

31 January, 2017

ASX: PKA

QUARTERLY UPDATE

Plukka Limited (“**Plukka**” or the “**Company**”) is a global, bricks and clicks retailer for creative and fashion-forward fine jewelry. Plukka’s jewelry is primarily sold through online channels through the Company’s proprietary website www.plukka.com and boutiques in Hong Kong, London, and temporary shops in other prominent locations.

Plukka is seeking to be a first mover in providing a global online platform to consolidate the fragmented international fine jewellery market. This segment is the highest growth with the most potential to expand in the world’s largest jewellery markets.

The December 2016 quarter reflected the implementation of Plukka’s strategy to drive online sales growth through lower priced products, proprietary positions, targeted marketing with lower operating costs. Shifting focus from opening additional permanent offline retail outlets to driving online growth is the cornerstone of managing director, Natalia Obolensky’s operational strategy to improve shareholder returns. Online sales are those that do not have any obvious or reported dependency on an offline event or store.

Plukka launched its own Plukka Essentials collection focussing on simple yet creative and elegant designs, all made in 14k or 18k gold and diamonds, and priced between US\$500 and US\$2,000. During the quarter higher value occasional purchases were replaced with higher volumes largely coming from the more affordable Essentials collection. The Plukka e-commerce platform saw considerable improvement in several key metrics during the quarter. Managing Director Natalia Obolensky commented, *“We are carefully tracking both our conversion and our return on advertising spend (ROAS)¹ as the largest drivers for online sales and profitability. We have seen a near two-fold increase in our conversion rate (% of website traffic who purchase) and have identified several highly ROAS positive channels such as our affiliate marketing and email marketing channels. We look forward to continuing to refine and expand these channels to fuel our online growth over the next period.”*

Plukka held four trunk shows during the quarter in South Korea, Taiwan, Hong Kong and London. In partnership with Hemei Group, Plukka ran a three month pop-up boutique located at 60th and Madison Avenue in New York City to showcase Plukka branded and Hemei branded pieces. The boutique was managed by Plukka but the fit out and overheads were the responsibility of Hemei. The store’s promotional calendar featured a range of events; from high-profile parties with strategic partners including Just Drew, Khirma Collective and Armarium, to more intimate ‘Meet the Designer’ events hosted by Paige Novick, Tana Chung and Rony Tenenbaum. The boutique garnered wide-ranging media coverage and helped Plukka to further expand its NYC client base.

Sales revenue for the quarter was US\$690K, an increase on the same period last year. Gross margin for the quarter was approximately US\$250K, or 36% of sales, a slightly lower gross margin than usual for Plukka driven by the lower price point of the popular Plukka Essentials collection (where shipping and packaging costs represent a larger % of revenue) and some promotional discounting over the holiday season.

Managing Director, Natalia Obolensky, commented, *“We were pleased with the uptick in sales revenue and performance in the quarter, especially given the significant decrease in costs, introduction of a new product range and the expected decrease in average price point. We are confident that the higher volumes underlying this growth will be a good base from which we can continue to refine and improve our business model. We will also be taking advantage of the slower period from January to March to drive forward other key priorities such as improving the brand presentation and improving the e-commerce platform, both of which are expected to launch in the first half of 2017.”*

As foreshadowed in the Company’s announcement of 3 January 2017, Mr Francis Gouten has resigned from the Board effective today. An Appendix 3Z will follow this announcement. The directors thank Francis for his contribution and wish him well with his future endeavours. Andrew Worland will assume the role of Chairman.

Plukka's Appendix 4C is attached to this update and shows cash on hand at 31 December 2016 of AUD\$3.47M. In addition to the operational strategies being enacted, the Board is exploring corporate initiatives to improve shareholder returns.

For more information, please contact:

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Managing Director	Director / Company Secretary

About PLUKKA

Plukka is a global, bricks and clicks retailer for creative and fashion-forward fine jewelry. Founded in 2011 as a discovery machine for jewellery, Plukka has evolved into a sophisticated ecommerce platform, supported by offline retail operations, that is actively disrupting the highly fragmented, but growing jewellery market world-wide.

The majority of the collections on the website are priced between US\$500 and US\$2,000, but all feature stylish, edgy pieces which are true style signifiers and have been embraced by the press and celebrities world-wide. The collection, including rings, earrings, bracelets and necklaces, is made of precious and semi-precious stones, 14K or 18K gold, as well as other precious metals.

With industry spending forecast to reach \$370B in 2020¹, and with 10% of spending shifting to online, Plukka is uniquely positioned to capture this new and dynamic jewellery market. Additionally, Plukka is one of the first creative fine jewellery retailers to vertically integrate through strategic partnerships and ensure that the jewellery designs are customer-centric, rather than product driven.

www.plukka.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

PLUKKA LIMITED

ABN

91 106 854 175

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	875	1,083
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(534)	(660)
(c) advertising and marketing	(335)	(690)
(d) leased assets	-	-
(e) staff costs	(249)	(564)
(f) administration and corporate costs	(230)	(732)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(8)	(8)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(481)	(1,490)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(4)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	4	4
	(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)	-	-
2.6	Net cash from / (used in) investing activities	4	-

3.	Cash flows from financing activities		
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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,812	4,953
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(481)	(1,490)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	4	0
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	138	10
4.6	Cash and cash equivalents at end of quarter	3,473	3,473

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,473	3,812
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Bank Guarantee for NT licence)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,473	3,812

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

**Current quarter
\$A'000**

118

-

Includes payments to directors as follow:
Fees for Director and other services and costs reimbursed.

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

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

-

-

N/A

8. Financing facilities available <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	N/A	N/A
8.2 Credit standby arrangements	N/A	N/A
8.3 Other (please specify)	N/A	N/A
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.		
N/A		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(134)
9.3 Advertising and marketing	(119)
9.4 Leased assets	-
9.5 Staff costs	(326)
9.6 Administration and corporate costs	(211)
9.7 Other	-
9.8 Total estimated cash outflows	(790)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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/Company secretary)

Date: 31 January 2017.

Print name: Charly Duffy

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.