

# ATLAS PEARLS AND PERFUMES (ASX:ATP)

HALF YEAR RESULTS & COMPANY PRESENTATION – MARCH 2014



**ATLAS**  
PEARLS AND PERFUMES

# IMPORTANT INFORMATION

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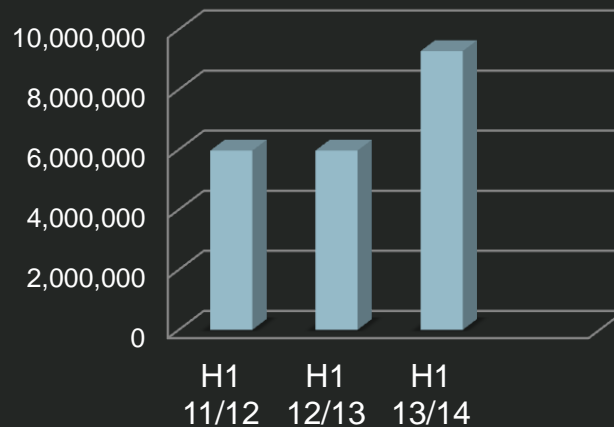


# FINANCIAL HIGHLIGHTS

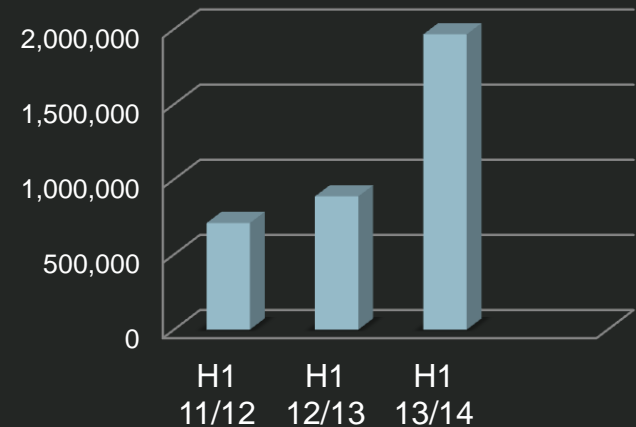
6 months to 31st December 2013: (comparison to 6 months ended 30<sup>th</sup> June 2013)

Total Revenue	up 165% to \$9.3M
Net Profit after Tax	up 110% to \$0.2M
Positive EBITDA	up 257% to \$1.9M
Cash Reserves	increased to \$3.3M
NTA	8.7 cents per share
Current Share Price	6.5 cents

### Group Turnover



### EBITDA



# PROFIT AND LOSS

	Note	Half Year Ended	Six Months Ended
		31 Dec 2013	30 June 2013
		\$	\$
Revenue from continuing operations		9,282,195	3,505,125
Cost of goods sold		(4,193,787)	(1,389,004)
Gross profit		5,088,408	2,116,121
Other income		271,620	1,754,041
Marketing expenses		(159,056)	(88,221)
Administration expenses		(3,188,092)	(3,444,476)
Finance costs		(310,667)	(240,532)
Other expenses		(1,816,595)	(3,763,505)
<b>Profit/(Loss) before income tax</b>		<b>(114,381)</b>	<b>(3,666,572)</b>
Income tax (expense)/benefit		323,987	1,471,927
<b>Profit/(Loss) for the period from continuing operations</b>		<b>209,605</b>	<b>(2,194,645)</b>
<b>Other comprehensive income/(expenses)</b>			
Items that will be reclassified as profit or loss:			
Exchange differences on translation of foreign operations		22,400	1,181,648
Share of other comprehensive income of joint ventures		-	-
Income tax on items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income/(expenses) for the period, net of tax</b>		<b>22,400</b>	<b>1,181,648</b>
<b>Total comprehensive income/(expenses) for the period</b>		<b>232,005</b>	<b>(1,012,997)</b>
<b>Profit/(loss) is attributable to:</b>			
<b>Owners of the Company</b>		<b>209,605</b>	<b>(2,194,645)</b>
<b>Total comprehensive income/(expenses) is attributable to:</b>			
<b>Owners of the Company</b>		<b>232,005</b>	<b>(1,012,997)</b>
Overall operations :			
<b>Earnings per share</b>			
<b>for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company</b>			
Basic earnings/(loss) per share (cents)		0.07	(0.81)
Diluted earnings/(loss) per share (cents)		0.07	N/A

# BALANCE SHEET

		31 Dec 2013	30 June 2013
		\$	\$
<b>Current assets</b>	<b>Note</b>		
Cash and cash equivalents		3,274,412	1,767,156
Trade and other receivables		1,112,747	1,074,871
Derivative financial instruments		-	-
Inventories		5,401,820	7,115,790
Biological assets		3,504,189	5,914,682
<b>Total current assets</b>		<b>13,293,168</b>	<b>15,872,499</b>
<b>Non-current assets</b>			
Loans joint venture entities		434,139	313,926
Equity accounted for investments		107,370	280,984
Inventories		194,146	223,399
Biological assets		14,920,401	11,535,561
Property, plant and equipment		4,122,769	4,513,455
Deferred tax assets		3,167,331	2,936,629
<b>Total non-current assets</b>		<b>22,946,156</b>	<b>19,803,955</b>
<b>Total assets</b>		<b>36,239,324</b>	<b>35,676,454</b>
<b>Current liabilities</b>			
Trade and other payables		2,022,728	2,329,224
Borrowings		1,368,687	4,436,797
Derivative financial instruments		-	14,479
Current tax liabilities		257,238	234,884
Short-term provisions		14,078	92,037
<b>Total current liabilities</b>		<b>3,662,731</b>	<b>7,107,421</b>
<b>Non-current liabilities</b>			
Derivative financial instruments		512,600	390,148
Borrowings		3,891,581	837,646
Deferred tax liabilities		1,722,123	1,544,570
<b>Total non-current liabilities</b>		<b>6,126,304</b>	<b>2,772,364</b>
<b>Total liabilities</b>		<b>9,789,034</b>	<b>9,879,785</b>
<b>Net assets</b>		<b>26,450,290</b>	<b>25,796,669</b>
<b>Equity</b>			
Contributed equity		30,624,648	30,203,033
Reserves		(7,262,573)	(7,284,974)
Retained profits/(accumulated losses)		3,088,215	2,878,610
<b>Total equity</b>		<b>26,450,290</b>	<b>25,796,669</b>



## BRIEF HISTORY

For 20 years, Atlas has maintained a world-class pearling business that is considered a leader in ethical and sustainable production of luxury goods.

In 2012 Atlas acquired a luxury goods supplier, Essential Oils of Tasmania (EOT). This broadened its supplier status to pearls and perfumes, mitigating economic cycle risk and maximising leverage off the luxury brands that purchase both categories. Atlas is now a broader based luxury goods supplier.

Through the growth of its wholesale and retail consumer product sale (value added division) and emerging revenues from license/royalty agreements, the Group is building strategic value, increased revenues and a higher GP into its production based foundation. The Company's well-established strengths in innovation, knowledge and ethics helped it maintain operations and cash flow during the GFC while many pearling businesses ceased to operate.

The Company's head office and retail outlet are located in Perth while it has extensive pearl farming operations in Indonesia with 5 retail outlets in Bali. The EOT business is based in Hobart with substantial crops located throughout Tasmania.

# COMPETITIVE ADVANTAGES

Atlas is the world's 4<sup>th</sup> largest producer of *Pinctada maxima*

## Competitive Advantage

- Produces pearls at a third of the price of Australian competitors.
- Average size range of 9-13 mm (as opposed to Australian producers 14-19mm) producing high quality pearls in sizes that are in very strong market demand in shapes that promote value adding opportunities for our customers.
- Colour (white/silver) lustre is equal to, or best in the world .

## Strategy

- Optimise existing 5 pearl farms in short to medium term.
- Open third technical hub in medium to long term to further grow the production base as well as provide additional risk mitigation.
- Increase production to 375,000 pearls in the short to medium term.

## Objective

- To sustainably produce world class pearls and perfumes to world scale volume with the best possible margins. This will be achieved by using world first scientific research and leveraging 20 years of technical knowledge and innovation.





## COMPANY VISION

To build a market driven culture and through maximising end value and utilisation of all by-products, create the world's most profitable south sea pearl and perfumes enterprise by increasing volume and quality of production.

### Positioning

- The supplier of choice for quality in the 9-13 mm size range and a unique range of pearl and ethically based range of cosmetics.

### Core Growth

- Increase volume to 240,000 of high quality pearls by 2016/17.
- Improve the efficiency of pearl oyster breeding and reduce the pearl growing cycle through selective breeding program in association with James Cook University.
- Increase weight and quality.

### Secondary Growth

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





# PEARL EXTRACTS

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

## Four Cosmetic Bases

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

## One Perfume Extract

- Fractionation of these extracts into a fragrance concentrate.
- OCEAN COMPOUNDS : NOVEL : SEXY : EFFECTIVE.

# MARKETING STRATEGY

- Linked to the mainstream luxury sector.
- Development of push pull strategies.
- Innovative design and key Ambassador roles.
- Central CSR Platform.



# FARMS AND HUMAN RESOURCES

- Atlas has 5 pearl farms across the Indonesian archipelago.
- Two technical hubs in place to optimise production and mitigate risk – plans in place to open a third hub over course of next 3 years.
- Freehold Land Titles and long term water leases.
- Islands and bays specifically suited to pearl farming.
- Locations centered at West Papua, Flores, Nusa Tenggara Timur and Bali.
- Provides a geographic spread on risk.
- With 20 years of exposure to Indonesia the Company is well versed on managing Sovereign Risk.
- Stable Indonesian workforce of >800.
- Experienced, qualified and loyal Ex-Pat Management Team.



# ESSENTIAL OILS OF TASMANIA

- Acquired in January 2012.
- 30 Years exporting experience to leading international flavour houses.
- Current Turnover of \$2 million.
- Business will relocate over the course of the next three years to state of a art manufacturing and tourism facility at Brookfield, (South of Hobart) via a new Joint Venture.
- Application in place for a \$1 million Commercialisation Australia Grant (decision imminent) with AusIndustry.
- State of the Art Pearl Milling and CO2 extraction units have been commissioned.





# CORPORATE SNAPSHOT

## Board of Directors

Executive Chairman & CEO  
Director (Non-Executive)  
Director (Non-Executive)  
Director (Non- Executive)  
Director (Non-Executive)  
CFO & Company Secretary  
Company Secretary

**Stephen Birkbeck**  
**Geoffrey Newman**  
**Dr Joseph Taylor**  
**Timothy Martin**  
**Stephen Arrow**  
**Stephen Gleeson**  
**Susan Hunter**

## Capital Structure (ASX: ATP)

Ordinary Shares on Issue	<b>321,868,421</b>
Convertible Notes	<b>1,100,000</b>
Number of Shareholders	<b>2,200</b>

## Contact Details

Website	<a href="http://AtlasPearlsAndPerfumes.com.au">AtlasPearlsAndPerfumes.com.au</a>
Head Office	47-49 Bayview Terrace Claremont WA 6010 Tel: (08) 9284 4249

# TOP 20 SHAREHOLDERS

ATLAS PEARLS AND PERFUMES LTD

ORDINARY SHARES (GROUPED) As of 10 Mar 2014

Top Holders Snapshot - Ungrouped

Composition : EMP, ORD

Rank	Name	Units	% of Units
1.	RAINTREE PEARLS & PERFUMES PTY LTD	24,197,997	7.52
2.	CHEMCO SUPERANNUATION FUND PTY LTD <CHEMCO SUPER FUND NO 2 A/C>	22,400,000	6.96
3.	SP & K BIRKBECK HOLDINGS PTY LTD <SP & K BIRKBECK S/F A/C>	18,929,202	5.88
4.	JINGIE INVESTMENTS PTY LTD	14,900,200	4.63
5.	ABERMAC PTY LTD <RAMAC A/C>	10,833,333	3.37
6.	QUIET VOICE LIMITED	8,000,000	2.49
7.	FARJOY PTY LTD	7,099,412	2.21
8.	ARROW PEARL CO PTY LTD	6,760,058	2.10
9.	MR NELSON MICHEL PIERRE ROCHER	6,566,056	2.04
10.	MR CHRIS CARR + MRS BETSY CARR	5,000,000	1.55
11.	COAKLEY PASTORAL CO PTY LTD <TIM COAKLEY SUPER FUND A/C>	5,000,000	1.55
12.	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	4,893,927	1.52
13.	FIVE TALENTS LIMITED	4,820,000	1.50
14.	ATLAS PEARL EMPLOYEE SHARE PLAN PTY LTD <ATLAS SHARE PLANS A/C>	4,558,956	1.42
15.	BYRON BAY CELEBRANT PTY LTD <C & L DEAN SUPER FUND A/C>	3,970,589	1.23
16.	QUEENSRIDGE INVESTMENTS PTY LTD <GLEESON SUPER FUND A/C>	3,600,000	1.12
17.	MR PAWEL REJ + MRS MIROSLAWA REJ	3,078,000	0.96
18.	DORRAN PTY LTD	3,000,000	0.93
19.	MR TIMOTHY JAMES MARTIN	2,800,000	0.87
20.	NEJEKA PTY LTD <MANSFIELD SUPER FUND A/C>	2,800,000	0.87

Totals: Top 20 holders of ORDINARY SHARES (GROUPED)

163,207,730

50.71

Total Remaining Holders Balance

158,660,691

49.29

# ATLAS

PEARLS AND PERFUMES

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