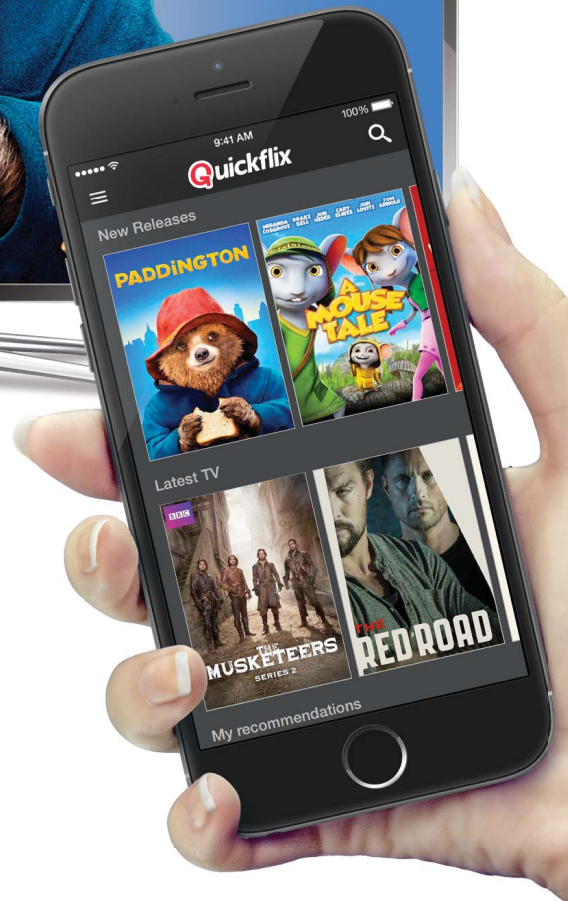




Quarterly Update
(& Appendix 4C)
March 2015



Quickflix has launched its new streaming app for iOS.

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Quickflix Limited
& Controlled Entity

ABN 62 10 2 459 352

www.quickflix.com.au

Quarterly Update

31 MARCH 2015

Growth in quarter as new competition enters the market

Quickflix increased its paying customer base by 6 per cent to 123,553 in the March quarter. New customer acquisition continued at the higher levels of the previous quarter resulting in total customers increasing by 3 per cent to 140,901, as at 31 March 2015.

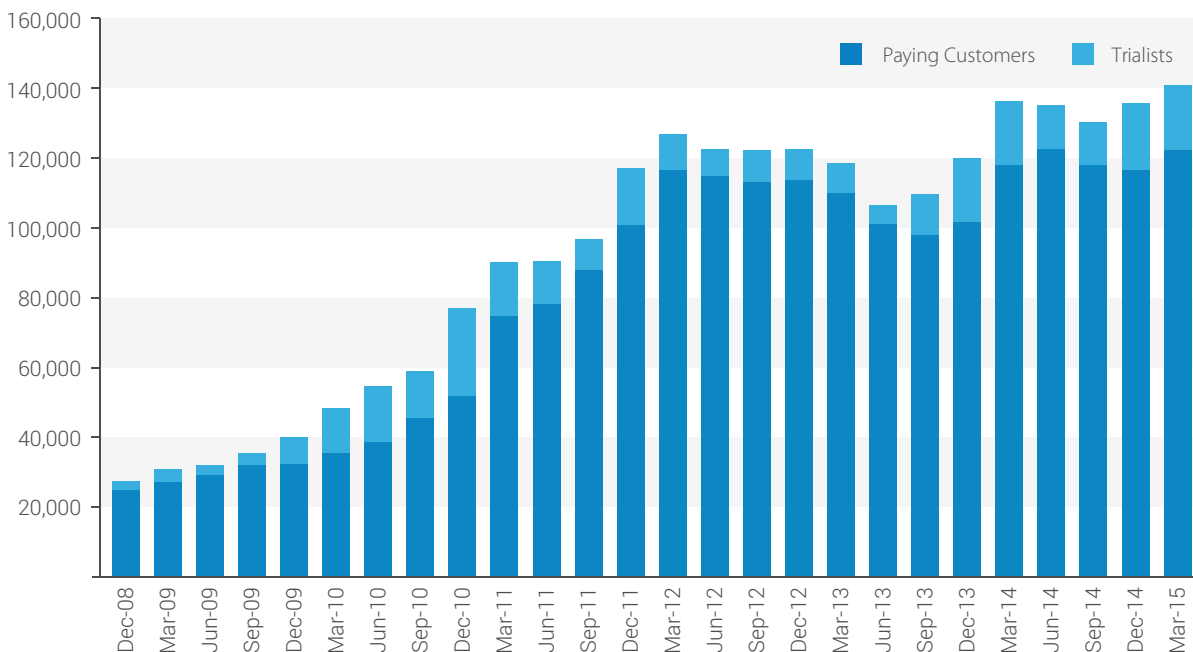
The launch of subscription streaming services by new competitors in Australia and New Zealand created significant interest in the sector during the quarter. During this time Quickflix continued to enjoy strong acquisition of new customers and improved conversion from subscription trial into paying subscriptions. The customer growth was pleasing taking into account an increase in subscriber churn resulting from competitor promotional offers in market.

The net operating and investing cash outflow for the quarter of \$0.85 million, was 12 per cent lower on the previous quarter. Revenue receipts of \$5.0 million were in line with the last quarter, whilst operating and investing expenditure was 3 per cent lower at \$5.8 million.

Key highlights in the March quarter were:

- Total customers of 140,901, an increase of 3 per cent;
- Paying customers of 123,553, an increase of 6 per cent;
- Revenue receipts maintained at \$5.0 million;
- Operating and investing expenditure decreased 3 per cent to \$5.8 million;
- Net operating and investing cash outflow of \$0.85 million; and
- Cash at bank of \$1.26 million.

Quickflix customers (Quarter)



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

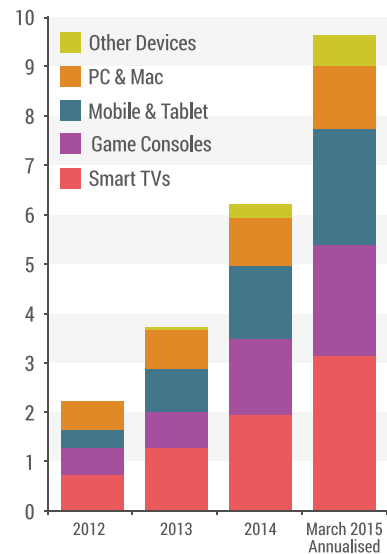
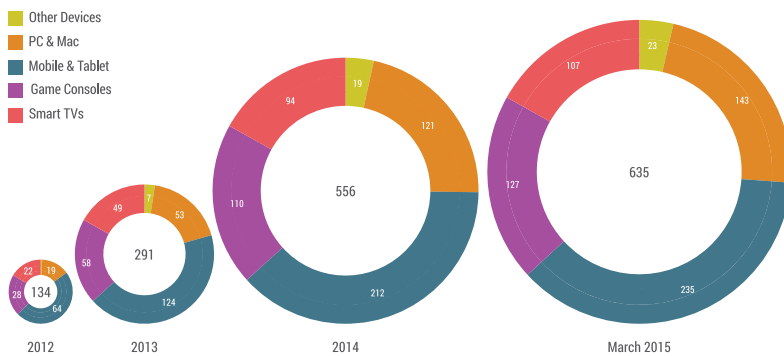


Quickflix's streaming service continued to grow at a rapid rate during the quarter. The volume of movie and TV streamed increased by 34 per cent compared to the prior quarter and more than double the level achieved a year ago. Quickflix is now streaming over one million hours per month. Smart TV's and game consoles continue to be the most heavily used devices accounting for more than half of all streaming activity with strong growth in mobile and tablet devices, boosted by the availability Google Chromecast.

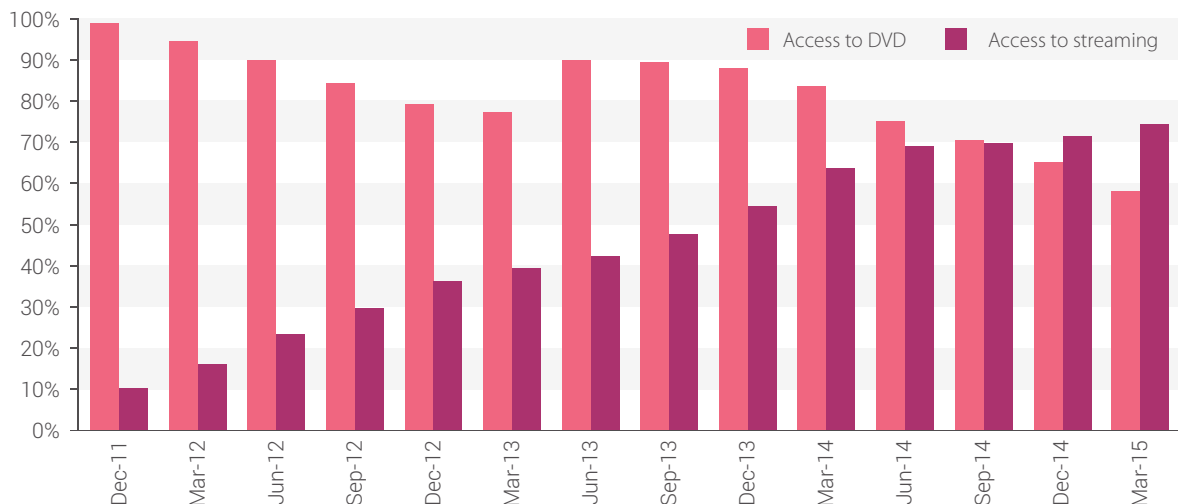
Quickflix customers registered more than 78,000 new devices during the quarter. Customers are enjoying the broad reach Quickflix has across smart TV's, game consoles and mobile and tablet devices.

Streaming plays by device (million)

Devices registered with Quickflix (000's)



Proportion of Quickflix customers with access to streaming and DVD





Customers and sales

Paying customers ended the March 2015 quarter at 123,553, which was 6 per cent higher than the previous quarter. New competition appears to have had minimal impact on the Quickflix customer base in the quarter with increased customer acquisitions offsetting a rise in paying subscriber cancellations. Growth was driven by the strong new customer acquisition activity through the December and March quarters and an increase in the proportion of trials converted into paying subscriptions. Subscriber churn averaged 8.5 per cent for the quarter, up from 6.1 per cent in the prior quarter and an average rate of 6.6 per cent over the prior 12 months. The increase can be attributed to the high volume of new paying subscribers added in recent months (new subscribers churn at higher than average rates) and some customer movement to new subscription streaming services launched during the quarter.

End of Quarter	Mar-15	Dec-14	Change QoQ	Mar-14	Change YoY
Paying customers	123,553	117,106	6%	118,557	4%
Trial subscribers	17,348	19,564	-11%	18,502	-6%
Total customers	140,901	136,670	3%	137,059	3%
Paying subscriber churn (monthly average)	8.5%	6.1%	-41%	6.3%	-35%

Receipts from customers

Cash receipts from customers (including subscription fees, paying trial fees and pay per view fees) were \$4.95 million for the quarter, down 1 per cent compared to prior quarter. The average monthly receipts per customer eased by 7 per cent in the quarter to \$12.25 with the number of subscribers committing to the \$9.99 streaming subscription plan growing as a proportion of the total customer base.

Quarter total/average	Mar-15	Dec-14	Change QoQ	Mar-14	Change YoY
Receipts from customers (\$000s)	4,952	5,007	-1%	5,165	-4%
Average paying customers	122,522	115,629	6%	113,340	8%
Average monthly receipts per paying customer (\$)	12.25	13.12	-7%	13.81	-11%

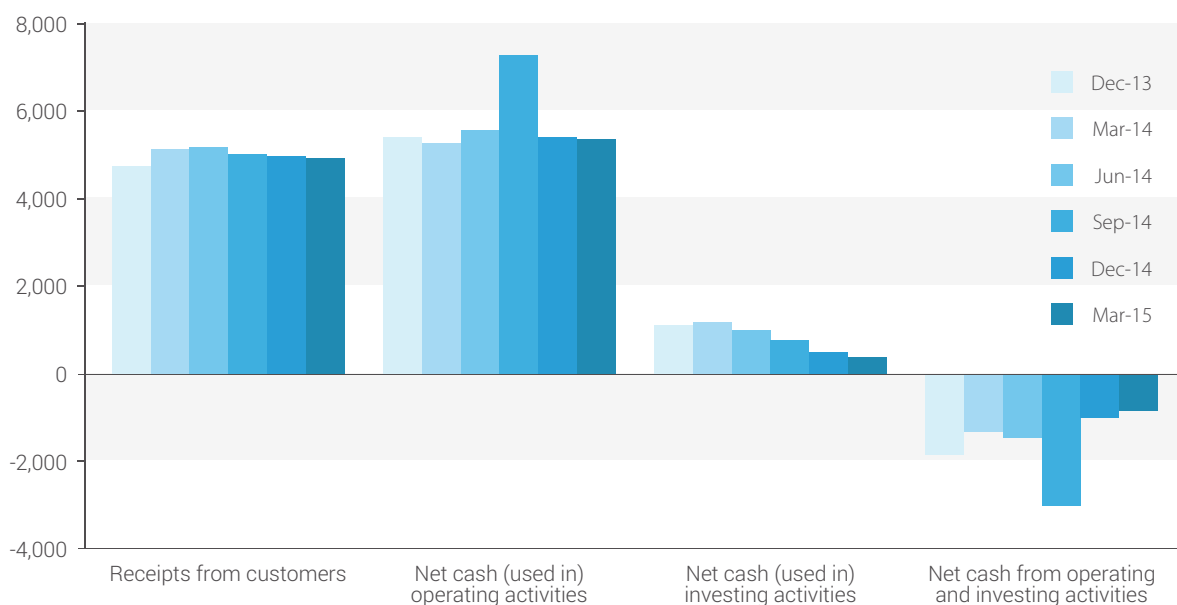
Operating and investing cash flows

Net operating and investing cash outflow for the March quarter of \$0.85 million improved by 12 per cent compared to an outflow of \$0.97 million in the December quarter. Total operating and investing expenditure reduced by 3 per cent to \$5.8 million as the Company continues to manage expenditure levels and trading terms with major suppliers. The cash flows include receipt of an R&D tax rebate of \$0.6 million.

Quarter, \$000s	Mar-15	Dec-14	Change QoQ	Mar-14	Change YoY
Receipts from customers	4,952	5,007	-1%	5,165	-4%
Net cash (used in) operating activities	-412	-409	-1%	-147	-180%
Net cash (used in) investing activities	-438	-557	21%	-1,177	63%
Net operating & investing cash flow	-850	-966	12%	-1,324	36%
Net cash provided by financing activities	-8	404	-	0	-
Net increase (decrease) in cash	-858	-562	-53%	-1,324	-35%
Cash at end of financial period	1,262	2,120	-40%	3,848	-67%



Quickflix cash flow per quarter (\$'000's)



Outlook

Quickflix is now operating in a newly competitive environment for subscription streaming in Australia and New Zealand following the launch of competing services in the March quarter and in particular Netflix. This new environment brings with it the benefits of significant industry marketing and PR, which will increase consumer awareness and should add to overall demand.

Quickflix has a broader service offering than its competitors. As the only subscription streaming service in Australia and New Zealand to also offer transactional streaming it is able to give customers access to latest release movies well ahead of Netflix. As Quickflix is also the only streaming service to also offer online DVD rental subscription in Australia, it can also service the 2.5 million regional and rural households without sufficient broadband and which Netflix is not able to reach today. It will also continue to tap into the \$1 billion per annum DVD market. The Company will progress distribution partnerships leveraging its strength in both streaming and DVD.

In the current quarter Quickflix will commence retailing its gift cards throughout major retail outlets including Coles, Woolworths, Big W, Myers and Officeworks. This channel will supplement Quickflix's other customer acquisition activity including direct marketing through partners.

Discussions continue to progress with certain industry parties and investors in relation to growth opportunities with Quickflix.

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")

March 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1.1 Receipts from customers	4,952	14,991
1.2 Payments for:		
(a) staff costs	(1,883)	(5,448)
(b) advertising and marketing	(770)	(2,753)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(2,715)	(9,859)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	38
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received	-	-
1.7 Other	-	-
Net operating cash flows	(412)	(3,031)



	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(412)	(3,031)
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	(435)	(1,911)
(e) other non-current assets	(2)	(145)
(f) other non-current assets (security deposits)	(1)	255
(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	(438)	(1,801)
1.14 Total operating and investing cash flows	(850)	(4,832)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	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	(8)	(270)
Reclassification – term deposit duration > 3 months		
Net financing cash flows	(8)	3,683
Net increase (decrease) in cash held	(858)	(1,149)
1.21 Cash at beginning of quarter/year to date	2,120	2,411
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,262	1,262



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	51
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	1,262	2,120
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (Provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,262	2,120

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: 20 April 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

Registered office

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Cottesloe WA 6011
Telephone: 1300 138 644
Facsimile: (08) 9347 4901

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Perth WA 6000

Home exchange

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2 The Esplanade
Perth WA 6000
ASX Code: QFX

Auditors

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Sydney NSW 2000

Share registry

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Perth WA 6000
Telephone: 1300 557 010
Facsimile: (08) 9323 2033

