



Quarterly Update
(& Appendix 4C)
December 2013



Quickflix movie and TV streaming launched on Sony PlayStation 4 in December 2013.

Quickflix Limited
& Controlled Entity

ABN 62 10 2459 352

www.quickflix.com.au

Quarterly Update

31 DECEMBER 2013

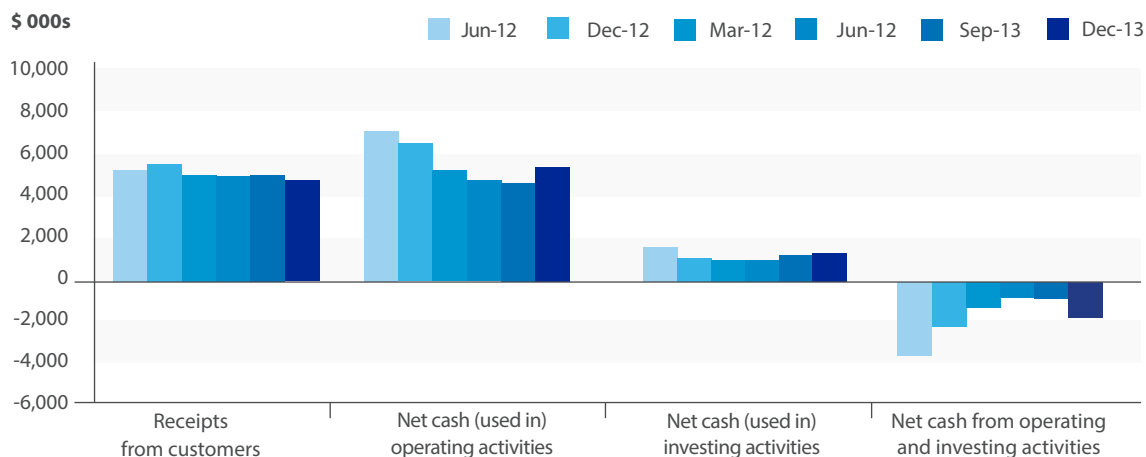
Quickflix continued its growth trajectory in the December quarter, adding over 10,000 new customers and experiencing strong demand for its streaming service. Total active customers increased by 10 per cent to 120,800 in the quarter including 18,552 trialists. The addition of new customers was achieved through a number of promotional channels including the Company's comprehensive network of consumer electronic device partners.

The number of paying customers grew by 4 per cent during the quarter to 102,248. The number of paying customers at the date of this report has continued to increase as trialists convert and stay with the service.

Revenue in the December quarter was \$4.8 million, 5 per cent lower than the previous quarter. In the first weeks of the current quarter revenue is tracking higher on the larger base of paying customers.

Net operating and investing cash outflow for the quarter was \$0.93 million, which included the receipt of a \$0.9 million R&D tax rebate. During the quarter the Company completed equity capital raisings totalling \$5.5 million which included the conversion of outstanding debt into equity. The funds raised have enabled increased expenditure on marketing and content to drive growth.

Quickflix cash flow per quarter (End of Quarter)



**Operating cash flows have been normalised to exclude the receipt of \$0.9 million R&D tax rebate in December-13 quarter and \$1.6 million R&D tax rebate in the December-12 quarter.*

Key movements for the December quarter were:

- Total active customers of 120,800, an increase of 10 per cent on previous quarter, including 18,552 trialists;
- Paying customers 102,248, 4 per cent up on previous quarter;
- Paying subscriber churn of 5.1 per cent, a 7 per cent improvement on last quarter;
- Revenue receipts of \$4.8 million, down 5 per cent;
- R&D tax rebate of \$0.9 million received;
- Net operating and investing cash outflow increased by \$0.17 million to \$0.93 million;
- Equity capital raising of \$5.5 million completed including conversion of debt to equity; and
- Cash reserves at the end of December were \$5.2 million.

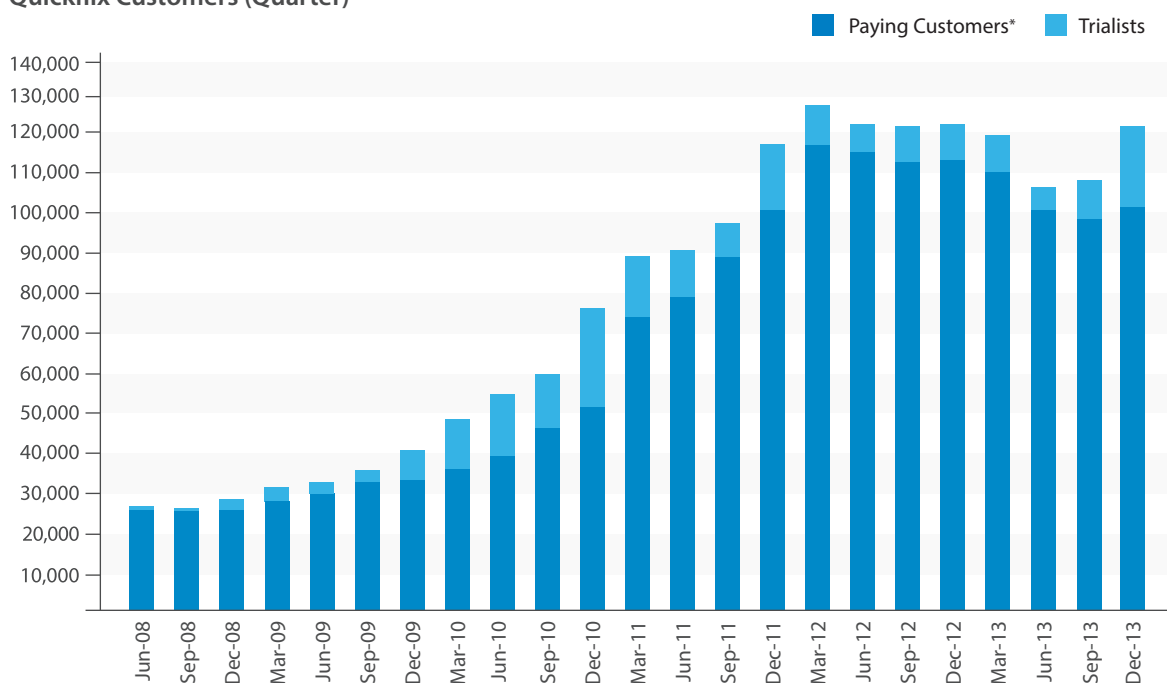


Customers and sales

The Company's customer base includes those who have transacted in the quarter by subscribing, or purchasing a pay per view, pay per episode or season pass.

In the December 2013 quarter, 120,800 customers transacted with Quickflix, an increase of 10 per cent on the prior quarter. Of these 18,552 new customers were active on a free trial at the end of the quarter. This compares to 109,938 customers who transacted in the September 2013 quarter, including 11,199 who were on a trial at the end of the quarter. Paying customers increased by 4 per cent on the previous quarter and we expect further growth in the March quarter as the large base of trial subscribers convert to paying customers.

Quickflix Customers (Quarter)



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

During the quarter, subscriber churn reduced to 5.1 per cent, compared to 5.6 per cent in the previous quarter and 5.5 per cent in the December 2012 quarter. Although the December quarter is typically the lowest churn quarter for the year, the result was consistent with the longer term downtrend in churn.

End of Quarter	Dec - 2013	Sep - 2013	Change QoQ	Dec - 2012	Change YoY
Paying customers	102,248	98,739	4%	114,098	-10%
Trial subscribers	18,552	11,199	66%	9,094	104%
Total customers	120,800	109,938	10%	123,192	-2%
Paying subscriber churn (monthly average)	5.1%	5.6%	-7%	5.5%	-7%



Receipts from customers

Cash receipts from customers (including accounts subscription fees, paying trial fees, pay per view fees and prepaid) were \$4.8 million for the quarter, down 5 per cent compared to prior quarter. The reduction is attributed to the timing of the turnaround in the paying customer number through the September and December quarters, a slight easing in underlying subscription ARPU and some timing differences in cash receipts around quarter ends. In the first weeks of the current quarter revenue is tracking higher on the larger base of paying customers. During the December quarter there has been a significant increase in pay per view (movies and TV episodes) revenues from a relatively small base which will have a positive impact in the medium term on the average revenue received from subscribing customers.

Quarter total/average	Dec - 2013	Sep - 2013	Change QoQ	Dec - 2012	Change YoY
Receipts from customers (\$000s)	4,757	5,014	-5%	5,561	-14%
Average paying customers	99,580	99,515	0%	113,406	-12%
Average monthly receipts per paying customer (\$)	14.48	15.27	-5%	14.86	-3%

Operating and investing cash flows

Net operating cash inflow of \$0.2 million decreased from the inflow of \$0.4 million in the September quarter. The cash inflow included the receipt of a \$0.9 million R&D tax rebate in the quarter which offsets an increase in operating expenditure, primarily on marketing costs and payments for content licence fees, the delivery, ingest and storage of new content.

Net investing cash flow remained steady at \$1.15 million including payment of a \$0.15 million security deposit and an increased investment in DVDs ahead of Christmas, offsetting a reduction in digital platform capex.

Quarter, \$000s	Dec - 2013	Sep - 2013	Change QoQ	Dec - 2012	Change YoY
Receipts from customers	4,757	5,014	-5%	5,561	-14%
Net cash from (used in) operating activities	219	400	-45%	637	-66%
Net cash (used in) investing activities	-1,145	-1,157	1%	-1,130	-1%
Net operating & investing cash flow	-926	-757	-22%	-493	-88%
Net cash provided by financing activities	3,380	655	-	-	-
Net increase (decrease) in cash	2,954	-102	nm	-493	nm
Cash at end of financial period	5,172	2,218	133%	1,746	196%

Outlook

The December quarter results highlight Quickflix's return to growth and the building demand for streaming. Having established a vast array of devices over which to stream including the major global TV brands as well as game consoles, mobiles and tablets, Quickflix is now readily accessible by most householders in Australia and New Zealand. The launch of Quickflix on the new Xbox One game console anticipated in the coming quarter will be another major milestone.

New significant content licensing deals are well advanced and are expected to be concluded over the coming weeks which will further support its long term growth objectives.

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 2013

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	4,757	9,771
1.2 Payments for:		
(a) staff costs	(1,638)	(3,227)
(b) advertising and marketing	(759)	(1,279)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(3,065)	(5,586)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	23	39
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received	901	901
1.7 Other	-	-
Net operating cash flows	219	619

+ See chapter 19 for defined terms.



Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	219	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	(613)	(1,087)
(e) other non-current assets	(378)	(1,023)
(f) other non-current assets (security deposits)	(154)	(192)
(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	(1,145)	(2,302)
1.14 Total operating and investing cash flows	(926)	(1,683)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	4,425	5,125
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	(545)	(590)
Reclassification – term deposit duration > 3 months		
Net financing cash flows	3,880	4,535
Net increase (decrease) in cash held	2,954	2,852
1.21 Cash at beginning of quarter/year to date	2,218	2,320
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	5,172	5,172

+ See chapter 19 for defined terms.



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	242
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

106,000,000 shares have been issued to Gleneagle Securities Nominees Pty Ltd at a value of \$0.01 per share on conversion of the borrowings and associated costs.

- 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	5,172	2,218
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (Provide details)	-	-
Total: cash at end of quarter (item 1.23)	5,172	2,218

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: 16 January 2014
(Executive Director)

Print name: Simon Hodge

+ See chapter 19 for defined terms.



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.

+ See chapter 19 for defined terms.

CORPORATE DIRECTORY

Directors

Stephen Langsford
(Chairman & CEO)

Simon Hodge
(Executive Director)

David Sanders
(Non-Executive Director)

Company secretary

Susan Hunter

Registered office

Suite 40
Cottesloe Central
460 Stirling Hwy
Cottesloe WA 6011
Telephone: 1300 138 644
Facsimile: (08) 9347 4901

Solicitors

Bennett + Co
Level 10, BGC Centre
28 The Esplanade
Perth WA 6000

Home exchange

Australian Stock Exchange Limited
2 The Esplanade
Perth WA 6000
ASX Code: QFX

Auditors

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000

Share registry

Computershare Investor Services Pty Ltd
Level 2
45 St Georges Terrace
Perth WA 6000
Telephone: 1300 55 70 10
Facsimile: (08) 9323 2033

