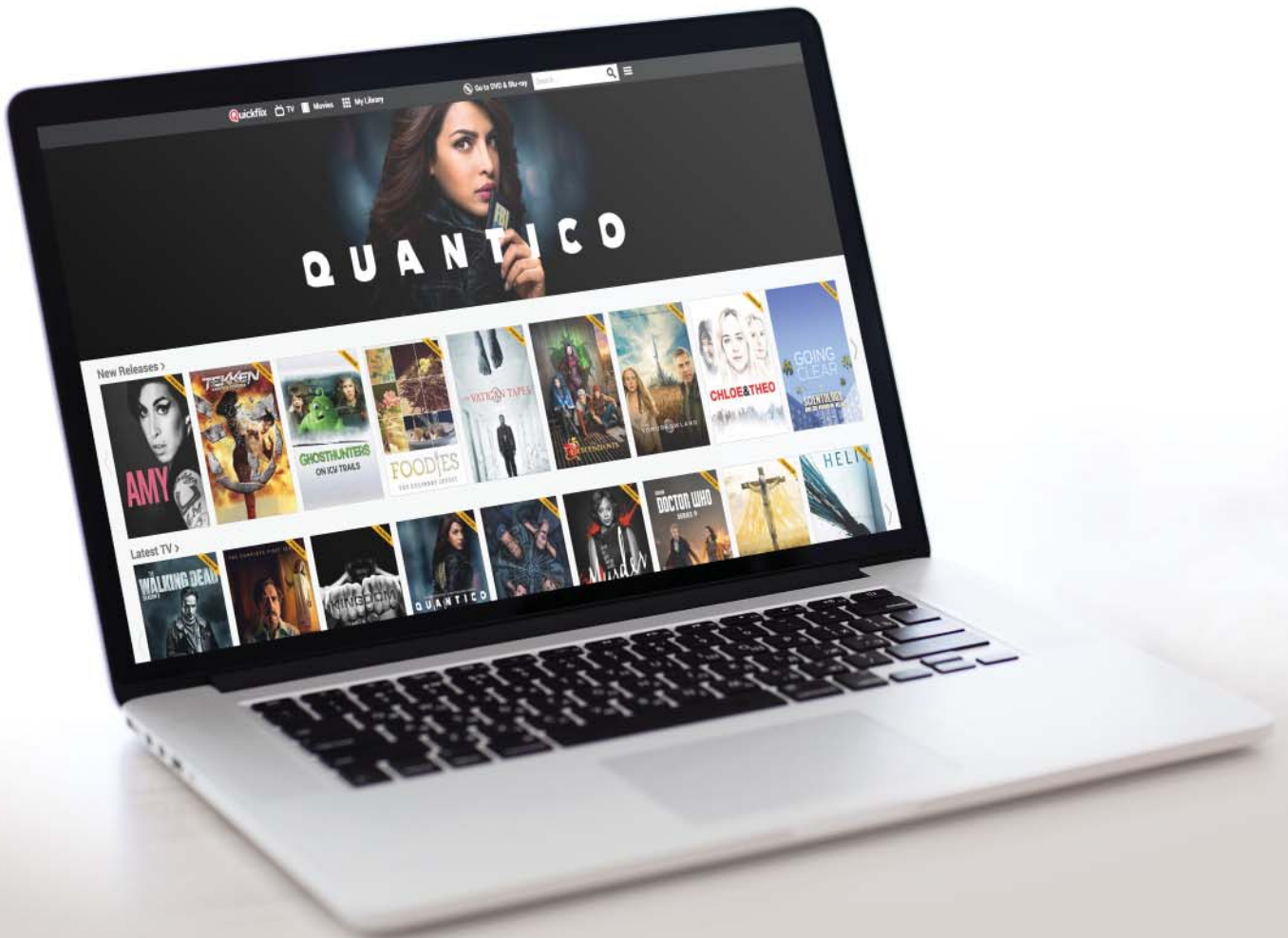


Quickflix

Quarterly Update
(& Appendix 4C)
September 2015



Restructure and cost-reduction programme underway.

Quickflix Limited
& Controlled Entity

ABN 62 10 2 459 352

www.quickflix.com.au

For personal use only

Quarterly Update

30 SEPTEMBER 2015

| Restructure and cost-reduction programme underway | Reduction in cash burn

During the September quarter, Quickflix commenced a restructuring and cost-reduction programme which upon completion will be followed by adoption of a new strategy for the Company's SVOD business and a re-capitalisation of the Company. The restructure programme is initially focused on restructuring debt arising from minimum guarantee obligations from streaming SVOD content licensing arrangements as well as a cost-reduction exercise to ensure the Company is sustainable.

Quickflix has successfully reached agreement or in-principle agreement with major studios to restructure over \$6 million of commitments relating to SVOD licensing arrangements. The Company is seeking to reach agreement with other licensors and creditors for the restructuring of commitments which if achieved will further strengthen its balance sheet and enable a re-capitalisation to proceed and place the Company on a sustainable path.

The Company has implemented savings of \$4 million per annum across operating and investment areas. Since the start of the programme the Company has reduced headcount by over 20 per cent which has yielded a 33 per cent reduction in staff costs or \$1.7 million per year. Other cost initiatives have delivered savings across call centre support, corporate overhead, technology development and infrastructure, content management and marketing of approximately 18 per cent or \$2.3 million per annum.

As a result of the cost-reduction programme and progressing the restructuring of the Company's commitments, expenditure was significantly reduced for the quarter. Net operating and investing cashflow for the period was \$0.07 million, reduced from \$1.1m in the prior quarter. A significant reduction in marketing expenditure to drive acquisition of customers to replace churn, also resulted in customer numbers and revenue declining during the period.

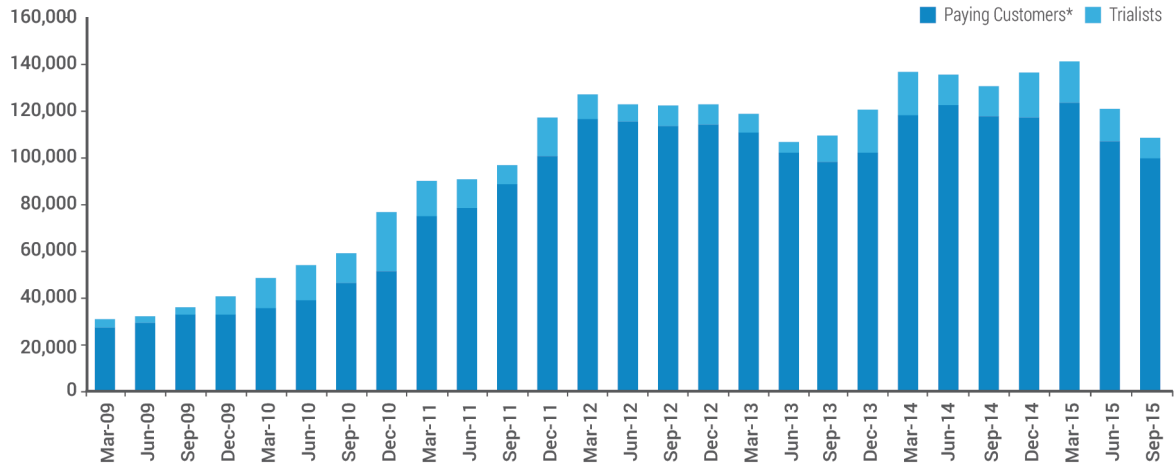
Quickflix has secured additional sources of revenue in the near-term through reaching agreement with affiliate SVOD operators in Australia and New Zealand for the introduction of special free trial offers to Quickflix customers. These offers are complementary to the Company's existing service offerings.

Key highlights in the September quarter were:

- Total customers of 109,051 down by 10 per cent;
- Paying customers of 100,121 down by 7 per cent;
- Revenue receipts decreased by 8 per cent to \$3.9 million;
- Operating and investing expenditure decreased 26 per cent to \$4.0 million;
- Net operating and investing cash outflow of \$0.07 million; and
- Cash at bank of \$0.84 million.

For personal use only

Quickflix customers (Quarter)



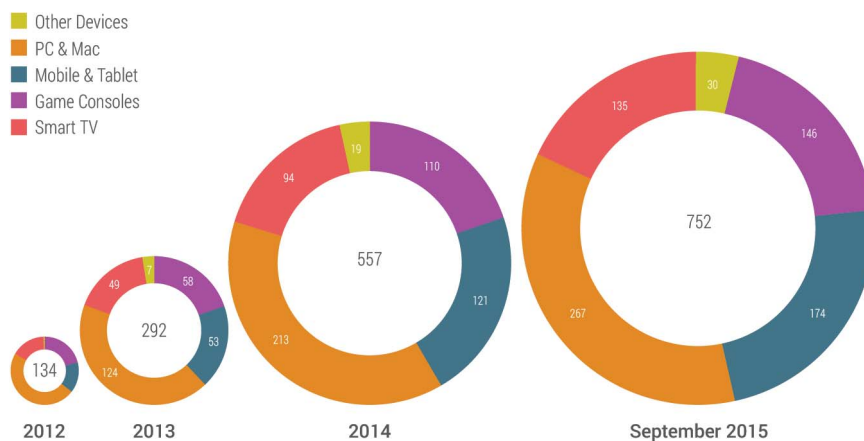
*Paying customers are customers who purchase a service (subscription, pay-per-view or pay-to-own) during the quarter.

Customers and sales

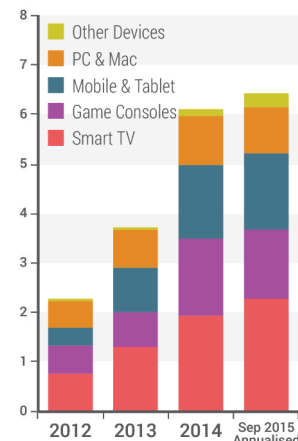
Paying customers at the end of the September quarter were 100,121, seven per cent lower than the previous quarter. Paying subscriber churn reduced to average 9.7 per cent over the quarter, down from 11.3 per cent in the June quarter following the launch of Netflix in Australia.

End of Quarter	Sep-15	Jun-15	Change QoQ	Sep-14	Change YoY
Paying customers	100,121	107,969	-7%	118,204	-15%
Trial subscribers	8,930	13,158	-32%	12,361	-28%
Total customers	109,051	121,127	-10%	130,565	-16%
Paying subscriber churn (monthly average)	9.7%	11.3%	14%	6.9%	-41%

Devices registered with Quickflix (000's)

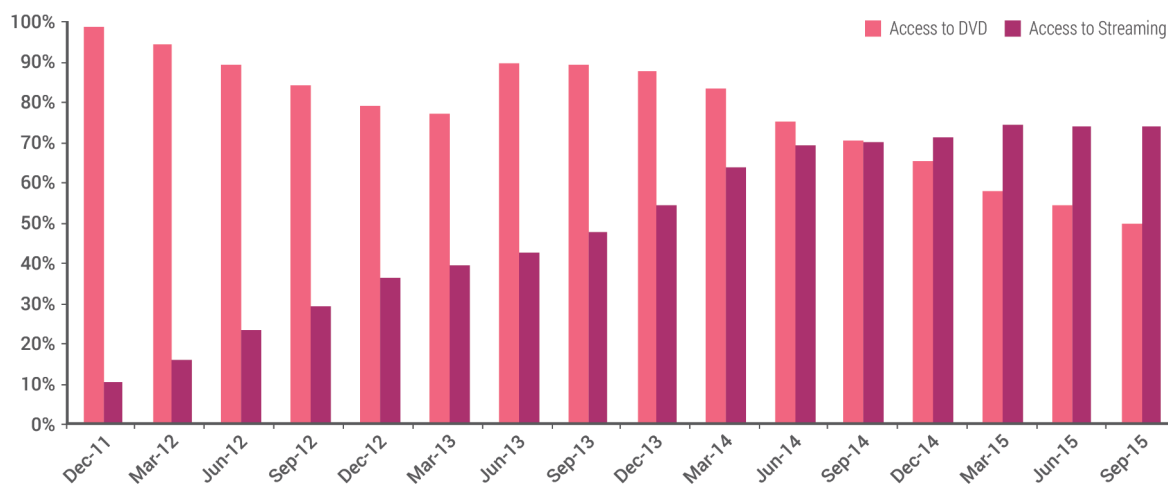


Streaming plays by device (million)





Proportion of Quickflix customers with access to streaming and DVD



Receipts from customers

Cash receipts from customers (including subscription fees, paying trial fees and pay per view fees) were \$3.9 million for the quarter, down 8 per cent compared to prior quarter. The reduction is due to the lower number of paying customers. The average monthly receipts per customer increased by one per cent to \$11.39.

Quarter total/average	30-Sep	31-Jun	Change QoQ	30-Sep	Change YoY
Receipts from customers (\$000s)	3,885	4,231	-8%	5,032	-23%
Average paying customers	103,378	113,986	-9%	120,715	-14%
Average monthly receipts per paying customer (\$)	11.39	11.25	1%	12.63	-10%

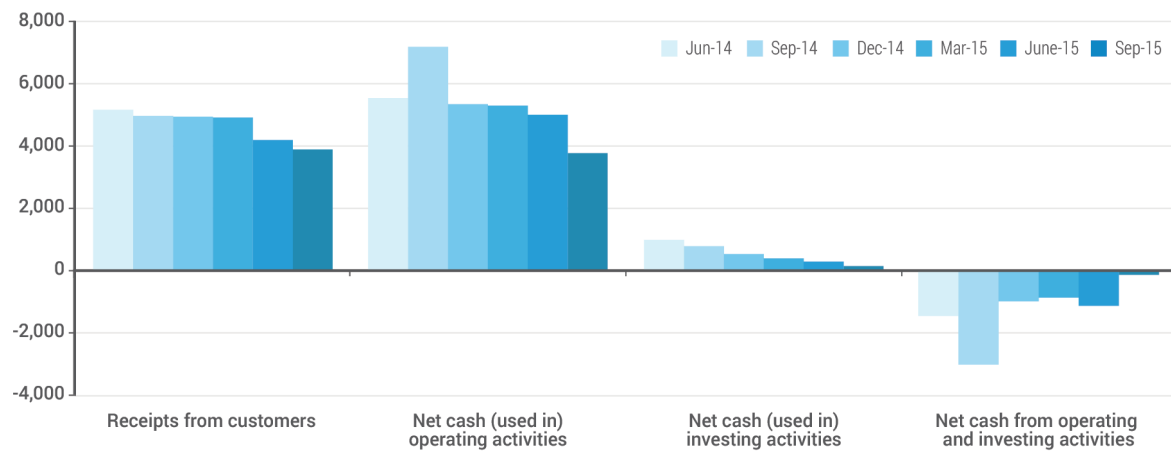
Operating and investing cash flows

Net operating and investing cash outflow for the September quarter was reduced to \$0.1 million compared to an outflow of \$1.1 million in the June quarter. Total operating and investing expenditure reduced to \$4.0 million as the Company continues to manage expenditure levels and trading terms to preserve cash resources as it progresses its restructure process. The Company's cost reduction initiatives are expected to deliver sustained savings over the next two quarters. The Company's cash reserves will be improved through the receipt of \$0.62 million R&D tax rebate due in the current quarter.

Quarter, \$000s	Sep-15	Jun-15	Change QoQ	Sep-14	Change YoY
Receipts from customers	3,885	4,231	-8%	5,032	-23%
Net cash (used in) operating activities	-3,790	-5,031	-25%	-7,242	48%
Net cash (used in) investing activities	-168	-296	43%	-806	79%
Net operating & investing cash flow	-73	-1,096	93%	-3,016	98%
Net cash provided by financing activities	-2	747	-	3,287	-
Net increase (decrease) in cash	-73	-349	79%	271	-127%
Cash at end of financial period	840	913	-8%	2,682	-69%



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



Outlook

Quickflix is operating in the high-growth yet challenging video streaming sector. Competitors are expending enormous amounts of money on marketing and content in a bid to secure market share. Quickflix will not seek to compete head-on in this environment, rather it will focus on developing a niche and differentiated streaming service supported by its profitable online DVD rental service and attracting new customers through low-cost partner and affiliate channels.

For personal use only

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")

September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1.1 Receipts from customers	3,885	3,885
1.2 Payments for:		
(a) staff costs	(1,647)	(1,647)
(b) advertising and marketing	(403)	(403)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(1,743)	(1,743)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes received	-	-
1.7 Other	-	-
Net operating cash flows	95	95



For personal use only

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(800)	(3,831)
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	(168)	(168)
(e) other non-current assets	-	-
(f) other non-current assets (security deposits)	-	-
(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	(168)	(168)
1.14 Total operating and investing cash flows	(73)	(73)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
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	-	-
Reclassification – term deposit duration > 3 months	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(73)	(73)
1.21 Cash at beginning of quarter/year to date	913	913
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	840	840



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	173
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	840	913
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (Provide details)	-	-
Total: cash at end of quarter (item 1.23)	840	913

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: 30 October 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.

For personal use only



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

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

Solicitors

Bennett + Co
Ground Floor, 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 557 010
Facsimile: (08) 9323 2033



For personal use only