14

HALF YEAR

ASX APPENDIX 4D
& INTERIM REPORT

31 December 2013

Quickflix

Quickflix Limited ABN 62 102 459 352
Controlled Entities

www.quickflix.com.au

ASX Appendix 4D – Results Summary

RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half-year ended 31 December 2013

Reporting Period ("2013"): half-year ended 31 December 2013

Previous corresponding period ("2012"): half year-ended 31 December 2012

Financial results	**2013 $**	**2012 $**	**Change 2012 to 2013**
Revenue from ordinary activities	8,619,301	9,796,367	(12%)
Loss from ordinary activities before tax attributable to members	(5,118,790)	(5,008,074)	(2%)
Loss from ordinary activities after tax attributable to members	(4,217,940)	(3,401,293)	(24%)
Net loss for the period attributable to members	(4,217,940)	(3,401,293)	(24%)

	2013	**2012**
Dividends		
Cents per ordinary share	Nil*	Nil*

*No dividends have been declared or are payable for the period ended 31 December 2013 or 31 December 2012.

Tangible assets per ordinary share	**2013**	**2012**
Net tangible assets per share (cents)	(0.01)	(1.97)

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Quickflix Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Directors' Report

Your directors present their report on the Group consisting of Quickflix Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

DIRECTORS

Name

Stephen Langsford

Simon Hodge

David Sanders

The above named directors held office during and since the end of the half-year.

REVIEW OF OPERATIONS

Business Overview

Quickflix is the leading movie and TV streaming company in Australia and New Zealand offering both subscription and pay-per-view options. In Australia Quickflix also operates a subscription online DVD rental by mail service offering the largest range of movie and TV shows in DVD and Blu-ray. Quickflix streaming is the most accessible of its kind available over a wide range of connected devices including smart TVs, Blu-ray players, game consoles, mobiles, tablets, laptops, desktops and other devices. A single subscription entitles the subscriber to register up to six devices and watch three concurrent streams.

Viewing of movies and TV series through Quickflix represents unparalleled choice, convenience and value for the consumer. Not only are the latest TV drama series available for streaming like *The Walking Dead*, *Game of Thrones, True Blood* and *Newsroom* and latest release movies on pay-per-view but also thousands of hours of some of the best entertainment in movies and TV, comedy and kids shows on demand and unlimited for a low monthly subscription. All to the lounge room TV as well as mobile and tablet screens. In Australia subscribers can also access the universe of content through Quickflix's library of over 60,000 movie and TV shows on DVD and Blu-ray delivered direct to home.

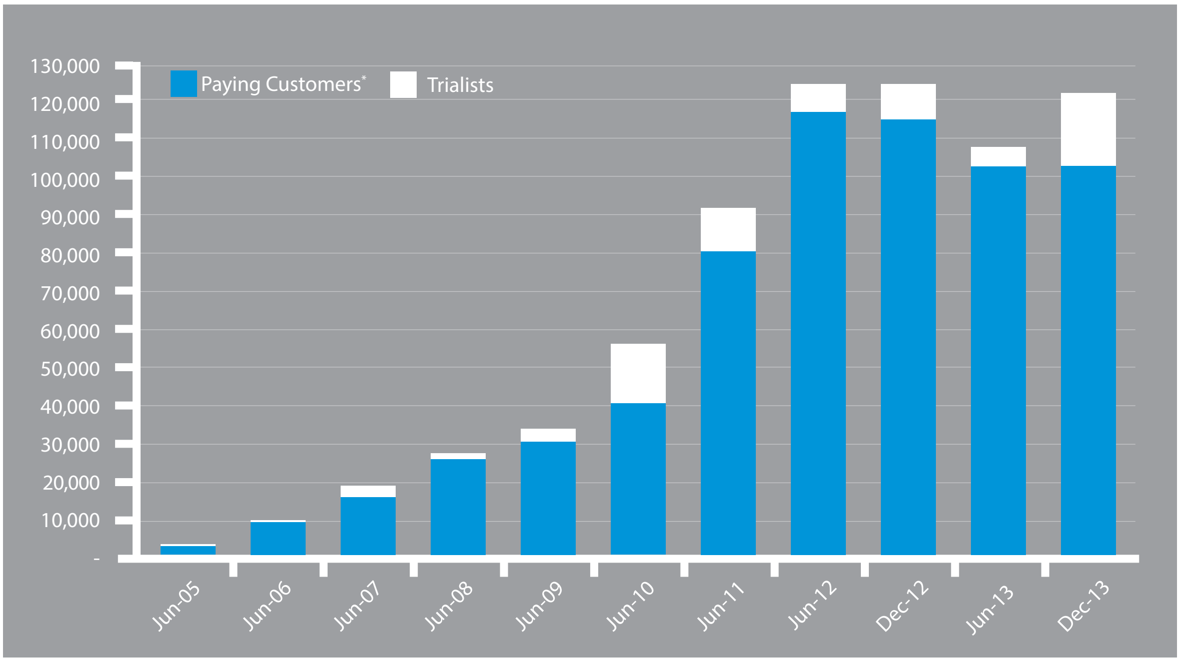
Content is "king" and Quickflix licenses selections from the best in content from Hollywood and broadcast networks, informed through insights gain through its own customer usage data. Quickflix has developed sophisticated algorithms to merchandise content in new and interesting ways for the consumer including personal recommendations and targeted notifications.

To do all this Quickflix over the past ten years has invested tens of millions of dollars in technology and operating infrastructure. Its platform now supports streaming to a wide range of devices as well as integration with its DVD and Blu-ray service delivering almost a million streaming and DVD transactions every month. It also enables Quickflix to take advantage of new streaming consumer devices entering the market through rapid deployment, prime positioning on device and integrated point of sale promotions. This investment aside from supporting its existing business operations in Australia and New Zealand means that Quickflix has a world-class platform which may in the future extend to opportunities in other regional markets.

During the six months to 31 December 2013, Quickflix returned to growth as it completed its restructuring and operational improvement programme which commenced in the previous half-year. Consolidating all its DVD fulfillment operations into one large-scale facility in Western Sydney and partnering with AAPT to deliver its digital content via the best-in-class Edgecast™ network, Quickflix has secured capacity for growth across both its DVD & Blu-ray service and streaming.

More devices equate to more potential customers. During the half-year Quickflix added LG smart TVs; Amazon Kindle Fire; Sony PlayStation 4 and TiVo to its already considerable network. To service customers more content including lastest release movies and TV series was added during the half and the Company has since entered new licensing agreements with Disney, NBC Universal and BBC to add hundreds of hours more.

Quickflix customers (month end)



** Paying customers represent those who purchase a service (subscription, pay per view or pay to own) in the prior three month period.*

Performance highlights

Half-year	**31 Dec 2012**	**30 Jun 2013**	**31 Dec 2013**
Revenue	$9,796,367	$9,438,722	$8,619,301
change	*3%*	*(4%)*	*(9%)*
Net operating loss before income tax	($5,008,074)	($3,023,304)	($5,118,790)
change	*38%*	*40%*	*(69%)*
Net operating loss after income tax	($3,401,293)	($3,023,304)	($4,217,940)
change	*58%*	*11%*	*(40%)*
Total customers – end of period*	123,192	106,825	120,800
change	*0%*	*(13%)*	*13%*
Paying customers – end of period*	114,098	101,852	102,248
change	*(1%)*	*(11%)*	*0%*

** Paying customers includes those who purchase a service (subscription, pay per view or pay to own) in the prior three month period. Total customers represent paying customers plus trialists.*

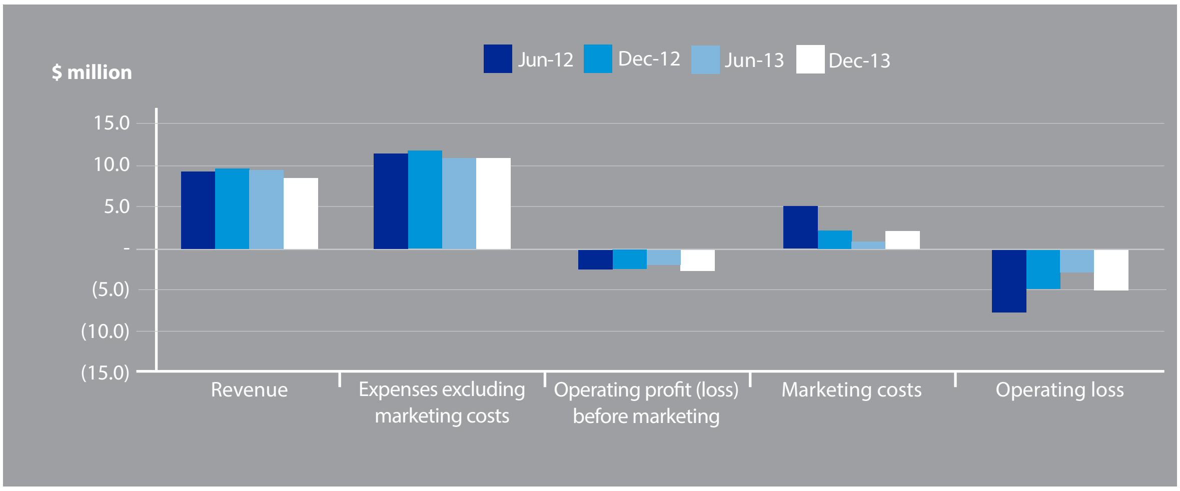
Customers

Total customers increased by 13 per cent to 120,800 in the half-year. Trial subscribers increased to 18,552 following an increase in customer acquisition towards the end of the half-year. Paying customers increased marginally in the period to 102,248. During the period, paying subscriber churn averaged 5.3 per cent, down 18 per cent on the June half-year.

	Dec 2012	Jun 2013	Dec 2013	YoY change	HoH change
Trial subscribers	9,094	4,973	18,552	104%	273%
Paying customers	114,098	101,852	102,248	(10%)	0%
Total customers	123,192	106,825	120,800	(2%)	13%
Net paying additions*	(1,543)	(12,246)	396	126%	103%
Paying subscriber churn (monthly average)*	5.9%	6.5%	5.3%	9%	18%
New subscribers acquisitions	61,868	48,226	74,574	21%	55%
Trial conversion*	52.6%	51.3%	48.6%	(8%)	(5%)
Marketing cost per sign-up (CPA)*	$25	$3	$18		

*Note: * Figures are calculated based on 6 month periods*

Revenue, costs and operating loss by financial half-year



Revenue

Revenue for the December half-year was $8.6 million, 9 per cent lower than the previous half-year, as the number of paying customers reached its low point before increasing late in the year. Conversion of trialists into paying customers in the current half-year is resulting in growing revenue. The average monthly revenue per paying subscriber eased slightly to $14.43 with growth in subscribers on lower cost DVD and bundle subscriptions in Australia. Within the customer base, almost 60 per cent of subscribers had access to streaming, up 40 per cent over the period. Pay per view revenue growth accelerated through the December half with an increase in the number of new release movie titles and recent pay TV series available to rent or purchase.

	Dec 2012	Jun 2013	Dec 2013	YoY change	HoH change
Revenue	$9,796,367	$9,438,722	$8,619,301	(12%)	(9%)
Average number of paying subscribers	113,899	108,491	99,547	(13%)	(8%)
Average monthly revenue per paying subscriber	$14.33	$14.50	$14.43	1%	0%

Operating costs

Operating costs include direct service costs such as fulfillment (delivery and returning DVDs), customer service, content (maintenance and depreciation of the content library), digital streaming (content and delivery), transaction processing fees, indirect costs such as technology (operation and amortisation of the technology platform), digital platform (operation and depreciation of the digital costs) and corporate overhead expenses. Marketing costs include all media and performance fees, production and overhead costs associated with the marketing function. Trial service costs are the proportion of direct service costs which relate to servicing free and paying trials.

Operating costs before marketing and trial service costs remained steady at $11.4 million, and 7 per cent down compared with the previous corresponding half-year.

- Direct service costs remained flat at $6.0 million in the last six months, a combination of the following movements:
    - Higher digital streaming costs (such as delivery costs, revenue shares and merchant fees) from servicing a growing streaming customer base;
    - Higher digital content fees with increased streaming customers and pay per view customers; and
    - Reduction in DVD fulfillment and content costs on lower DVD usage.
- Operating costs also remained flat at $5.4 million in the last six months. This is combined result of:
    - Higher digital operating costs from increased customer base and device network;
    - Increased technology costs to support both corporate and streaming growth; and
    - Reduction in member care related costs.

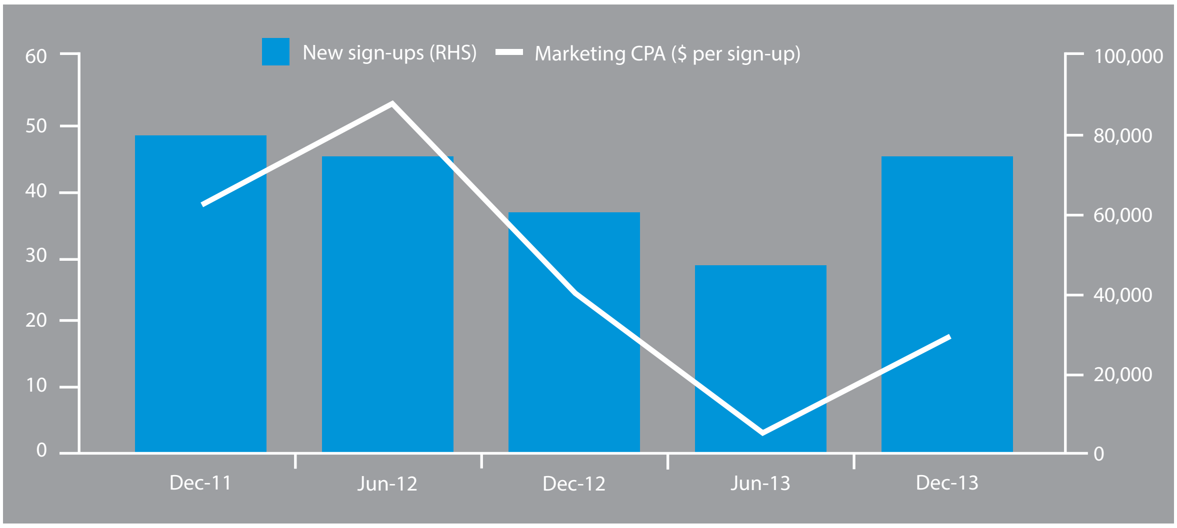
Marketing

During the half-year Quickflix increased its marketing activity.

- Marketing costs up to $1.3 million.
- New sign-up volumes increased by 55 per cent compared to the prior half-year.
- Trial service costs increased to $0.8 million.

The marketing cost of acquiring new members (Marketing CPA) increased to $18 per new sign-up.

New sign-ups and Marketing CPA



Content

The Company's investment in the DVD and Blu-ray content library was held steady at $1.0 million for the half-year. Streaming content costs increased to $2.1 million with new content added across the subscription and pay-per-view services.

Operating loss after tax increased by 39 per cent compared with the June-13 half-year primarily due to lower revenue as the subscriber base bottomed and marketing costs were increased to drive future customer growth.

	Dec 2012 $	Jun 2013 $	Dec 2013 $	YoY change	HoH change
Revenue	9,796,367	9,438,722	8,619,301	(12%)	(9%)
Gross contribution	3,219,821	3,483,310	2,662,815	(17%)	(24%)
% of revenue	*3%*	*37%*	*31%*		
Operating loss before income tax	(5,008,074)	(3,023,304)	(5,118,790)	(2%)	(69%)
Operating loss after income tax	(3,401,293)	(3,023,304)	(4,217,940)	(24%)	(39%)
Direct service costs: paying subscribers	(6,576,546)	(5,955,412)	(5,956,486)	9%	0%
Indirect costs	(5,688,815)	(5,371,481)	(5,405,700)	5%	(1%)
Operating costs before marketing & trial service costs	(12,265,361)	(11,326,893)	(11,362,186)	7%	0%
Marketing costs (excluding employee costs)	(1,535,820)	(166,769)	(1,309,720)	15%	(685%)
Trial service costs	(694,084)	(708,670)	(827,942)	(19%)	(17%)
Net finance costs	(309,176)	(259,694)	(238,243)	23%	8%
Total operating costs	(14,804,441)	(12,462,026)	(13,738,091)	7%	(10%)

Note: Comparative costs have been adjusted to be in line with the new management account cost allocations.

FINANCIAL POSITION

Receipts from customers during the half-year were $9.8 million, a decrease of 3 per cent compared to June 13 half-year. The net cash provided in operating activities increased to $0.6 million including a receipt of a $0.9 million tax refund. The net cash used in investing activities decreased by 5 per cent year-on-year but increased by 21 per cent to $2.3 million in the half year. Investment activities increased with higher digital encoding, storage and device development costs. The Company raised $4.5 million net of raising costs and debt refinancing.

The Company had net cash of $5.2 million at 31 December 2013.

	Dec 2012 $	Jun 2013 $	Dec 2013 $	YoY change	HoH change
Receipts from customers	10,937,769	10,090,416	9,770,580	(11%)	(3%)
Net cash (used in)/provided by operating activities	(1,547,301)	(32,065)	618,852	140%	2030%
Net cash (used in) investing activities	(2,427,162)	(1,906,528)	(2,301,983)	5%	(21%)
Net cash provided by financing activities	-	2,512,916	4,535,517	-	80%
Cash at end of financial period	1,745,508	2,319,831	5,172,217	196%	123%

OUTLOOK

Quickflix has had a strong start to 2014 with the number of paying customers and run-rate revenue having already increased by over 10 per cent since 31 December 2013. Streaming is driving this growth.

Quickflix is executing its strategy for sustained growth and extending its leadership position. New devices are being added to its network, such as the recent launch to Sony Xperia mobile and tablets and the Xbox One game console due to launch over the coming weeks. The more devices on which customers are able to access their Quickflix service the more value they derive from their subscription. As Quickflix increases its addressable audience it becomes more compelling for studios to license content which will drive more demand. Quickflix has recently entered new streaming content licensing with Disney, NBC Universal and BBC and further content deals are expected to be finalised in the current quarter.

With the momentum having returned to Quickflix with the appropriate levels of investment in content and marketing it is in a position to achieve strong growth over the period ahead.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 10.

This report is signed in accordance with a resolution of the Board of Directors.

Stephen Langsford

Executive Chairman

Dated this 27th day of February 2014

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000
Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To The Directors of Quickflix Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Quickflix Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L J Corder
Partner - Audit & Assurance

Sydney, 27 February 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 December 2013

	31 Dec 2013 $	31 Dec 2012 $
Revenue from continuing operations	8,619,301	9,796,367
Depreciation and amortisation expenses	(2,671,219)	(2,970,363)
Finance expenses	(238,242)	(309,176)
Employee and contractor expenses	(3,244,140)	(3,929,433)
General and administration expenses	(634,537)	(827,571)
Occupancy expenses	(533,860)	(400,960)
Content and distribution expenses	(4,403,336)	(4,172,720)
Marketing expenses	(1,313,146)	(1,535,820)
Technology expenses	(699,611)	(658,398)
Loss before income tax	(5,118,790)	(5,008,074)
Income tax benefit (expense)	900,850	1,606,781
Loss for the half-year	(4,217,940)	(3,401,293)
Other comprehensive income		
Exchange differences on the foreign operations	(10,392)	(6,652)
Total comprehensive income for the half-year	(4,228,332)	(3,407,945)
Total comprehensive income is attributable to:		
Owners of Quickflix Limited	(4,228,332)	(3,407,945)
	(4,228,332)	(3,407,945)
Earnings per share for total comprehensive income for the half-year attributable to the ordinary equity holders of the group:		
Basic loss per share (cents per share)	(0.56)	(0.75)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	31 Dec 2013 $	30 Jun 2013 $
Current assets			
Cash and cash equivalents		5,172,217	2,319,831
Trade and other receivables		65,513	349,983
Inventories		319,001	308,813
Other current assets		1,015,123	391,683
Total current assets		**6,571,854**	**3,370,310**
Non-current assets			
Property, plant and equipment	5	2,839,804	3,212,441
Intangible assets	6	3,592,260	3,624,877
Other financial assets		578,112	386,073
Total non-current assets		**7,010,176**	**7,223,391**
Total assets		**13,582,030**	**10,593,701**
Current liabilities			
Trade and other payables		6,470,180	4,401,126
Unearned revenue		1,014,211	994,178
Redeemable preference shares		10,725,999	10,514,655
Borrowing	7	-	914,844
Provisions		224,654	228,211
Total current liabilities		**18,435,044**	**17,053,014**
Non-current liabilities			
Provisions		52,858	66,944
Total non-current liabilities		52,858	66,944
Total liabilities		18,487,902	17,119,958
Net assets		**(4,905,872)**	**(6,526,257)**
Equity			
Issued capital	4	39,867,088	34,271,571
Reserves		1,455,111	1,212,303
Accumulated losses		(46,228,071)	(42,010,131)
Total equity		**(4,905,872)**	**(6,526,257)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2013

	Attributable to owners of Quickflix Limited				
	Contributed equity $	Accumulated losses $	Option/Share reserve $	Foreign currency translation reserve $	Total $
Balance at 1 July 2012	32,622,125	(35,585,534)	1,094,265	-	**(1,869,144)**
Total comprehensive loss for the half-year	-	(3,407,945)	-	(6,652)	**(3,414,597)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	130,933	-	(66,600)	-	**64,333**
Performance Rights	-	-	19,913	-	**19,913**
Director and employee share options	-	-	53,893	-	**53,893**
Sub-total	130,933	(3,407,945)	7,206	(6,652)	**(3,276,458)**
Balance at 31 December 2012	32,753,058	(38,993,479)	1,101,471	(6,652)	**(5,145,602)**
Balance at 1 July 2013	34,271,571	(42,010,131)	1,224,673	(12,370)	**(6,526,257)**
Total comprehensive loss for the half-year	-	(4,217,940)	-	(10,392)	**(4,228,332)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	5,595,517	-	-	-	**5,595,517**
Performance Rights	-	-	253,200	-	**253,200**
Sub-total	5,595,517	(4,217,940)	253,200	(10,392)	**1,620,385**
Balance at 31 December 2013	**39,867,088**	**(46,228,071)**	**1,477,873**	**(22,762)**	**(4,905,872)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS

for the six months ended 31 December 2013

	31 Dec 2013 $	31 Dec 2012 $
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	9,770,580	10,937,768
Payments to suppliers and employees (inclusive of goods and services tax)	(10,092,168)	(14,141,735)
Interest received	41,457	51,586
Finance costs	(1,867)	(1,701)
Income tax refund	900,850	1,606,781
Net cash inflow (outflow) from operating activities	**618,852**	**(1,547,301)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,087,158)	(1,254,271)
Purchase of intangibles	(1,022,786)	(1,172,891)
Security deposits paid	(192,039)	-
Net cash outflow from investing activities	**(2,301,983)**	**(2,427,162)**
Cash flows from financing activities		
Proceeds from issue of shares	5,124,876	-
Payment of share issue costs	(589,359)	-
Net cash inflow from financing activities	**4,535,517**	**-**
Net decrease in cash and cash equivalents	**2,852,386**	**(3,974,463)**
Cash and cash equivalents at 1 July	2,319,831	5,719,971
Cash and cash equivalents at 31 December	**5,172,217**	**1,745,508**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

for the six months ended 31 December 2013

Note 1: Basis of preparation of interim report

This general purpose financial report for the interim half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

This interim financial report does not include all the information required in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Quickflix Limited and its controlled entities (the "Group") during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

These financial statements were authorised for issued by the board of directors on 27 February 2014.

New and revised accounting standards applicable for the first time to the current half-year reporting period

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 13 Fair Value Measurement; and
- AASB 119 Employee Benefits (September 2011)

The effects of applying these standards are described below.

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly Controlled Entities – Non-Monetary-Contributions by Venturers. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

Management has reviewed its joint arrangement in accordance with AASB 10 and has concluded that there is no joint arrangement during the period or comparative periods covered by these financial statements.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013.

Management has reviewed its fair value measurement in accordance with AASB 13 and the methods and valuation techniques used for the purpose of measuring value are unchanged compared to the previous reporting period.

AASB 119 Employee Benefits (September 2013)

AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. AASB 119:

- eliminates the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income.

- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability.

- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

Management has reviewed its control assessments in accordance with AASB 119, As the Group does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

Preparation of report on going concern basis

The Group incurred a loss of $4.2 million for the half-year, and had a deficiency of net assets of $4.9 million.

Notwithstanding these matters, the financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst acknowledging the inherent uncertainties, the Directors consider this to be appropriate for the following reasons:

- the projected cashflows through the implementation of its current business plan;
- the flexibility to vary the Group's cost structure and in turn the level of cash burn in response to progress against certain milestones within the business plan;
- the demonstrated ability to obtain funding through debt and equity issues; and
- the limited conditions under which the preference shares may become redeemable by the holder.

All of the above give the Directors confidence that the Group will be able to continue its operations into the foreseeable future.

Note 2: Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2013.

Note 3: Segment reporting

The group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors and Chief Executive Officer in assessing and determining the allocation of resources. The group operates in one business segment being the online movie rental which includes streaming.

Note 4: Issued capital

(A) Ordinary Shares	31 Dec 2012
Issued and fully paid	453,557,886

Date	Details	Note	Number of shares	Average issue price $	$
1 July 2012	Opening balance		450,632,886		32,622,125
12 November 2012	Options exercised*	(ii)	2,000,000	0.050	100,000
12 November 2012	Shares issued to employees	(i)	925,000	-	-
	Less: share issue costs		-		(35,667)
31 December 2012	**Balance**		**453,557,886**		**32,686,458**

	30 June 2013
Issued and fully paid	526,669,604

Date	Details	Note	Number of shares	Average issue price $	$
1 July 2013	Opening balance		453,557,886		32,686,458
12 February 2013	Shares issued to employees	(i)	1,778,601	-	-
12 February 2013	Shares issued to employees	(i)	333,338	0.030	10,000
22 February 2013	Shares issued to employees	(i)	641,026	0.026	16,667
08 March 2013	Placement		70,358,753	0.024	1,688,610
	Less: share issue costs		-		(130,164)
30 June 2013	**Balance**		**526,669,604**		**34,271,571**

	31 Dec 2013
Issued and fully paid	1,149,926,956

Date	Details	Note	Number of shares	Average issue price $	$
01 July 2013	Opening balance		526,669,604		34,271,571
17 September 2013	Placement		70,000,000	0.010	700,000
25 October 2013	Rights issue		341,734,611	0.010	3,417,346
05 November 2013	Rights issue		206,752,991	0.010	2,067,530
05 November 2013	Shares issued to employees		4,768,750		-
	Less: share issue costs		-		(589,359)
31 December 2013	**Balance**		**1,149,925,956**		**39,867,088**

**The shares were issued with exercise of options.*

(i) Shares issued to employees

Shares were issued to employees as a part of remuneration. The issue price in respect of these shares was determined by reference to market price.

(ii) Shares issued to Directors

Shares were issued to Directors under share option plan. The issue price in respect of these shares was determined by reference to market price.

(B) Options over unissued ordinary shares

At 1 July 2012	17,050,000
Staff incentive options expired at 5.0 cents, expired 1 August 2012	(100,000)
Staff incentive options converted at 5.0 cents, converted 12 November 2012	(2,000,000)
Staff incentive options exercisable at 5.0 cents, exercised 12 November 2012	(2,000,000)
Staff incentive options exercisable at 8.5 cents, lapsed 20 November 2012	(450,000)
Staff incentive options converted at 8.5 cents, lapsed 20 November 2012	(2,500,000)
Balance at 31 December 2012	10,000,000
At 1 January 2013	10,000,000
Staff incentive options expired at 5.0 cents, expired 4 June 2013	(250,000)
Staff incentive options converted at 8.5 cents, expired 4 June 2013	(5,000,000)
Options exercisable at 3.12 cents, granted 8 March 2013	42,215,251
Staff incentive options exercisable at 2.3 cents, granted 3 June 2013	36,500,000
Balance at 30 June 2013	83,465,251
At 1 July 2013	83,465,251
Staff incentive options exercisable at 5.0 cents, lapsed 17 September 2013	(2,000,000)
Staff incentive options exercisable at 5.0 cents, lapsed 17 September 2013	(250,000)
Balance at 31 December 2013	81,215,251

C) Performance Rights

At 1 July 2011	-
Staff performance rights at 7.2 cents, granted 30 September 2011	1,250,000
Balance at 30 June 2012	**1,250,000**
Balance at 1 July 2012	1,250,000
Staff performance rights at 7.2 cents, lapsed 14 January 2013	(1,250,000)
Staff performance rights at 4.3 cents, granted 12 February 2013	15,268,750
Balance at 30 Jun 2013	**15,268,750**
At 1 July 2013	15,268,750
Staff performance rights at 3.0 cents, vested 25 October 2013	(4,768,750)
Staff performance rights at 3.0 cents, lapsed 25 October 2013	(10,500,000)
Balance at 31 December 2013	**-**

Note 5: Purchase of motor vehicle

On 20 December 2013, the Company has purchased a truck for the Fulfilment centre in Auburn for $46,818 under a chattel mortgage arrangement. The terms of repayments are in 60 equal monthly instalments plus a residual amount of $11,705.

Note 6: Goodwill write-off

As at 31 December 2013, the Company has written-off $77,816 for the carrying amount of the goodwill which relates to purchase of Homescreen Entertainment Pty Ltd. These adjustments have been recognised as an expense under 'Depreciation and amortisation expenses' in the consolidated income statement of profit or loss and other comprehensive income.

Note 7: Borrowing

On 30 October 2013, shareholders at Annual General Meeting approved the conversion of Gleneagle's debt and associated costs into shares and the settlement. The conversion is summarised as below:

Gleneagle's debt	$939,874
Associated costs	$120,126
Total conversion	$1,060,000
Total number of shares issued	106,000,000

Note 8: Events after the reporting date

There have been no events between 31 December 2013 and the date of these financial statements which necessitate adjustments to the statements of financial position and comprehensive income of that date.

Directors' Declaration

In the opinion of the directors of Quickflix Limited and its controlled entities (the "Group"):

1) The financial statements and notes set out on pages 11-19, are in accordance with the Corporations Act 2001 including:

   a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2013 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

   b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Executive Chairman

Stephen Langsford

Dated this 27th day of February 2014

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000
Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report
To the Members of Quickflix Limited

We have reviewed the accompanying half-year financial report of Quickflix Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Quickflix Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Quickflix Limited consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Quickflix Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Quickflix Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding going concern

Without qualification to our opinion expressed above, attention is drawn to Note 1 in the half-year financial report which indicates the consolidated entity incurred a net loss of \$4,217,940 during the half-year ended 31 December 2013. In addition we note the consolidated entity had operating cash inflows of \$618,852 and a deficiency of net assets of \$4,905,872 as at 31 December 2013. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

LJ Corder

L J Corder
Partner - Audit & Assurance

Sydney, 27 February 2014

www.quickflix.com.au