company's farming assets are located in Indonesia and are subject to legal and political risks associated with that region, including uncertainties regarding legal and taxation regulation. Indonesia has experienced security risks from time to time and the Company has 20 years of experience in managing risks associated with Indonesia and undertakes risk management on an ongoing basis at all levels to manage this.

#### **Share liquidity**

Due to the size and nature of the Company, the liquidity of its shares traded on the ASX can be low. This could impact your ability to sell the New Shares that you acquire.

### **5.3 Risks associated with the Entitlement Offer**

There are certain risks associated with participating or not participating in the Entitlement Offer, including:

- your Shareholding in the Company will be diluted as a result of not taking up your full Entitlement;
- if the Company is unable to successfully complete the Entitlement Offer, it will have to consider alternative funding options, which may or may not be available on acceptable terms or may result in dilution to Shareholders;
- the Company may require additional capital in the future. The Company's ability to do this at an appropriate price will be significantly impacted by commodity prices, market conditions and the capital raising environment at that time. Any additional equity financing will dilute Shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. This could have an adverse affect on the Company's activities and could, in extreme circumstances, affect the Company's ability to continue as a going concern; and
- if the Underwriting Agreement is terminated and the Company decides to continue with the Entitlement Offer, there is a risk that the full amount of approximately \$3.1 million will not be raised. If this eventuates, the Company will have to consider alternative funding options, which may or may not be available on acceptable terms or may result in dilution to Shareholders.

### **5.4 General risks**

The business activities of the Company are subject to various general economic and investment risks that may impact on the future performance of the Company. These risk factors include, but are not limited to, those summarised in the section below.

#### **Discretion in use of capital**

The Board and the Company's management have discretion concerning the use of the Company's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, the Company's financial and/or operational performance may suffer.

#### **Share market conditions**

As the Company is a listed company, the price at which its securities trade will be subject to the numerous influences that may affect both the broad trend in the share market and the share prices of individual companies and sectors. Investors should recognise that the price of New Shares may fall as well as rise.

### **Government policies and legislation**

The Company and its operations may be affected by changes to government policies and legislation, including those relating to the defence and domestic security sectors, the environment, taxation and the regulation of trade practices and competition.

## 6 Additional Information

### 6.1 Continuous disclosure

The Company is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Broadly, these obligations require:

- the preparation of yearly and half-yearly financial statements and a report on the Company's operations during the relevant accounting period together with an audit or review report on those operations by the Company's auditor; and
- the Company to notify ASX immediately of any information (subject to certain exceptions) of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from ASX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The information included in this Prospectus provides information about the Company's activities current as at 16 March 2015. It is information in a summary form and does not purport to be complete. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements including the Company's annual report for the financial year ended 30 June 2014 lodged with ASX on 24 October 2014, the Company's interim financial report for the six month period ended 31 December 2014 lodged with ASX on 25 February 2015 and the Company's 30 June 2014 audited financial statements lodged with ASX on 28 August 2014 and the Company's other announcements to ASX available at [www.asx.com.au](http://www.asx.com.au). The Company will provide, free of charge, a copy of each of the following documents to any person who asks for it during the Offer Period:

- the Company's annual report for the year ending 30 June 2014 (being the Company's most recent annual report lodged with ASIC before the date of this Prospectus);
- the Company's half-year results for the period ending 31 December 2014; and
- any continuous disclosure documents released to ASX by the Company after lodgement of the Company's annual report for the period ending 30 June 2014 and before the lodgement of this Prospectus with ASIC. A list of those documents is set out below:

<b>Document</b>	<b>Date</b>
Appendix 3B	12 March 2015
Change in substantial holding	12 March 2015

<b>Document</b>	<b>Date</b>
Section 708A(5)(e) Notice	4 March 2015
Appendix 3B	4 March 2015
Atlas Announces 31 December 2014 Half Year Results	25 February 2015
Appendix 4D and 31 December 2014 Interim Financial Report	25 February 2015
Final Director's Interest Notice x 3	19 February 2015
Operations Update Final Director's Interest Notice x 3	17 February 2015
Reinstatement to Official Quotation	17 February 2015
Market Update	17 February 2015
(Amended) Suspension from official quotation	13 February 2015
Suspension from official quotation	13 February 2015
Trading Halt	11 February 2015
Operations Update	6 January 2015
December Pearl Auction Another Success For Atlas	15 December 2014
Atlas Directors' Remuneration	1 December 2014
Results of Annual General Meeting	25 November 2014
AGM Presentation	25 November 2014
Executive Chair and CEO Announcement	25 November 2014
Atlas Pearling Operations Update	25 November 2014
Atlas Pearl Sales Auction Result and Industry Awards Win	28 October 2014

All requests for copies of the above documents should be addressed to:

Company Secretary  
Atlas Pearls and Perfumes Limited  
PO Box 1048  
Claremont WA 6910

The above documents may also be obtained from the Company's website ([www.atlaspearlsandperfumes.com.au](http://www.atlaspearlsandperfumes.com.au)) or ASX's website ([www.asx.com.au](http://www.asx.com.au)). The Company's ASX code is 'ATP'.

## 6.2 Market price of Shares on ASX

The highest and lowest sale price of Shares on ASX during the 3 months immediately preceding the date of this Prospectus, and the last sale price on the Trading Day before this Prospectus was lodged with ASIC, are set out below.

<b>3-month high (on 2 January 2015)</b>	<b>3-month low (on 11 March 2015)</b>	<b>Last sale price before date of lodgement of Prospectus (on 13 March 2015)</b>
8.3 cents	4.8 cents	5.0 cents

## 6.3 Rights and liabilities attaching to New Shares

New Shares will be fully paid ordinary shares in the Company and will rank equally with the Shares already on issue.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office during normal business hours.

### **Issue of Shares**

The power to issue Shares and other securities in the capital of the Company lies with the Board subject to the restrictions contained otherwise in the Constitution, the ASX Listing Rules and the Corporations Act.

### **Voting**

Every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and on a poll, every Shareholder who is present has one vote for every fully paid Share held. A poll may be demanded at a meeting in the manner permitted by the Corporations Act.

### **Dividends**

Subject to the Constitution, dividends are payable upon the determination of the Directors, who may fix the amount, time for payment and method of payment of dividends.

### **Transfer of Shares**

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, a Shareholder may transfer Shares by a market transfer or an instrument in writing in a form sufficient under the Corporations Act or approved by the Directors or ASX. Except as otherwise provided for in the ASX



Listing Rules or the ASX Settlement Operating Rules, the Directors may in certain circumstances refuse to register a transfer of Shares.

### **Meetings and notice**

Subject to the Constitution, each Shareholder is entitled to receive notice of, and to attend, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. A Director may call a meeting of Shareholders and Shareholders may also requisition or convene general meetings in accordance with the procedures for Shareholder-initiated meetings set out in the Corporations Act. Shareholders must be given at least 28 days written notice of any general meeting.

### **Rights on winding up**

In the event the Company is wound up a liquidator may with the sanction of a special resolution decide how the assets of the Company will be divided as between Shareholders and members of different classes of shares.

### **Unmarketable parcels**

If a Shareholder holds a number of Shares that is less than a marketable parcel (as defined in the ASX Listing Rules), the Company has the power to sell or dispose of such Shares unless otherwise instructed by the Shareholder. The net proceeds from the sale will be dealt with as instructed by the Shareholder.

## **6.4 Material agreements**

### **Jingie Bridging Loan**

On 12 February 2015 Jingie, a company associated with Director Tim Martin, provided the Company with an unsecured bringing loan of \$500,000 (**Jingie Bridging Loan**) to fund the Company's short-term working capital requirements. The key terms of the Jingie Bridging Loan are as follows:

- interest is payable at 7% per annum on all amounts outstanding under the loan;
- the loan is repayable on the earlier of 12 August 2015 and 5 days following receipt of the proceeds of a fully underwritten entitlement offer;
- the Company may repay the loan at any time; and
- the loan agreement includes customary events of default.

It is the intention that the Jingie Bridging Loan is repaid from the Entitlement Offer Proceeds.

Jingie has indicated that it is willing to lend the Company further funds under the Jingie Bridging Loan to cover any shortfall in the Company's working capital pending completion of the Entitlement Offer and receipt of the Entitlement Offer Proceeds.

## **EOT Loan**

On 17 February 2015 EOT entered into a loan agreement with Westwood pursuant to which EOT borrowed \$550,000 from Westwood on an interest free basis (**EOT Loan**). The EOT Loan, which is secured by a general security arrangement over the assets of EOT, is intended to represent an advance on the intended investment by Westwood into EOT described in more detail in **section 4.3**. The loan is to be offset against the final agreed subscription arrangements and is repayable on 45 days notice if the parties cannot agree suitable investment agreements.

## **6.5 ASX waivers and ASIC relief**

The Company has confirmed that no waivers from the ASX Listing Rules are required in relation to the Entitlement Offer. The Company is not relying on any specific ASIC relief in order to conduct the Entitlement Offer.

## **6.6 Privacy**

By filling out the Entitlement and Acceptance Form to apply for New Shares or paying your Application Monies by BPAY®, you are providing personal information to the Company.

The *Privacy Act 1988* (Cth) regulates the way the Company collects, uses, disposes, keeps secure and gives people access to their personal information.

The Company is committed to respecting the privacy of your personal information.

The Company collects, holds and uses that personal information in order to process your Application and to administer your Shareholding in the Company, including:

- the Company maintaining a register of Shareholders in accordance with the Corporations Act;
- the Company paying dividends to you;
- the Company communicating with you, such as sending you annual reports, notices of meetings and any other document which the Company wishes to send to you as a Shareholder;
- the Company carrying out general administration including monitoring, auditing, evaluating, modelling data, dealing with complaints and answering queries; and
- the Company complying with its legal and regulatory obligations.

If you do not provide the information requested in the Entitlement and Acceptance Form, the Company may not be able to process or accept your Application for New Shares and Additional New Shares.

Your personal information may also be provided to other members of the Atlas Group on the basis that they deal with such information in accordance with the Company's privacy policy.

Your personal information may be provided to the Company's agents or service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be disclosed are:

- the Share Registry for ongoing administration of the share register (the Share Registry is contracted by the Company to maintain the register);
- printers and mail houses for the purposes of preparation and distribution of documents to you and for handling mail;
- professional service providers such as lawyers, accountants, auditors, consultants, and other professional advisers for the purpose of administering, and advising on, the New Shares and for any associated actions; and
- other companies where the Company believes it is more efficient to outsource services or functions to those companies.

Your personal information may be provided to certain third parties. The types of third parties that may be provided with your personal information, and the circumstances in which your personal information may be disclosed, are:

- your financial adviser or broker (other than your tax file number information) in connection with services provided to you by your adviser or broker;
- government, regulatory authorities or other people when permitted or required by law, such as ASIC or people inspecting the share register in accordance with the Corporations Act;
- ASX; and
- in certain circumstances and with safeguards to respect your privacy, potential or actual purchasers of an interest in the Company or the Company's business or any part thereof.

You have the right to gain access to your personal information held by, or on behalf of, the Company, subject to certain exemptions under the law. A reasonable charge for providing access to personal information may be charged for providing access to personal information. You can request access to your personal information by telephoning or writing to the Company Secretary as follows:

Company Secretary  
Atlas Pearls and Perfumes Limited  
PO Box 1048  
Claremont WA 6910  
Telephone: +61 8 9284 4249

## 6.7 Consents

Each of the Underwriter Group, the Directors and the Share Registry:

- does not make the Entitlement Offer;
- has not authorised, and has not caused, the issue of this Prospectus (other than the Directors);
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than in the case of the Underwriter Group and the Directors, who have consented to the inclusion of statements in this Prospectus noted to have been made by them or to be based on statements made by them;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus; and
- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

## 6.8 Directors', experts' and advisers' interests

Other than as set out below or elsewhere in this Prospectus (including Mr Timothy Martin's association with the Underwriter) no:

- Director or proposed Director of the Company;
- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company,

(together, the **Interested Persons**) holds at the date of this Prospectus or held at any time during the last two years, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the offer of New Shares under the Entitlement Offer; or
- the offer of New Shares.

### Directors' Relevant Interests in securities

As at the date of this Prospectus, the Directors had the following Relevant Interests in Shares:

Director	Direct Interest	Indirect Interest
Mr Geoffrey Grosvenor Newman	-	1,539,295 <sup>1</sup>

Director	Direct Interest	Indirect Interest
Mr Timothy James Martin	3,256,545	52,500,200 <sup>2</sup>
Mr Stephen John Arrow	-	11,508,089 <sup>3</sup>

**Notes:**

1. Held through G. G. Newman and C. L. Newman <Geryl Super Fund A/C>.
2. Refer to **section 4.8** for further details.
3. Held through Arrow Pearl Co Pty Ltd.

As at the date of this Prospectus, the Directors held no Relevant Interests in Options.

**Remuneration**

Directors are entitled to be remunerated by salary or other employment related benefits in accordance with their employment agreements. The table below sets out the remuneration paid to the Directors for the two financial years prior to the date of this Prospectus and for the current financial year until the date of this Prospectus:

Director	Remuneration paid in 30 June 2013 financial year	Remuneration paid in 30 June 2014 financial year	Remuneration paid in 30 June 2014 financial year to date of Prospectus	Remuneration accrued but not paid in 30 June 2014 financial year to date of Prospectus <sup>1</sup>
Mr Geoffrey Grosvenor Newman	\$20,487	\$63,800	\$19,333	\$13,533
Mr Timothy James Martin	\$12,500	\$50,000	\$16,667	\$11,667
Mr Stephen John Arrow	\$ -	\$27,500	\$16,667	\$11,667

**Notes:**

1. The accrued remuneration is to be satisfied by the issue of Shares to the Directors at a price per Share to be agreed with reference to the prevailing market price.

**6.9 Australian taxation implications**

Taxation implications will vary depending on the specific circumstances of individual Shareholders. Further, tax rules or their interpretation in relation to equity investments may change following the completion of the Entitlement Offer. You should obtain your own professional advice before concluding on the particular taxation implications that will apply to you if you participate in the Entitlement Offer.

## **6.10 Consents to lodgement**

Each Director has given, and has not withdrawn, their consent to the issue of this Prospectus and to its lodgement with ASIC under the Corporations Act.

## **6.11 Governing law**

This Prospectus and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

## 7 Glossary

Term	Meaning
\$	Australian dollars.
<b>Additional New Shares</b>	The additional New Shares offered to Eligible Shareholders under this Prospectus above their Entitlement as set out in <b>section 2.3</b> and <b>Additional New Shares</b> are the relevant additional New Shares.
<b>AIFRS</b>	Australian equivalents to International Financial Reporting Standards.
<b>Applicant</b>	An Eligible Shareholder who submits an Application together with Application Monies.
<b>Application</b>	An application for New Shares under the Entitlement Offer made by an Applicant in an Entitlement and Acceptance Form or by payment via BPAY® or such other form as approved by the Company.
<b>Application Monies</b>	Monies received from persons applying for New Shares under the terms of the Entitlement Offer.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>Associate</b>	The meaning given in Part 1.2, Division 2 of the Corporations Act.
<b>ASX</b>	ASX Limited ACN 008 624 691, or the market operated by it, as the context requires.
<b>ASX Listing Rules</b>	The official listing rules of ASX.
<b>ASX Settlement</b>	ASX Settlement Pty Limited ABN 49 008 504 532.
<b>ASX Settlement Operating Rules</b>	The settlement and operating rules of ASX Settlement.
<b>Atlas Group</b>	The Company and its Related Bodies Corporate.
<b>AWST</b>	Australian Western Standard Time.
<b>Bills Discount Facility</b>	The meaning given in <b>section 4.6</b> .
<b>Board</b>	The board of Directors of the Company.

<b>Term</b>	<b>Meaning</b>
<b>Business Day</b>	A day on which: (a) ASX is open for trading in securities; and (b) banks are open for general banking business in Perth, Western Australia.
<b>CBA</b>	Commonwealth Bank of Australia.
<b>CHESS</b>	The Clearing House Electronic Subregister System operated by ASX Settlement.
<b>Closing Date</b>	5.00pm (AWST) on 20 April 2015 (or such date as varied by the Company). Note that Applications made via BPAY® must be received by the Share Registry by 4.00pm (AWST) on 20 April 2015. See <b>section 3.5</b> for further details.
<b>Company or Atlas</b>	Atlas Pearls and Perfumes Limited ABN 32 009 220 053 and where the context requires, includes its wholly owned subsidiaries.
<b>Constitution</b>	The constitution of the Company as at the date of this Prospectus.
<b>Convertible Note</b>	A Convertible Note issued by the Company, the terms of which are described in more detail in the Company's Notice of Meeting dated and announced to ASX on 2 November 2012.
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation.
<b>Eligible Shareholder</b>	The meaning given in <b>section 2.6</b> .
<b>Entitlement</b>	The number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, in each case being 1 New Share for every 5 Existing Shares held by the Eligible Shareholder on the Record Date. Your Entitlement is set out in the Entitlement and Acceptance Form accompanying this Prospectus.
<b>Entitlement and Acceptance Form</b>	A personalised acceptance form in the form accompanying this Prospectus pursuant to which Applicants may apply for New Shares and Additional New Shares.
<b>Entitlement Offer</b>	The offer of New Shares pursuant to this Prospectus and <b>Offer</b> means the Entitlement Offer.
<b>Entitlement Offer Proceeds</b>	The proceeds received by the Company as a result of the issue of New Shares the subject of the Entitlement Offer.



<b>Term</b>	<b>Meaning</b>
<b>EOT or Essential Oils of Tasmania</b>	Essential Oils of Tasmania Pty Ltd ABN 25 124 346 649.
<b>EOT Loan</b>	The loan provided to the Company from Westwood as detailed in <b>section 6.4</b> .
<b>Existing Shares</b>	Shares issued before the Record Date.
<b>Ineligible Shareholders</b>	Shareholders who are registered as holders of Existing Shares but to whom the Entitlement Offer is not being made as set out in <b>sections 2.6 and 2.7</b> .
<b>Interested Persons</b>	The meaning given in <b>section 6.8</b> .
<b>Jingie</b>	Jingie Investments Pty Ltd ABN 89 137 583 147.
<b>Jingie Bridging Loan</b>	The loan provided to the Company by Jingie as detailed in <b>section 6.4</b> .
<b>New Share</b>	A Share offered for subscription on the basis of, and under the terms of, the Entitlement Offer, the rights and liabilities of which are summarised in <b>section 6.3</b> .
<b>Offer Period</b>	The period from the Opening Date to the Closing Date (inclusive of those dates).
<b>Offer Price</b>	\$0.045, the price payable for one New Share under the Entitlement Offer.
<b>Opening Date</b>	25 March 2015.
<b>Option</b>	An unlisted option to acquire a Share.
<b>Prospectus</b>	This document, dated 16 March 2015.
<b>Record Date</b>	The time for determining the Entitlement of Shareholders under the Entitlement Offer, being 5.00pm (AWST time) on 23 March 2015.
<b>Related Body Corporate</b>	The same meaning as in section 50 of the Corporations Act.
<b>Relevant Interest</b>	The same meaning as in section 9 of the Corporations Act.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Share Registry</b>	Computershare Investor Services Pty Limited ABN 48 078 279 277.

<b>Term</b>	<b>Meaning</b>
<b>Shareholder</b>	The registered holder of a Share.
<b>Shareholding</b>	The Shares held by a Shareholder of the Company.
<b>Shortfall</b>	Those New Shares not validly applied for by Shareholders under their Entitlement together with any New Shares that would have been offered to Ineligible Shareholders under the Entitlement Offer if they had been entitled to participate in the Entitlement Offer.
<b>Trading Day</b>	The meaning given in the ASX Listing Rules.
<b>Underwriter</b>	Boneyard Investments Pty Ltd ABN 42 161 625 734, underwriter to the Entitlement Offer.
<b>Underwriter Group</b>	Has the meaning in <b>section 4.8</b> .
<b>Underwriting Agreement</b>	The underwriting agreement dated 16 March 2015 between the Company and the Underwriter, a summary of which is contained in <b>section 2.5</b> .
<b>US Securities Act</b>	The United States Securities Act of 1933, as amended.
<b>voting power</b>	The meaning given in section 610 of the Corporations Act.
<b>Westwood</b>	Westwood Properties Pty Ltd ABN 15 077 005 502.
<b>Yen Advance Facility</b>	The meaning given in <b>section 4.6</b> .

# Authorisation

This Prospectus is authorised by each Director of the Company under section 720 of the Corporations Act and signed by Geoffrey Newman on 16 March 2015 under section 351 of the Corporations Act.

Signed for and on behalf of

**Atlas Pearls and Perfumes Limited**

by



Mr Geoffrey Grosvenor Newman

Non-executive Chairman

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# Corporate Directory

## **Board of Directors**

Mr Geoffrey Grosvenor Newman (Non-Executive Chairman)

Mr Timothy James Martin (Non-Executive Director)

Mr Stephen John Arrow (Non-Executive Director)

## **Share Registry**

Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
Perth WA 6000

## **Management**

Mr Pierre Fallourd (CEO)

Ms Danielle Brandenburg (CFO)

Mr Stephen Gleeson (Managing Director EOT)

## **Registered Office**

Shop 1, 47 – 49 Bay View Terrace  
Claremont WA 6010

## **Company Secretaries**

Ms Danielle Brandenburg

Ms Susan Hunter

# ATLAS

PEARLS AND PERFUMES

Atlas Pearls and Perfumes Ltd  
ABN 32 009 220 053


## For all enquiries:

**Phone:**  
 (within Australia) 1300 850 505  
(outside Australia) 61 3 9415 4000


**Web:**  
 [www.investorcentre.com/contact](http://www.investorcentre.com/contact)

┌ 000001 000 ATP  
MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

## Make your payment:

 See overleaf for details of the Offer and how to make your payment

## Non-Renounceable Entitlement Issue — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (AWST) Monday 20 April 2015**

This is an important document that requires your immediate attention. It can only be used in relation to the Shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

### Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Entitlement Offer are shown overleaf.

Please check the details provided and update your address via [www.investorcentre.com](http://www.investorcentre.com) if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

### Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you take up your full Entitlement, you may also apply for Additional New Shares. Enter the number of New Shares and Additional New Shares you wish to apply for and the amount of payment for those New Shares and Additional New Shares. No Eligible Shareholder is guaranteed to receive any Additional New Shares, and you may be issued fewer Additional New Shares than the number you applied for or no Additional New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Prospectus dated 16 March 2015. In particular we refer you to the representations in section 3.5 of the Prospectus that you will be deemed to have given when applying for New Shares and Additional New Shares.

Choose one of the payment methods shown below.

**BPAY®:** See overleaf. Do not return the payment slip with BPAY payment.

**By Mail:** Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Atlas Pearls and Perfumes Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

**Turn over for details of the Offer →**

Atlas Pearls and Perfumes Limited Non-Renounceable Entitlement Issue  
Payment must be received by 5:00pm (AWST) Monday 20 April 2015


© Registered to BPAY Pty Limited ABN 69 079 137 518

# Entitlement and Acceptance Form with Additional New Shares

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I ND

## STEP 1 Registration Name & Offer Details

 For your security keep your SRN/  
HIN confidential.


**Registration Name:** MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

Entitlement No: 12345678


**Offer Details:** Existing shares entitled to participate as at  
23 March 2015:  
  
Entitlement to New Shares  
on a 1 for 5 basis:  
  
Amount payable on full acceptance  
at \$0.045 per New Share:

<b>4,000</b>
<b>1</b>
<b>\$0.01</b>

## STEP 2 Make Your Payment

	Biller Code: 999999 Ref No: 1234 5678 9123 4567 89
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### Pay by Mail:

 Make your cheque, bank draft or money order payable to "**Atlas Pearls and Perfumes Limited**" and cross "**Not Negotiable**".  
Return your cheque with the below payment slip to:  
**Computershare Investor Services Pty Limited**  
**GPO BOX 505 Melbourne Victoria 3001 Australia**

Contact your financial institution to make your payment from your cheque or savings account.

### Lodgement of Acceptance

If you are applying for New Shares and/or Additional New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 4:00pm (AWST) Monday 20 April 2015. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Atlas Pearls and Perfumes Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time. If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (AWST) Monday 20 April 2015. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Atlas Pearls and Perfumes Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

### Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

[Detach here](#) - - -

## Atlas Pearls and Perfumes Limited Acceptance Payment Details

Entitlement taken up:

Number of Additional New Shares applied for:

Amount enclosed at \$0.045 per New Share and Additional New Share: **A\$**



Entitlement No: 12345678

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

**Payment must be received by 5:00pm (AWST) Monday 20 April 2015**

### Contact Details

**Contact Name** \_\_\_\_\_ **Daytime Telephone** \_\_\_\_\_

### Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>A\$</b>

123456789123456789+0000000001-3051+14