



Quarterly Update

(& Appendix 4C)

December 2014



New premium streaming content coming soon to Quickflix.

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Quickflix Limited
& Controlled Entity

ABN 62 10 2 459 352

www.quickflix.com.au

Quarterly Update

31 DECEMBER 2014

New customer acquisition grew sharply in the quarter

Quickflix recorded strong growth in new customer signups in December resulting in total customers reaching 136,670 as at the end of the quarter. An increase in trialist subscribers of 58 per cent in the quarter included new record levels in December, with strong demand for Quickflix’s streaming-only as well as streaming and DVD combination subscription products.

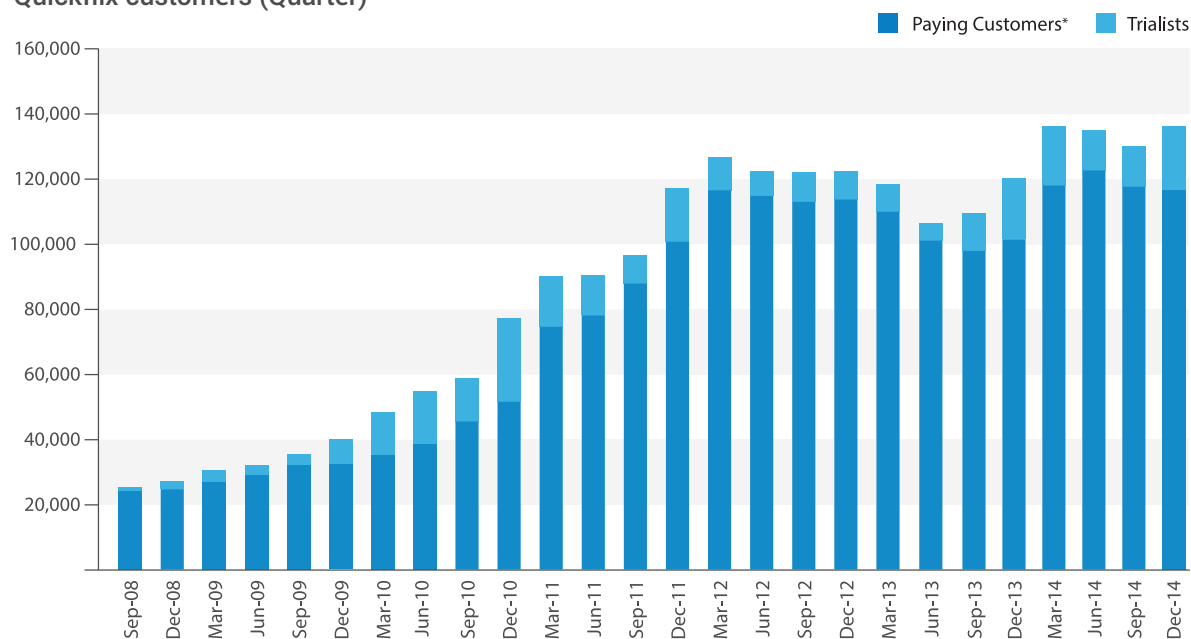
The number of paying customers as at the end of December was lower at 117,106 in line with the lower number of trialists at the start of the quarter, however the influx in new trialist customers should translate to an increase in paying customers and revenues during the current quarter.

The momentum in new customer growth has continued in January with the total number of customers exceeding 140,000 as at the date of this report. The number of paying customers currently exceeds 120,000.

Key highlights in the December quarter were:

- Total customers of 136,670 up by 6.1 per cent;
- Paying customers of 117,106 down by 0.9 per cent;
- Revenue receipts steady at \$5.0 million;
- Operating and investing expenditure decreased 26 per cent to \$6.0 million;
- Net operating and investing cash outflow of \$1.0 million; and
- Cash at bank of \$2.1 million.

Quickflix customers (Quarter)

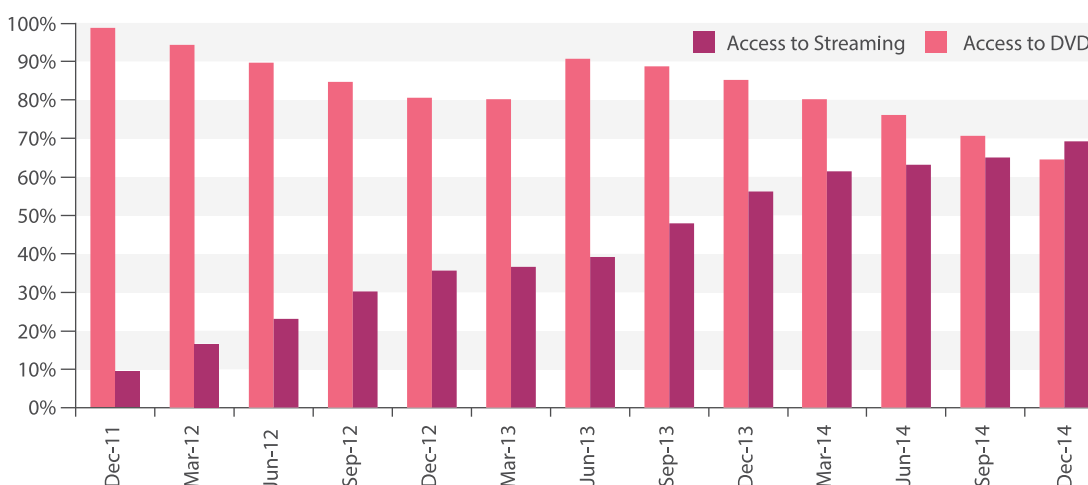


*Paying customers are customers who purchase a service (subscription, pay-per-view or pay-to-own) during the quarter.



Streaming usage and engagement continued to grow during the quarter with the volume streamed increasing by 16 per cent on the previous quarter. The volume of streaming for 2014 overall was almost 70 per cent higher than 2013 levels. The addition of quality feature films and TV series and increased accessibility across Quickflix device network is underpinning demand. During the December quarter customers registered an additional 75,000 devices for Quickflix streaming taking the total registered to well over half a million devices. This represents almost a doubling of the number of devices registered during 2014 alone.

Proportion of Quickflix customers with access to streaming and DVD



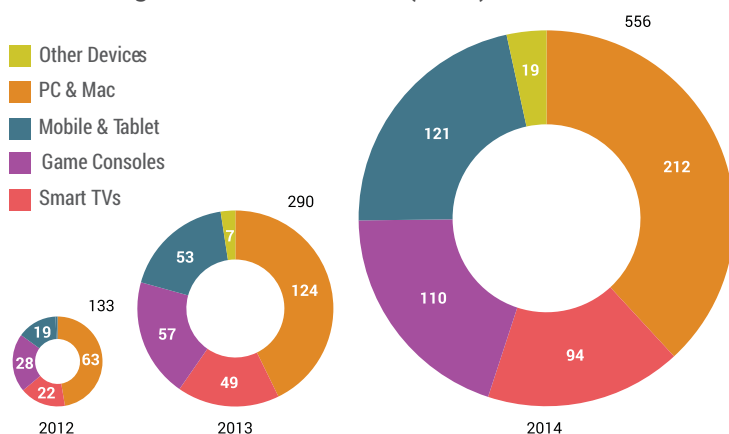
The growing demand for streaming is evident in the fact that over 69 per cent of paying customers have now opted for the service. Demand for the DVD & Blu-ray service is also strong with over 64 per cent of paying customers choosing it and one third of all customers taking both streaming and DVD services.

Quickflix re-launched its streaming service to Playstation 3 and 4 in December, providing Playstation owners access to its premium latest release movie and current seasons TV content for the first time. Smart TVs and game consoles represents a considerable portion of Quickflix's streaming demand.

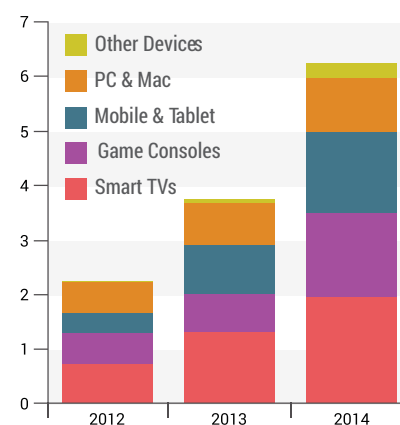
The growth in customer numbers and streaming volumes in the December quarter was achieved whilst also containing costs. The net operating and investing cash outflow for the quarter of \$1 million, was a reduction of 66 per cent on the previous quarter, from \$3 million.

Revenue receipts of \$5 million were in line with the last quarter, whilst operating and investing expenditure was 25 per cent lower due to a reduction in underlying costs and the timing of payments for streaming content and other operational costs.

Devices registered with Quickflix (000's)



Streaming plays by device (million)





Customers and sales

Paying customers ended the December 2014 quarter at 117,106, which was 0.9 per cent lower than the previous quarter. The paying customer base stabilised as new customer acquisition activity increased, driving 58 per cent growth in the trial subscriber base to 19,564. These trialists are expected to contribute to growth in the paying customer base as their trials complete in the March quarter. The paying subscriber base which eased overall in the quarter was accompanied by a shift in the mix of customers from DVD subscribers to streaming subscribers. The number of subscribers committing to the \$9.99 streaming subscription plan grew by 34 per cent during the quarter highlighting the growing demand for streaming.

During the quarter, subscriber churn averaged 6.1 per cent, a 12 per cent improvement on the 6.9 per cent in the prior quarter.

End of Quarter	Dec - 2014	Sep - 2014	Change QoQ	Dec - 2013	Change YoY
Paying customers	117,106	118,204	-1%	102,248	15%
Trial subscribers	19,564	12,361	58%	18,552	5%
Total customers	136,670	130,565	5%	120,800	13%
Paying subscriber churn (monthly average)	6.1%	6.9%	12%	5.1%	-18%

Receipts from customers

Cash receipts from customers (including subscription fees, paying trial fees and pay per view fees) were \$5.0 million for the quarter, down 0.5 per cent compared to prior quarter. The average monthly receipts per customer increased by 4 per cent in the quarter to \$13.12.

Quarter total/average	Dec - 2014	Sep - 2014	Change QoQ	Dec - 2013	Change YoY
Receipts from customers (\$000s)	5,007	5,032	-	4,757	5%
Average paying customers	115,629	120,715	-4%	99,580	16%
Average monthly receipts per paying customer (\$)	13.12	12.63	4%	14.48	-9%

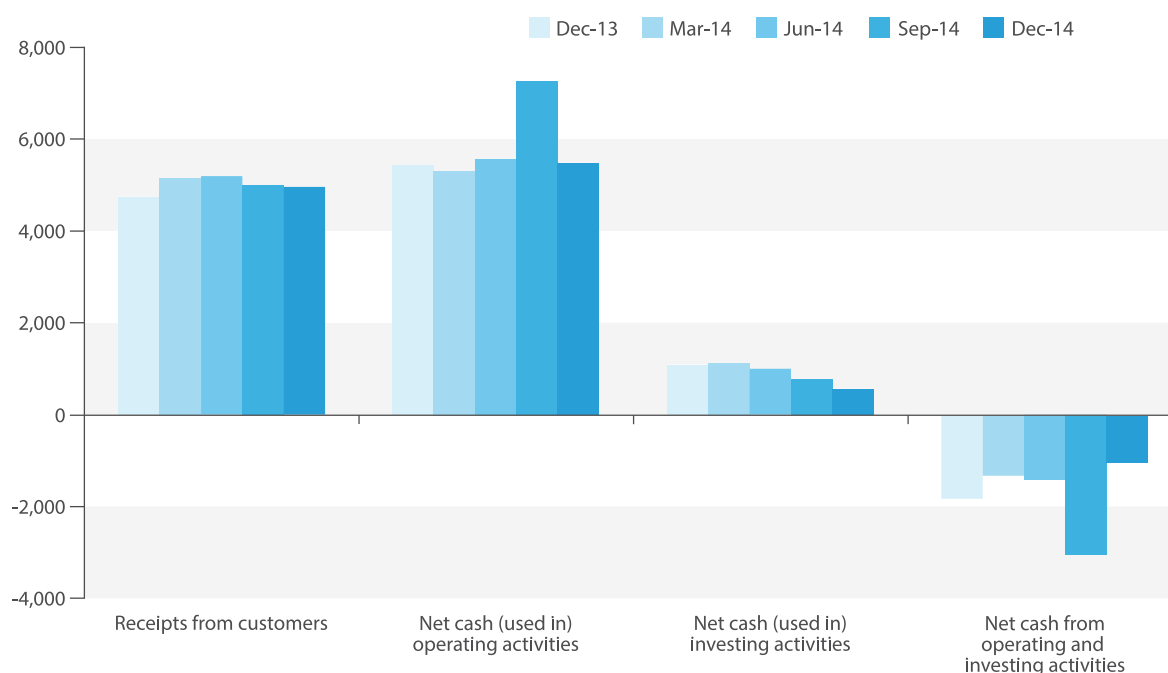
Operating and investing cash flows

Net operating and investing cash outflow for the December quarter of \$1.0 million compared to an outflow of \$3.0 million in the September quarter. The Company continues to manage expenditure levels and trading terms with major suppliers. The reduction in operating expenditure includes absorbing higher payments for streaming content, modest increases across some operating costs and the impact of timing of payments. Net investing cash flow at \$0.6 million decreased by \$0.3 million compared to prior quarter. The cash flows exclude an R&D tax rebate of \$0.6 million which has since been received and will be recorded in the March 2015 quarter.



Quarter, \$000s	Dec - 2014	Sep - 2014	Change QoQ	Dec - 2013	Change YoY
Receipts from customers	5,007	5,032	-1%	4,757	5%
Net cash (used in) operating activities	-409	-2,210	-81%	219	nm
Net cash (used in) investing activities	-557	-806	31%	-1,145	51%
Net operating & investing cash flow	-966	-3,016	68%	-926	-4%
Net cash provided by financing activities	404	3,287	-	3,880	-
Net increase (decrease) in cash	-562	271	307%	2,954	nm
Cash at end of financial period	2,120	2,682	-21%	5,172	-59%

Quickflix cash flow per quarter (End of Quarter)



Outlook

As noted, Quickflix is experiencing a strong start to the year with total customers now exceeding 140,000. Revenue growth is expected to be achieved in this quarter as trialist customers convert to paying. The Company will continue to be disciplined in its management of expenditure levels within available funding resources. Cash resources in the current quarter have been further supplemented with receipt of an R&D tax rebate of \$0.6 million.

In response to the increased competitive environment in subscription streaming in Australia and New Zealand, Quickflix's strategy is sustainability focusing on its differentiated offering and customer growth from new partnerships. Quickflix will press its advantage of having an established streaming service that is available on more devices than competitors and offering the very latest movie and TV content under a transaction model, in addition to its value-for-money subscription service. It will continue to complement this by offering Australia's only online DVD subscription service and access to the largest range of movie and TV content.

Discussions are progressing with industry parties and investors in relation to growth opportunities with Quickflix and the Company expects to be in a position to provide a further update in this quarter.

Appendix 4C

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

QUICKFLIX LIMITED

ABN

62 102 459 352

Quarter ended ("current quarter")

December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1.1 Receipts from customers	5,007	10,039
1.2 Payments for:		
(a) staff costs	(1,904)	(3,565)
(b) advertising and marketing	(1,269)	(1,983)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(2,265)	(7,144)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received	-	-
1.7 Other	-	-
Net operating cash flows	(409)	(2,619)



	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(409)	(2,619)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(590)	(1,476)
(e) other non-current assets	(116)	(143)
(f) other non-current assets (security deposits)	149	256
(g) other current assets (security and guarantee deposits)	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(557)	(1,363)
1.14 Total operating and investing cash flows	(966)	(3,982)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	480	3,953
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – Share issue costs	(76)	(262)
Reclassification – term deposit duration > 3 months		
Net financing cash flows	404	3,691
Net increase (decrease) in cash held	(562)	(291)
1.21 Cash at beginning of quarter/year to date	2,682	2,411
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	2,120	2,120



Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	171
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	n/a	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	n/a
2.2	Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest	n/a

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-



Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,120	2,682
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (Provide details)	-	-
Total: cash at end of quarter (item 1.23)	2,120	2,682

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal (refer item 1.9(a) and 2.1)		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 29 January 2015
(Executive Director)

Print name: Simon Hodge



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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.



CORPORATE DIRECTORY

Directors

Stephen Langsford
(Chairman & CEO)

Simon Hodge
(Executive Director)

David Sanders
(Non-Executive Director)

David Smith
(Non-Executive Director)

Company secretary

Susan Hunter

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