



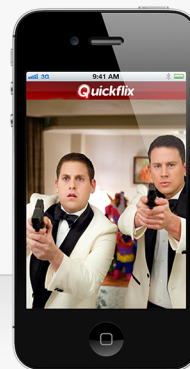
Quarterly Update

(& Appendix 4C)

30 June 2012

Enjoy Quickflix anytime, anywhere

The new Quickflix streaming App for iPhone and iPad is here!



Quickflix Limited
& Controlled Entity

ABN 62 10 2 459 352

www.quickflix.com.au

Quarterly Update

30 JUNE 2012

The progress Quickflix has made with its IPTV streaming offering was undoubtedly the highlight for the quarter with its service successfully going live to Panasonic and Samsung smart TVs, Samsung Galaxy S3 smartphone; and Apple iPad and iPhone adding to existing Sony Bravia TVs and PlayStation3 game consoles, PC and Apple Mac platforms. Development also commenced for the deployment of Quickflix streaming to Microsoft Xbox, due to go live in the coming months. Xbox will significantly add to Quickflix's addressable streaming market and is another major strategic foothold for IPTV distribution.

The number of streaming customers including those with a DVD rental bundle grew by over 40 per cent during the quarter and represent 28 per cent of all customers.

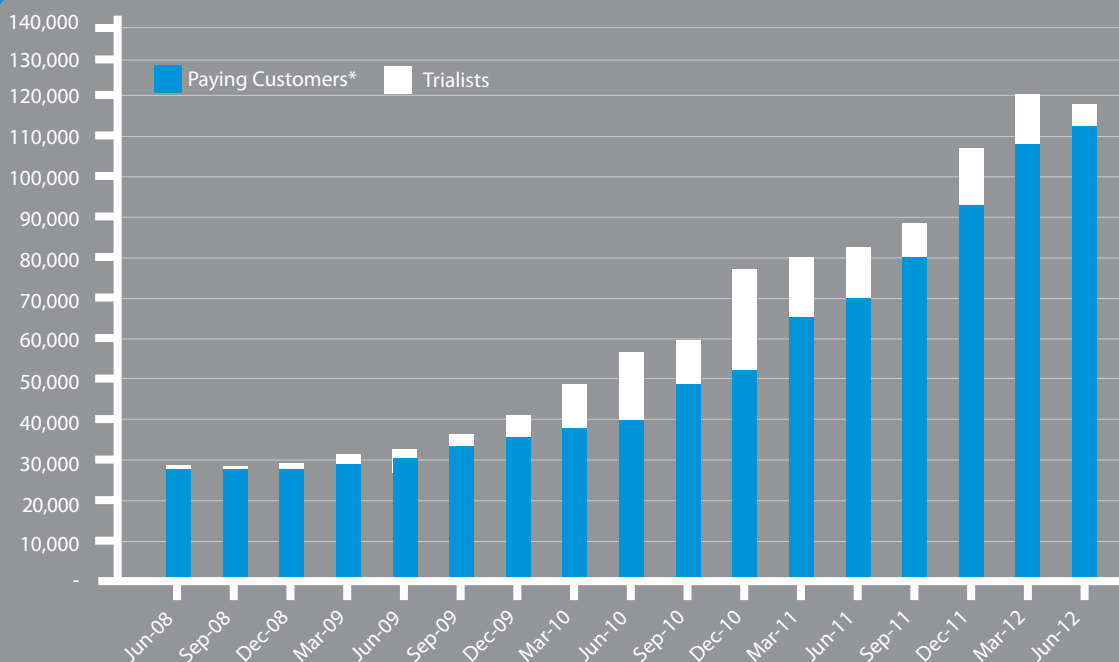
The many millions of Australian consumers who own these connected devices now have ready access to Quickflix streaming significantly increasing the addressable audience targeted by the Company's marketing drive as its moves focus from development and rollout; to customer acquisition and retention.

As at 30 June the number of paying customers was 111,391, an increase of 4 per cent for the quarter. Paying customers grew by 59 per cent for the year and June quarter's performance was in line with that of the same period last year. Take-up of the streaming service continued to increase, closing at 28 per cent of paying customers. Revenue for the quarter was \$5.1 million, an increase of 3 per cent.



Chris Taylor, CEO (left) Stephen Langsford, Founder & Executive Chairman (right)

During the quarter paying customers grew by 4% to 111,391.



*Paying customers includes paying subscriptions and active pay-per-view customers. Active pay-per-view customers are those who have purchased a pay-per-view title within the last three months but who are not subscribers.

During the quarter the Company delivered its revised marketing strategy for promotion of its DVD rental and streaming offerings, unveiling its new "Smart Movies" brand positioning in TV commercials and other promotional campaigns and implemented a new simplified pricing structure. The Company also enhanced its marketing team attracting former senior marketing executives from payTV operator Austar (since acquired by Foxtel) including Ms Liz Katsiotis who was appointed to the role of Chief Marketing Officer. Raising awareness of Quickflix amongst mainstream consumers through increased and sustained marketing is the Company's single largest opportunity to drive subscriber growth.



During the quarter Quickflix significantly enhanced its DVD rental by post business with the consolidation of fulfilment centres from six to three; the implementation of a new single two-way mailer for lower cost delivery and return of DVDs; and the introduction of high speed printers. These changes enable Quickflix to target cost savings from scale efficiencies whilst also improving customer experience.

Reflecting the Company's investment in the one-off development and rollout of its digital service, ongoing streaming content commitments and a stepped increase in its brand marketing spend, Quickflix' cash outflow increased to \$4.6 million for the quarter (up significantly from \$3.3 million in the prior quarter). Further investment and growth will be managed within the Company's available cash resources whilst continued cost control remains a key focus for management.

Key movements for the June quarter were:

- Paying customers of 111,391, increased by 4 per cent;
- Total customers (including trialists) of 118,724, down 2 per cent;
- Paying subscriber churn of 6.9 per cent up from 5.1 per cent;
- Revenue receipts of \$5.1 million, up 3 per cent; and
- Net operating and investing cash outflow of \$4.6 million, up from \$3.3 million.

Customers

Paying customers increased to 111,391 (including 560 pay-per-view customers) at 30 June 2012, up 4 per cent in the June quarter and 59 per cent for the year. Total customers were 118,724, a decrease of 2 per cent in the quarter and an increase of 44 per cent for the year. Subscriber churn averaged 6.9 per cent for the quarter, compared to 5.1 per cent in the March quarter and up from 6.6 per cent in the prior corresponding period. Subscriber churn averaged 5.5 per cent for the 2012 financial year down from 6.4 per cent in 2011.

Slower customer growth in the June quarter continues the seasonality observed in past years and follows the strong growth in the second and third quarters. The reduction in trial subscribers at the end of the period reflects the shorter average length of free trials, an increase in the number of sign-ups going directly onto paying subscriptions, together with the large number of trial customers in the March quarter on 2 month offers from the holiday campaigns.

A series of price increases for Quickflix Australia began in the quarter, bringing legacy customers in line with new pricing. These, alongside a greater volume of paid (rather than free) trials in market, lifted churn for the quarter. The impact of this program of price increases will be fully realised by August which combined with the introduction of a new simplified subscription pricing structure (\$14.99 per month for streaming-only; \$24.99 per month and \$29.99 per month DVD rental and streaming bundled plans) are expected to deliver a lift in overall revenues and ARPU through the first quarter of the next financial year.

End of Quarter	30-Jun 2012	31-Mar 2012	Change QoQ	30-Jun 2011	Change PcP
Paying customers	111,391	107,520	4%	70,250	59%
Trial subscribers	7,333	13,029	-44%	11,945	-39%
Total customers	118,724	120,549	-2%	82,195	44%
Paying subscriber churn (monthly average)	6.9%	5.1%	36%	6.6%	4%



Receipts from customers

Cash receipts from customers (which includes accounts subscription fees, paying trial fees, pay per view fees and voucher sales) increased to \$5.1 million, up 3 per cent in the quarter and 48 per cent on the corresponding quarter last year. Average paying customers increased by 4 per cent in the quarter and 57 per cent on the corresponding quarter last year. Average monthly receipts per subscriber decreased by 1 per cent in the quarter and 6 per cent on the corresponding quarter last year. This was impacted by growth in the lower priced streaming-only subscription and new customers on discounted introduction offers. The new subscription pricing should lift average receipts in the year ahead.

Quarter total/average	30-Jun 2012	31-Mar 2012	Change QoQ	30-Jun 2011	Change PcP
Receipts from customers (\$000s)	5,062	4,936	3%	3,431	48%
Average paying customers	105,846	101,886	4%	67,573	57%
Average monthly receipts per paying customer (\$)	14.49	14.68	-1%	15.39	-6%

Operating and investing cash flows

The operating cash outflow of \$2.6 million for the quarter was up from \$1.3 million in the prior quarter. Operating expenditure grew by 23 per cent in the quarter driven by incremental investments in the digital service (streaming content and delivery up \$0.6 million), increased marketing activity (up \$0.6 million), rationalisation of our fulfilment operations, costs associated with the setup of the new two-way envelope (\$0.1 million) and payments associated with the ingestion of BigPond's DVD library (\$0.1 million). These investments are made to drive future growth in revenue and subscribers. Service costs increased in line with subscriber and revenue growth.

Net investing cash outflow remained consistent at \$2.0 million compared last quarter. These investments include expansion of the physical content library, fulfilment printers and equipment, ingest of streaming content, development of the technology platform and operating infrastructure to support growth.

The Company ended the quarter with a cash balance of \$5.7 million.

Quarter, \$000s	30-Jun 2012	31-Mar 2012	Change QoQ	30-Jun 2011	Change PcP
Receipts from customers	5,062	4,936	3%	3,431	48%
Net cash (used in) operating activities	-7,671	-6,230	23%	-3,577	114%
Net cash (used in) investing activities	-2,040	-2,006	2%	-1,190	71%
Net operating & investing cash flow	-4,649	-3,300	41%	-1,336	248%
Net cash provided by financing activities	-576	12,339	-105%	-9	6646%
Net increase (decrease) in cash	-5,225	9,040	-158%	-1,344	289%
Cash at end of financial period	5,720	10,945	-48%	3,294	74%

Outlook

Over the coming quarter Quickflix is activating new marketing channels and campaigns in Australia and New Zealand and maintaining consistent and sustained brand presence to drive subscriber growth.

Quickflix digital services will continue to be rolled out on new devices with streaming going live on the Samsung Galaxy range of tablet devices along with pay-per-view and premium subscription streaming services debuting on Panasonic and Samsung smart TVs. Microsoft Xbox is the most anticipated new platform on which Quickflix will launch, significantly boosting its addressable audience.

Quickflix completes the financial year, one in which it has transformed its business model and aggressively positioned for the anticipated strong growth of IPTV in the decades ahead. The quarter that has seen fundamental change in Australia's media landscape highlighting the impact of the internet on traditional media businesses inclusive of publishing, free-to-air and payTV operators.

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")

June 2012

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	5,062	17,995
1.2 Payments for:		
(a) staff costs	(1,528)	(6,469)
(b) advertising and marketing	(2,081)	(6,093)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(3,299)	(10,676)
(f) digital service costs (ex staff)	(863)	(1,462)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	100	256
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net operating cash flows	(2,609)	(6,449)

+ See chapter 19 for defined terms.



	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,609)	(6,449)
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	(1,581)	(5,847)
(e) other non-current assets (capitalised development costs)	(459)	(1,315)
(f) other non-current assets (security deposits)	-	(107)
(g) other current assets (security and guarantee deposits)	-	(39)
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	(2,040)	(7,308)
1.14 Total operating and investing cash flows	(4,649)	(13,757)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	16,438
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	(576)	(255)
Reclassification – term deposit duration > 3 months		
Net financing cash flows	(576)	16,183
Net increase (decrease) in cash held	(5,225)	2,426
1.21 Cash at beginning of quarter/year to date	10,945	3,294
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	5,720	5,720

+ 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	-	-



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	2,720	2,945
4.2 Deposits at call	3,000	8,000
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	5,720	10,945

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: 23 July 2012
(Executive Director)

Print name: Simon Hodge

+ See chapter 19 for defined terms.



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.

+ See chapter 19 for defined terms.

CORPORATE DIRECTORY

Directors

Stephen Langsford
(Executive Chairman)

Justin Milne
(Deputy Chairman, Non-Executive Director)

Henry McGee
(Non-Executive Director)

Jon Schahinger
(Non-Executive Director)

Simon Hodge
(Executive Director)

Chief Executive Officer

Chris Taylor

Company Secretary

Susan Hunter

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Facsimile: (02) 9460 0550

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ASX Code: QFX

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West Perth WA 6005

Share registry

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Perth WA 6000
Telephone: 1300 55 70 10
Facsimile: (08) 9323 2033

Investor website

<http://investor.quickflix.com.au>

