29 July 2016

ASX: PKA

QUARTERLY UPDATE

Plukka Limited ("Plukka" or the "Company") provides the following summary of activities for the June 2016 quarter.

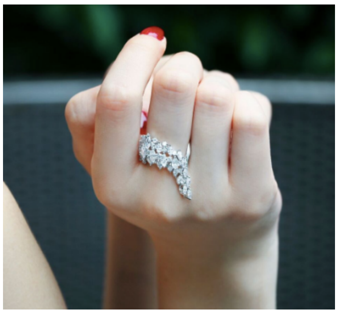
Highlights

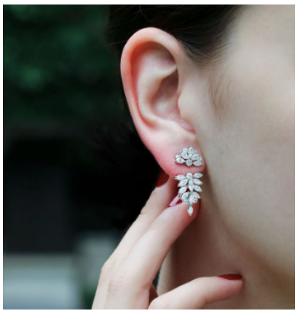
- Sales revenue of US$552K generated through strong trunk shows.
- Opening of lower cost Chater House boutique in Hong Kong.
- Revised business plan implemented with substantially lower overheads, consolidated product lines and targeted and selective marketing initiatives.
- Distribution and marketing partnership signed with Treliss Worldwide.
- Appointment of Ellen Chuang as Chief Operating Officer.

Activities

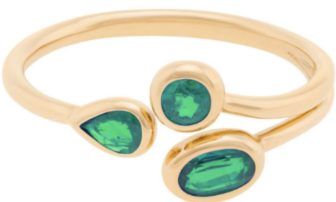
Sales for the quarter were US$552K. Plukka's Chater House store in Hong Kong opened in late April 2016, replacing Landmark which closed in late February. A number of successful trunk shows were held in Hong Kong, NYC, London and Taiwan during the quarter featuring designer Yeprem - a Lebanese based designer focused on diamond pieces, Hoorsenbuhs - a California based designer backed by Damien Hirst and Chelsy Davy's AYA collection.

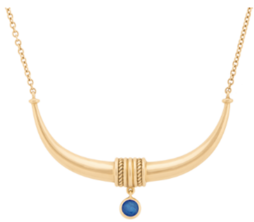
As opposed to ornaments worn separate and distinct from the body, Yeprem's creations are intended to integrate with and extend the anatomy and personality of the woman who wears them. More than anything, the creations are about movement.





AYA by Chelsy Davy's contemporary shapes are gently perfumed with the exoticism of Africa while steering clear of the "ethnic" label. But, most of all, each piece is a paean to the beauty of colored gemstones, the wellspring of Davy's inspiration and the starting point of her creative process.





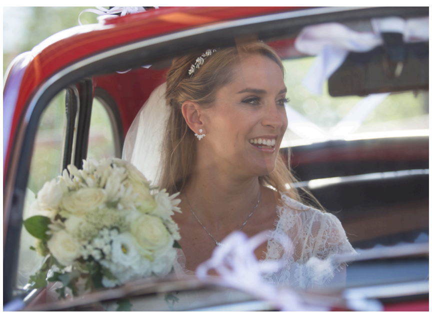
A distribution and manufacturing partnership was established with Treliss Worldwide ("Treliss"). Treliss are one of the world's largest cutters and polishers of diamonds and manufacturers of finished jewellery. The partnership will provide Plukka access to upstream manufacturing capacity for its design talent and production time synergies, enabling PLUKKA to move further towards omni-channel, global exclusivity with designers.

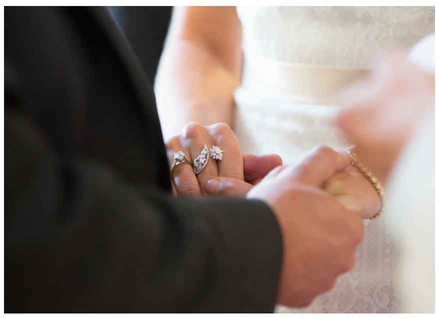
This quarter also saw PLUKKA refocus, announcing a strategy to reduce overhead costs, tighten marketing focus and prioritise online growth. Restructuring and refocusing plans are well underway, notably:

1) Streamlining of operations and costs: Plukka is on track to achieve a reduced fixed cost base of USD ~$150K per month from September 2016 in accordance with the refocussed business strategy and has already substantially reduced its cost base by:
    a. ~75% reduction in head count driving a ~50% reduction in staff costs, including Board and Senior Management pay cuts;
    b. Renegotiation of Burlington Arcade boutique rental, resulting in nominal monthly rent and outgoings;
    c. Focussing marketing spend on strategic online channels with established ROI in respect of luxury online goods.
2) More focussed product selection, at lower price points, driving higher customer engagement online:
    a. Plukka has consolidated the products available online to 30% of previous levels and increased the number of products available in the US$500 – US$2,000 price range.
    b. Recent increase in online activity across digital channels suggests that this focus may be improving online conversion, with July set to exceed budgeted online sales.
3) Continued focus on identifying new "bricks and clicks" opportunities to drive our online and brand growth strategy at the right price point.

Other significant marketing initiatives in this period include:

1) Plukka has been selected as a key sponsor of the Watermill Art Centre gala in New York at the end of July. The associated series of trunk shows and events is expected to drive significant sales and public relations for our US based customers.
2) Plukka has begun to address the large and established market for wedding and bridal jewellery by launching curated collection pages of bridal jewellery online, with those products also available in stores.





Note: Yeprem earrings and ring form part of new PLUKKA bridal collection

Cash on hand at the end of the quarter was A$4.9M. Appendix 4C accompanies this release.

Ellen Chuang appointed Chief Operating Officer

The Board is pleased to announce the appointment of Ellen Chuang as Chief Operating Officer (**COO**) of the Company.

Prior to her appointment as COO of Plukka, Ellen was COO of City Swish, an on-demand beauty services business based in London which achieved 20%+ plus monthly growth over two years.

Ellen has developed a strong background in operations and process re-engineering. She not only has a proven track record for delivering projects on schedule and on budget but strong strategy, management, and business experience. Prior to Plukka and CitySwish, Ellen served as the COO for educational start up, Enternships, based in London, led a team of 100 plus staff as the Head of Management Information at British Gas, and advised a range of multi-national clients during her time at Accenture. Ellen has an MBA from INSEAD (France).

Ellen will be based in Hong Kong and will be responsible for all operations and administration functions and will report to Plukka's CEO, Natalia Obolensky. A significant proportion of Ms Chuang's remuneration package is to be based on performance via the issue of Performance Rights as detailed in the Appendix 3B to follow this announcement.

Managing Director, Natalia Obolensky, commented: "*We are delighted to welcome someone of Ellen's talent and ability to the Plukka team. Having worked with Ellen in the past, I know firsthand how much value she can bring both in driving operational improvements and in helping grow and develop small businesses. I look forward to working with her to ensure Plukka reaches its full potential*."

Ms. Chuang will be issued 1,502,994 Performance Rights (**Performance Based Rights**) which will convert into Shares on a 1:1 basis subject to the satisfaction of (amongst other things) the terms and conditions applicable to the existing Performance Rights on issue which were approved by Shareholders on March 2016 and as set out in section 13.4 of the Company's Prospectus dated 21 October, 2015, including the following performance milestones:

1) 500,998 Performance Based Rights will convert into Shares on the achievement of sales revenue by the Company during any 3 month reporting period that ends on or prior to 1 December 2017 that equals or exceeds $2,500,000 (as set out in a certificate provided by the Company's auditors following the release of the audited annual accounts or auditor reviewed half-yearly accounts);
2) 500,998 Performance Based Rights shall convert into Shares upon the 20-day volume weighted average price of the Company's Shares on the ASX equals or exceeds $0.50 at any time on or prior to 1 December 2017; and
3) 500,998 Performance Based Rights shall convert into Shares on the achievement of consolidated EBIT by the Company during any 3 month reporting period that ends on or prior to 1 December 2018 that equals or exceeds $1,250,000 (as set out in a certificate provided by the Company's auditors following the release of the audited annual accounts or auditor reviewed half-yearly accounts).

Ellen will also be issued a further 1,503,000 Performance Rights which will convert into Shares subject to the achievement of continuous service conditions over a three year period (**Time Based Rights**). Subject to the Overarching Conditions (Defined below), the Time Based Rights will convert into Shares in the capital of the Company on a 1:1 basis every three months during the first three years of Ms Chuang's tenure.

The conversion of any Performance Right issued to Ms Chuang into a Share is also conditional on Ms Chuang being employed by, and not being in breach of any obligation owed to, the Company (or its subsidiary) as at each date on which the Performance Right is eligible to convert and Ms Chuang consenting to the conversion of that Performance Right (**Overarching Conditions**).

The issue of the Performance Rights to Ellen is pursuant to the Company's placement capacity under ASX Listing Rule 7.1

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About PLUKKA

Plukka is the premier discovery machine for the world's most creative designer fine jewellery and the industry's only international omni-channel retailer. Founded by Joanne Ooi and Jai Waney in 2011, the innovative made-to-order Plukka business model enables the Company to offer the most creative and innovative jewels in the world. Through our curated online shopping platform, trunk shows and brick and mortar boutiques, we represent the most exciting emerging and established designers from around the world, as well as products from our own brand.
www.plukka.com