

31 January 2012

Quickflix launches digital future and achieves strong growth in the December quarter.

17 per cent increase in paying subscribers; and 15 per cent increase in revenue during the quarter.

Quickflix's launch into digital streaming during the December quarter positions the Company for the expected explosion in demand for IPTV delivered movies and TV in Australia. The rapid rise of IPTV services in markets such as US and UK driven by new internet-connected TV and devices highlights the potential opportunity for Quickflix in this market. For example by 2015, 80 per cent of new TV's shipped globally are forecasted to be connected devices¹, supporting services such as IPTV streaming of movies.

Quickflix streaming is the first subscription video on demand (SVOD) service of its kind in Australia. Already available on Sony Bravia connected TV's and Blu-ray players, Sony PlayStation®3, PCs and Apple Macs, Australians now have access to unlimited viewing of movies for one low monthly subscription. The initial take up has been very encouraging with over 10 per cent of subscribers opting for streaming since launch.

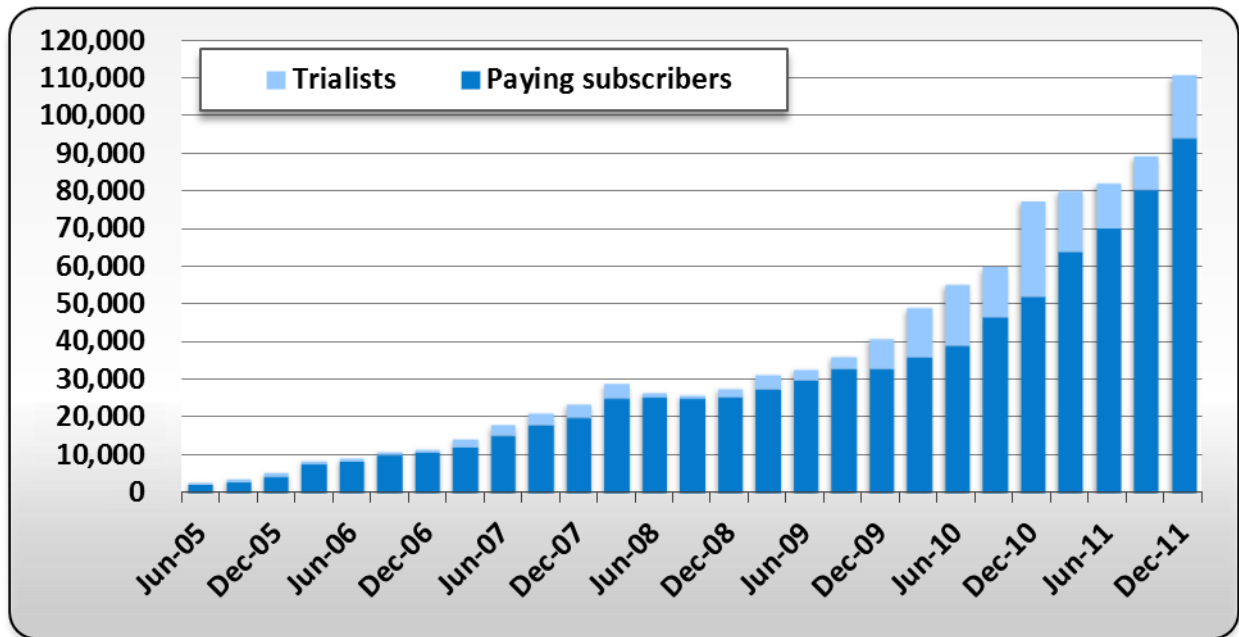
Quickflix is extending its service to new devices. The Company has recently announced that it will stream over Samsung's SmartTVs, Galaxy Tab and Android mobile phones and will announce additional device deals over the coming quarter as part of its strategy for being accessible on all popular devices.

Quickflix online DVD rental service now boasts the largest range of movie and TV series in Australia and the Company is quickly increasing its range of content available for streaming. Feature films have been licensed from major Hollywood studios including Warner Bros, Sony Pictures, and NBCUniversal and recently the Company announced that it will also be showcasing television series content from HBO, USA's largest premium television company. Further studio deals are expected to be announced in the coming quarter.

Quickflix's move into digital is coinciding with a rapidly growing subscriber base and online DVD rental business. During the quarter paying subscribers grew by 17 per cent to 94,097 whilst total subscribers (including trialists) grew by 24 per cent to 110,697. As at the time of this announcement total subscribers have surpassed 120,000.

Highlights for the December quarter were:

- total subscribers of 110,697 at 31 December 2011, up 24 per cent in the quarter;
- paying subscribers of 94,097, representing net growth of 13,464 up 17 per cent in the quarter;
- paying subscriber churn reduced to 4.4 per cent, down from 5.8 per cent in the September quarter (an improvement of 24 per cent);
- revenue receipts of \$4.28 million for the quarter, up 15 per cent for the quarter; and
- net operating and investing cash outflow of \$3.4 million for the quarter up from \$2.4 million as the Company continued its investment in development and rollout of its streaming service and increased marketing.



Outlook

2012 promises to be a very exciting year for the Company. Quickflix offers a great service and will continue to innovate. Increased marketing efforts lifting brand awareness will ensure more customers discover its service. At the same time the Company will continue to enrich its streaming service with new exciting content from Hollywood and independent studios, making it easily accessible over an increasing array of new connected TVs and devices.

Quickflix is finalising negotiations which if concluded will introduce a major strategic partner and funding for the Company.

¹ Source: Futuresource Consulting January 2012.

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About Quickflix

Quickflix is Australia's leading online movie rental company offering subscription to the largest range of movies and TV shows delivered as DVD or Blu-ray by mail starting from \$5.99 per month or streamed instantly on demand from a library of hundreds of movies & TV series direct to PCs, Apple Macs and a growing range of connected TVs and devices. www.quickflix.com.au