

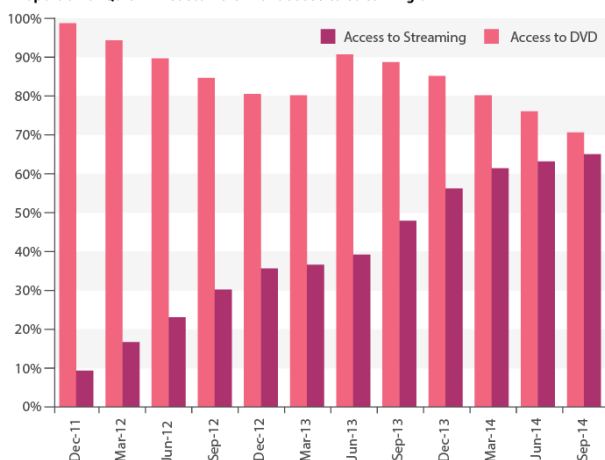


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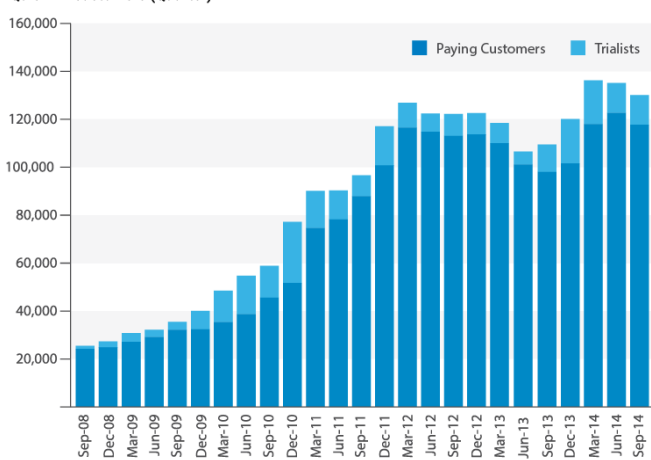
STREAMING-ONLY SUBSCRIBERS GREW STRONGLY IN SEPTEMBER QUARTER.

Quickflix streaming service continues to gather momentum with customer take-up and engagement metrics both increasing in the September quarter. Despite no major campaign activity in the quarter, Quickflix achieved strong growth in its streaming-only subscriber base with an increase of 23 per cent on the previous quarter. Over 65 per cent of Quickflix customers now have access to streaming, reflecting the continuing transition of the service from its DVD origins. Engagement in Quickflix streaming, measured by the number of devices customers register to access the service and the volume of movies and TV shows streamed, also grew strongly during the quarter. Customers registered an additional 65,000 devices for streaming in the September quarter, an increase of 15 per cent taking the total number registered to almost half a million. The volume of movies and TV shows streamed increased by 7 per cent on the previous quarter.

Proportion of Quickflix customers with access to streaming or DVD



Quickflix customers (Quarter)



Overall customer numbers declined by 3.8 per cent to 130,565 in the quarter, as a result of reduced campaign activity. This is a temporary set-back as growth is expected to pick up over the coming two quarters, which are seasonally the best performing. Christmas trading and increased sales of devices enabled for Quickflix streaming such as smart TVs, Playstation and Xbox game consoles, mobile, tablets and devices like Google Chromecast will contribute to demand.

Quickflix continues to invest in and add more quality content to drive streaming growth. Premium TV, such as Game of Thrones Season 4 and Orange is the New Black Seasons 1 and 2, which featured in the quarter, have been in strong demand. New content programming in the current quarter including series like The Walking Dead Season 5 and an exciting slate of latest release movies will serve Quickflix's growing streaming audience.



**Key highlights in the September quarter were:**

- Total customers of 130,565, down 3.8 per cent;
- Paying customers of 118,204, down 3.6 per cent;
- Revenue receipts \$5.0 million, down 3.2 per cent;
- Net operating and investing cash outflow of \$3.0 million; and
- Cash at bank of \$2.7 million.

Outlook

Quickflix expects solid customer growth from low-cost acquisition campaigns over the next two quarters. As already stated these are seasonally the strongest for Quickflix, as they include the Christmas trading period and the non-ratings period for free-to-air TV over summer. Revenue growth will be weighted towards the back-end of this period as promotional trialist customers convert to paying. In this time expenditure levels will be managed tightly.

Over the past eleven years, Quickflix has invested over \$50 million to establish its service, generating almost \$100 million in revenue and delivering entertainment to half a million customers. It has a considerable lead over new local broadcast competitors who are hurriedly trying to launch a service and catch up.

As previously disclosed, the Company is in discussions with industry parties and investors in relation to opportunities for participating in the long term growth potential of Quickflix in the region. Increased distribution that a strategic partner may bring, coupled with additional investment in content, would maximise Quickflix's leading position in the market.

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About Quickflix

Quickflix (www.quickflix.com.au) is Australia's leading online movie company offering subscription to the largest range of movies and TV shows delivered as DVD or Blu-ray by mail or streamed instantly on-demand to desktops, laptops and a growing range of smart TV's, game consoles, iPad, iPhone and other devices. Latest release movies and current seasons TV are available for streaming as pay per view or episode. In New Zealand Quickflix streaming is available at www.quickflix.co.nz.

