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Quickflix delivers 10 per cent customer growth in December quarter.

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.

Streaming momentum continued to build in the quarter with the numbers of hours streamed increasing by 23 per cent over the previous quarter. The level of streaming was 40 per cent higher than the equivalent period in the prior year. New platforms launched during the quarter including PlayStation 4, LG Smart TVs, TiVo and Amazon Kindle Fire added to the demand.

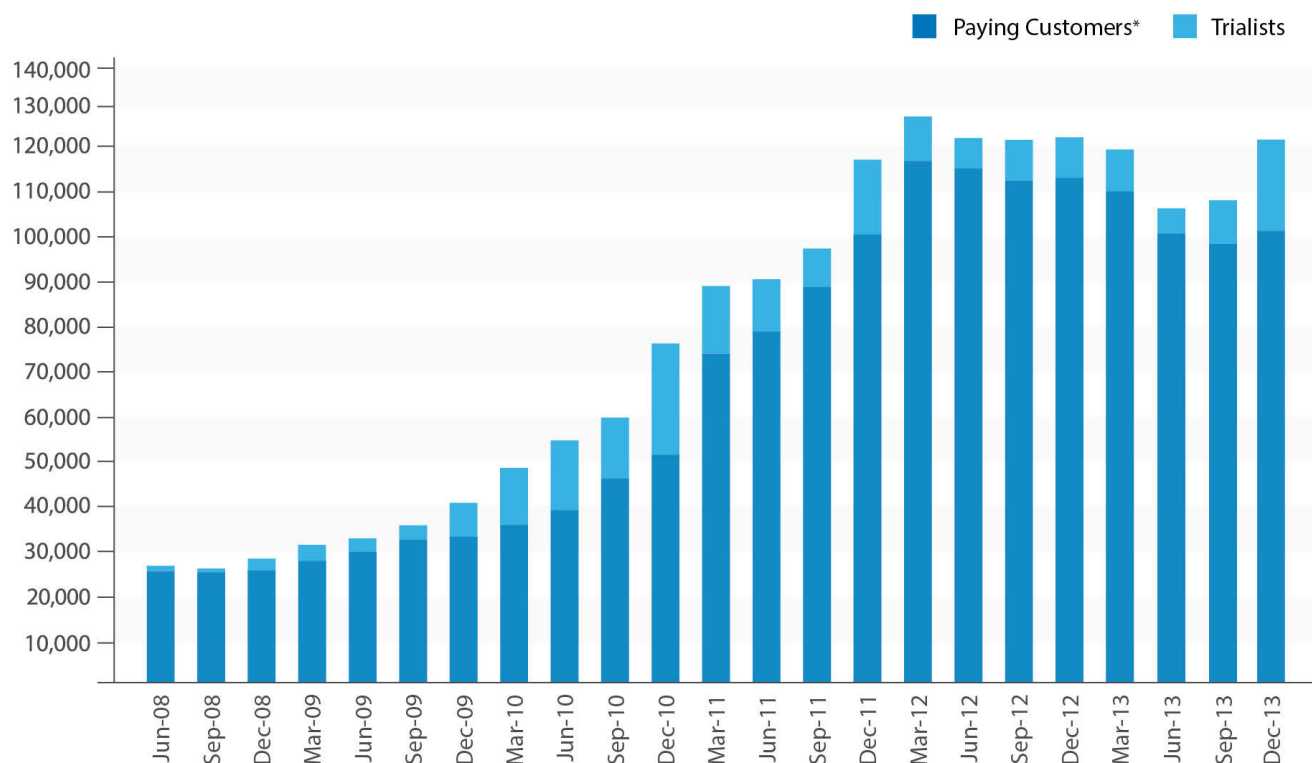




Key highlights in the December quarter were:

- 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 including conversion of debt to equity; and
- Cash reserves at the end of December were \$5.2 million.

Quickflix Active Customers (Quarter)



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





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.

Quickflix is expanding its range of latest release movies and TV series for streaming. New significant content licensing deals are well advanced and are expected to be concluded over the coming weeks which will further support the Company's long term growth objectives.

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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.



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