

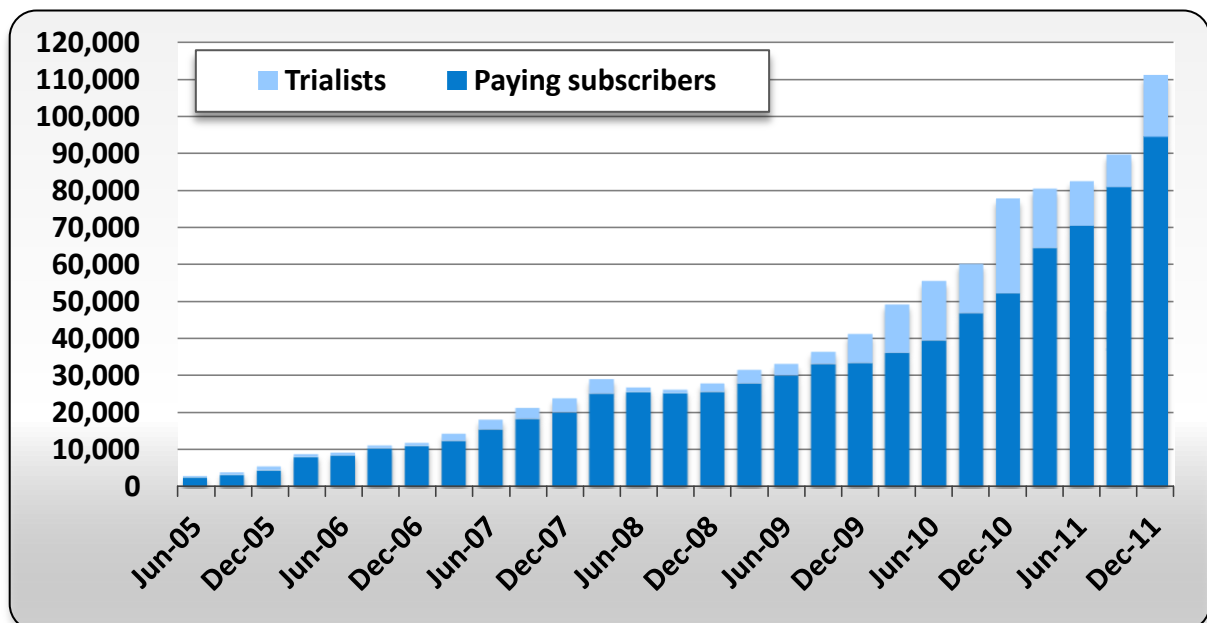
Quarterly Update



31 January 2012

Quickflix successfully launched its movie streaming service during the quarter becoming the first subscription video on demand (SVOD) service of its kind in Australia offering unlimited movie viewing over a growing range of Hollywood movies for one low monthly fee. Initial take-up has been very encouraging with over 10 per cent of subscribers opting for streaming. Quickflix streaming is now available through internet-connected PCs and Apple Macs as well as Sony Bravia TVs, Blu-ray players and home theatre systems and the Sony PlayStation®3 game console.

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 percent, 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.

entertainment delivered

Key developments

There have been a number of important milestones and developments for the Company during the December quarter including:

- Distribution signed with Sony for movie streaming to Sony PlayStation®3 (PS3™).
- Content deals completed with major Hollywood studios including Sony Pictures Television, Warner Bros., NBCUniversal and a number of independent studios.
- Launch of movie streaming on Sony Bravia TVs, Blu-ray players and Home Theatre systems.
- Launch of movie streaming to PCs and Apple Macs.
- Launch of movie streaming on Sony PlayStation®3.

Subscribers

Paying subscribers increased by 17 per cent in the December quarter and 81 per cent for the year to 94,097. Total subscribers were 110,697 at 31 December 2011, up by 43 per cent year-on-year, including 16,600 trialists.

Subscriber retention improved in the quarter with churn dropping by 24 per cent to average 4.4 per cent, down from 5.8 per cent in the September quarter and 6.6 per cent in the June quarter. This improvement can be attributed to a combination of seasonal factors, service improvements, the introduction of digital streaming and the rationalisation of DVD subscription services with the closure of BigPond Movies' DVD service.

Quarter	31-Dec 2011	30-Sep 2011	Change QoQ	31-Dec 2010	Change YoY
Paying subscribers	94,097	80,633	17%	52,034	81%
Trial subscribers	16,600	8,761	89%	25,494	-35%
Total subscribers	110,697	89,394	24%	77,528	43%
Paying subscriber net increase	13,464	10,383	30%	5,390	150%
Paying subscriber churn (monthly average)	4.4%	5.8%	-24%	5.5%	-21%

Receipts from customers

Cash receipts from customers (which includes accounts subscription fees, paying trial fees, and voucher sales) increased to \$4.28 million for the quarter, up 60 per cent year on year as average paying subscribers increased by 77 per cent and average monthly receipts per subscriber declined by 10 per cent. Importantly, the average receipts per customer increased compared to the September quarter reversing the longer term trend with customers starting to take up higher value bundled DVD and streaming subscriptions.

Quarter, \$000s	31-Dec 2011	30-Sep 2011	Change QoQ	31-Dec 2010	Change YoY
Receipts from customers	4,283	3,714	15%	2,678	60%
Average paying subscribers	86,430	76,135	14%	48,851	77%
Average monthly receipts per paying subscriber (\$)	15.02	14.78	2%	16.61	-10%

Operating and investing cash flows

Investments in the launch of the digital service (content, technology and resources), above-the-line marketing activity and integration of BigPond's DVD library resulted in operating expenditure growing by 38 per cent in the quarter. These up-front investments will contribute to future growth in revenue and subscribers. Service costs increased in line with subscriber and revenue growth.

The operating cash outflow of \$1.835 million for the quarter, was up from \$0.711 million in the prior quarter.

Net investing cash flows eased slightly to \$1.56 million compared with \$1.70 million last quarter. These investments include expansion of the physical content library, ingest of digital content, development of the technology platform and operating infrastructure to support growth.

The Company ended the quarter with a cash balance of \$1.9 million.

	31-Dec 2011	30-Sep 2011	Change QoQ	31-Dec 2010	Change YoY
Receipts from customers	4,283	3,714	15%	2,678	60%
Net cash (used in) operating activities	-6,118	-4,425	38%	-2,552	140%
Net cash (used in) investing activities	-1,558	-1,704	-9%	-869	79%
Net operating & investing cash flow	-3,393	-2,415	40%	-743	357%
Net cash provided by financing activities	0	4,420	-100%	2,830	-100%
Net increase (decrease) in cash	-3,393	2,004	-269%	2,087	-263%
Cash at end of financial period	1,905	5,298	-64%	3,040	-37%

Outlook

2012 promises to be a very exciting year for the Company. The Company has recently announced that it will be streaming award-winning film and TV series from Home Box Office (HBO) and that it will extend its distribution network to Samsung's range of internet connected Smart TVs and Blu-ray players, the Galaxy TAB range and selected Galaxy smartphones. Quickflix will continue to enrich its streaming service through securing new exciting content from Hollywood and independent studios, and 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.

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 2011

Consolidated statement of cash flows

	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	4,283	7,997
1.2 Payments for:		
(a) staff costs	(1,834)	(3,361)
(b) advertising and marketing	(1,986)	(2,545)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(2,074)	(4,410)
(f) digital service costs (ex staff)	(275)	(361)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	51	134
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net operating cash flows	(1,835)	(2,546)

+ 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)	(1,835)	(2,546)
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	(1,309)	(2,635)
(e) other non-current assets (capitalised development costs)	(249)	(481)
(f) other non-current assets (security deposits)	-	(107)
(g) other current assets (security and guarantee deposits)	-	(40)
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	(1,558)	(3,263)
1.14 Total operating and investing cash flows	(3,393)	(5,809)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	4,675
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	-	(255)
Reclassification – term deposit duration > 3 months		
Net financing cash flows	-	4,420
Net increase (decrease) in cash held	(3,393)	(1,389)
1.21 Cash at beginning of quarter/year to date	5,298	3,294
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,905	1,905

+ 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	112
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	-	-

+ See chapter 19 for defined terms.

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

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	1,905	5,298
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,905	5,298

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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: 31 January 2012
 (Executive Director)

Print name: Simon Hodge

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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.

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