



29 January 2015

STRONG GROWTH IN NEW CUSTOMERS IN THE DECEMBER 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.

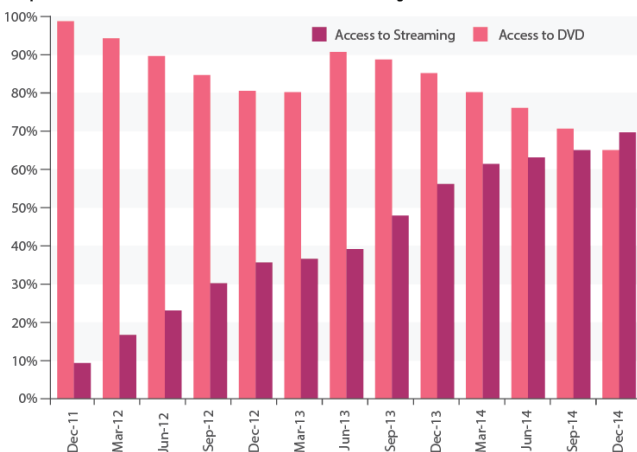
The momentum in new customer growth has continued in January with the total number of customers exceeding 140,000 as at the date of this report. The number of paying customers currently exceeds 120,000.

The volume of streaming activity in the quarter continued an upwards trajectory increasing by 16.4 per cent. 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.

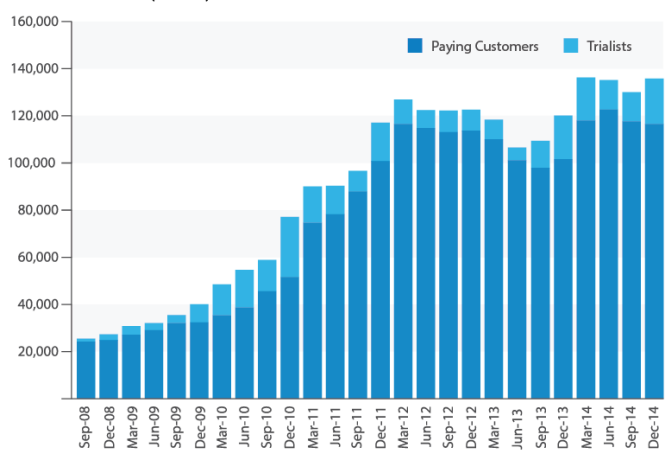
The growth in the December quarter was achieved whilst containing costs. The net operating and investing cash outflow for the quarter was \$1 million, down from \$3 million in the previous quarter.

Quickflix Customers (Quarter).

Proportion of Quickflix customers with access to streaming or DVD



Quickflix customers (Quarter)





Key highlights in the December quarter were:

- Total customers of 136,670, up 6.1 per cent;
- Paying customers of 117,106, down 0.9 per cent;
- Revenue receipts steady at \$5.0 million;
- Operating and investing expenditure of \$6.0 million, down 26 per cent;
- Net operating and investing cash outflow of \$1.0 million down 66 per cent; and
- Cash at bank of \$2.1 million.

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.

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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.

