



ASX Release  
31 October 2019

### **Atlas Pearls: September 2019 Quarterly Update and Appendix 4C**

Atlas Pearls Ltd (ASX: ATP) (“Atlas” or “the Company”) today announces an update for the Quarter Ending September 2019.

#### **July to September 2019 Quarterly Results**

Key items to note for the quarter are:

- Sales events for the quarter delivered revenue slightly ahead of expectations;
- Pearl seeding for the quarter exceeded budget by 4.3%; and
- No auction events during the quarter as anticipated and in line with the seasonal nature of pearling.

#### **October 2019 and Outlook**

Key highlights for October 2019 are:

- Atlas conducted its October 2019 trade auction in Kobe Japan earlier in the month. Targeted revenue was achieved at the auction with prices for quality goods remaining strong.
- Sales revenue in the month was on budget with a portion of the harvest still to be sold. The Company is confident that the unsold loose pearls will sell over the next few months resulting in an uplift to short-term cashflows.
- As noted above, there were no auction events in the September 2019 quarter due to the seasonal nature of the Company’s operations. There are two pearl auction events that are scheduled to be held during the December 2019 quarter.

The Company remains focused on improving pearl size and quality.

**END**

#### **ABOUT ATLAS PEARLS LTD**

Atlas Pearls Ltd (ASX: ATP) is an Australian listed pearling business with core operations in Indonesia established in 1992. Atlas has earned an enviable reputation as a world leading pearl producer of “the queen of all gems”, the South Sea pearl, specialising in high quality white and silver pearls. Atlas operates pearl farms spread across the Indonesian archipelago, including Bali, Flores, and West Papua. Atlas is a fully integrated business including hatchery, seeding, harvesting, grading, trading, design and manufacturing capabilities to sell directly to customers through wholesale partners and via its retail outlets.

The Company is also involved in the production and transformation of essential oils as well as other plant grown active ingredients extraction and value adding via its Tasmanian based 50% owned subsidiary Essential Oils of Tasmania (EOT).

Atlas has been involved since its inception in managing active community relationships in Indonesia in the areas of environment protection, education and alternative livelihood programs.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

**Name of entity**

ATLAS PEARLS LIMITED

**ABN**

32 009 220 053

**Quarter ended ("current quarter")**

30 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,104	2,104
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,127)	(2,127)
(c) advertising and marketing	(74)	(74)
(d) leased assets	(46)	(46)
(e) staff costs	(766)	(766)
(f) administration and corporate costs	(1,192)	(1,192)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(75)	(75)
1.6 Income taxes paid	(93)	(93)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,266)</b>	<b>(2,266)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(313)	(313)
(b) businesses	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(313)</b>	<b>(313)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	3,178	3,178
3.6 Repayment of borrowings	(101)	(101)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>3,077</b>	<b>3,077</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,017	1,017
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,266)	(2,266)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(313)	(313)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,077	3,077

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(276)	(276)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,239</b>	<b>1,239</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,239	1,017
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,239</b>	<b>1,017</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
(45)
-

Payment of Directors' Fees.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.5
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
(47)
-

Interest paid on shareholder loan.

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
- NAB Business Overdraft	1,500	1,315
- Short term loan	2,743	2,743
- Shareholder loan	2,500	2,500
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	236	236
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities include as below:

- Business Overdraft facility of \$1.5M provided by NAB which was drawn to \$1.12M at 30<sup>th</sup> June 2019 and is drawn to \$1.3M at 30<sup>th</sup> September 2019.
- Short term loan of AUD equivalent of JPY200M provided by a commercial partner.
- Shareholder loan of \$2.5M provided by Boneyard which is repayable in staged repayments by 30<sup>th</sup> October 2020 at 7.5% interest rate.

Other includes Premium Funding for insurances.

9. <b>Estimated cash outflows for next quarter *</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(1,857)
9.3 Advertising and marketing	(100)
9.4 Leased assets	(55)
9.5 Staff costs	(1,627)
9.6 Administration and corporate costs	(455)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(4,094)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Director)

Date: 31 October 2019

Print name: Geoffrey Newman

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.