

## Quickflix stake in play after Prime Media takes over destra

TRACEY COOK

The biggest shareholder in Quickflix, destra Corporation, may sell off its 20 per cent stake in the online DVD company after destra's takeover by television group Prime Media last week.

Prime Media unveiled a review of destra's strategy and business activities this week, raising concerns the digital music and entertainment group may move to offload its 20 per cent stake in Perth-based Quickflix.

Wise-owl.com analyst Tim Morris said destra's stake in Quickflix could hit "the chopping block" if Prime had a shorter term view on destra.

"Prime might not agree with all the moves that destra has made in the past so there could be some asset sales that we might see as Prime exerts its influence more and makes destra maybe a leaner company," Mr Morris said.

"The Quickflix shareholding was always a view for the future, it was never something that was going to deliver immediate returns — it was one of those high cash burn companies that offered a bit of blue-sky if Australia's infrastructure was ever upgraded."

But Mr Morris said the 20 per cent stake in Quickflix would be a challenge as it was an illiquid asset.

Prime Media increased its shareholding in destra from 20 per cent to 44 per cent last week after the completion of its \$15 million rights issue. All of destra's non-executive directors have now resigned and Prime has initiated a review of all parts of the business, corporate strategy, operations and capital requirements going forward.

Quickflix founder and IT entrepreneur Stephen Langsford said Quickflix had been caught up in the

downturn for small and micro caps. "Whatever destra may do or may not do I think has minimal bearing on Quickflix's market capitalisation given that I don't think there is a strong nexus between our valuation today and the fundamentals of the business," he said.

"We are at a ludicrously low market valuation as it stands for a business that is generating a run rate of \$6 million online revenues and as indicated last week the costs are dropping such that we expect June to be close to a nil cash burn month."

Quickflix is currently conducting a four-for-five rights issue at 7.5¢ a share which closes next Tuesday.

Shares in Quickflix finished 0.2¢ lower at 7¢ while destra also lost ground with its shares closing 0.5¢ down at 10.5¢.