

29 July 2011

Digislide Update on Quarterly Report

Digislide Holdings Limited (the "Company" or "Digislide") provides the following additional information with the release of the quarterly report for June 2011.

Since the end of the financial year Digislide wishes to advise on the following developments:

- All logistics requirements and issues have now been dealt with for the first shipment of gaming projector product for distribution through the Ingram Micro distribution network in the USA. Product will be delivered into the principal West Coast warehouse for distribution along the West Coast retail network. Further, product samples will also be forwarded to IM Canada for assessment and product approval for inclusion into that market. The value of this small initial shipment will approximate gross projected revenue for all of FY2011.
- During July the Company issued a drawdown notice on Fortrend Securities against the Standby Subscription Agreement for the amount of \$33,118 resulting in the placement of 714,540 ordinary shares. This drawdown is to be used for working capital commitments.
- Digislide also advises that \$433,000 of convertible notes ("Notes") due to expire on 25 August 2011 will be extended for a further period of 6 months at a reduced interest rate of 12.5% (previously 15% and 20%) and with revised terms to be approved by shareholders at the Company's AGM in November should the Notes not have been paid out prior to that date.
- The Company recently issued a Notice of Meeting to all shareholders this meeting to be held on 24 August 2011. The purpose of the meeting is the ratification of placements made earlier this year to provide capacity pursuant to LR7.1 for a placement with a strategic investor.

About Digislide

Digislide is an innovative Australian based company with an extensive Intellectual Property portfolio and proven capacity to design, develop and commercialise complex projection products. The technologies have wide patent protection and have already received international acclaim.

Digislide's strategy is to licence manufacturers to produce miniature projection systems for embedding in mobile and/or hand held communication devices, such as mobile phones, PDA's and notebook computers, and its tactical focus has been to design hand held projectors which complement and interface with 5 of the world's biggest selling electronic devices; Apple's



iPHONE™ and iPOD™, Nintendo's Wii™, Sony's Playstation™ suite and Microsoft's XBox 360™.

Following the convergence of projection, telecommunications, mobile gaming, and IPTV (Internet Protocol Television) technologies VSDN Pty Ltd (a wholly owned subsidiary) was incorporated.

Virtual Streaming Distribution Network (VSDN) technologies remove the perception of the Internet as "*the digital divide*" and enable it to be "*the fourth utility*". IPTV brings access to information, education, entertainment, health and wellbeing to a commodity level.

Further information contact:

Jeff King
Company Secretary
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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

DIGISLIDE HOLDINGS LIMITED

ABN

75 105 012 066

Quarter ended ("current quarter")

30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1	Receipts from customers	11	68
1.2	Payments for (a) staff costs	(160)	(307)
	(b) advertising & marketing		(36)
	(c) research & development	(53)	(185)
	(d) leased assets		
	(e) other working capital	(83)	(721)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received SAIIF Grant Rebate		36
1.5	Interest and other costs of finance paid	(27)	(124)
1.6	Income taxes paid		
1.7	Other (provide details if material) Investment in Inventory	(94)	(130)
Net operating cash flows		(406)	(1399)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'ooo	Year to date (12 months) \$A'ooo
1.8 Net operating cash flows (carried forward)	(406)	(1399)
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	(2)	(9)
(e) other non-current assets	(5)	(5)
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		(15)
1.12 Loans repaid by other entities	10	10
1.13 Other (provide details if material) US Subsidiary Expansion Costs		
Net investing cash flows	3	(19)
1.14 Total operating and investing cash flows	(403)	(1418)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, c/notes, etc.	213	1418
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	184	438
1.18 Repayment of borrowings		(438)
1.19 Dividends paid		
1.20 Other R&D Rebate		
Net financing cash flows	397	1418
Net increase (decrease) in cash held	(6)	(0)
1.21 Cash at beginning of quarter/year to date	7	1
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	1	1

+ 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	120
1.25	Aggregate amount of loans to the parties included in item 1.11	NIL
1.26	Explanation necessary for an understanding of the transactions	
	Payment of directors' salary.	

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

In June several company creditors requested settlement of amounts owed to them through the issue of shares in the amount of \$61,210.

- 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

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	Nil
3.2	Credit standby arrangements (see Note 5)	5,000,000
		137,593

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
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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	7
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.23)		1	7

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		
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: ...29 July 2011.....
 (Director)

Print name: LUCEILLE OUTHRED

+ 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 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. Accounting Standards. ASX will accept, for example, the use of International Accounting 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.
4. The amount disclosed at 1.4 "interest and other items of a similar nature received" includes training rebates and amounts claimed under the SAIIF Grant awarded to the Company in November 2009.
5. The Company secured a three year Standby Subscription Agreement for \$5.0M with Fortrend Securities Pty Ltd the specific terms of which were set out in the ASX announcement dated 24 February 2011. This facility can be drawn against by the Company if and when short term funds are required subject to the terms of the Agreement. During the quarter ended 30 June 2011 the Company made no draw against this facility.

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