

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 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date (....3... months) \$A'ooo
1.1 Receipts from customers	20	20
1.2 Payments for (a) staff costs	41	41
(b) advertising & marketing	36	36
(c) research & development	24	24
(d) leased assets		
(e) other working capital	337	337
1.3 Dividends received		
1.4 Interest and other items of a similar nature received SAIIF Grant Rebate	4	4
1.5 Interest and other costs of finance paid	21	21
1.6 Income taxes paid		
1.7 Other (provide details if material) Investment in Inventory	10	10
Net operating cash flows	(446)	(446)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (...3.... months) \$A'000
1.8 Net operating cash flows (carried forward)	(446)	(446)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
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) US Subsidiary Expansion Costs		
Net investing cash flows		
1.14 Total operating and investing cash flows	(446)	(446)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, c/notes, etc.	650	650
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	201	201
1.18 Repayment of borrowings	(255)	(255)
1.19 Dividends paid		
1.20 Other R&D Rebate		
Net financing cash flows	596	596
Net increase (decrease) in cash held	150	150
1.21 Cash at beginning of quarter/year to date	3	3
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	153	153

+ 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	7
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

During the quarter the directors resolved to accept the conversion of \$384k in debt, loans, accrued interest and superannuation into fully paid shares in the Company. Formalisation of this arrangement was announced to the market on the 11 October 2010. This has been included within the resolutions requiring shareholder approval at the AGM to be held on 30 November 2010

- 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	
3.2	Credit standby arrangements	NIL

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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	153	153
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.23)		153	153

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: ...30 September 2010.....
 (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 has recently completed a private capital raising through the issue of convertible notes, raising in aggregate \$800,000. These raisings were announced to the market in ASX announcements dated 11 and 28 October 2010. The first of these tranches has been included within the resolutions being put to shareholders for approval at the AGM in November.
6. Over the period to October 2010 the Company completed the convertible note issue, developed a new export market in the Middle East, and further reduced its monthly cash burn rate. With the convertible note funds raised recently, developing but lumpy export market sales, and approximately \$600,000 in funding owing by the Australian Government, the Company has funding sources sufficient to see the Company through to breakeven. Until breakeven occurs, which the Board expects to occur during the second half of financial year 2011, should the Company require further working capital over and above the funds referred to above, these funds will be raised from investors and parties who have been long term supporters of the Company. In the interim the management of the Company will continue to reduce operational costs and further reduce the monthly cash burn. The monthly cash burn has fallen significantly since listing in August due to the non-repetitive nature of numerous of the expenses that were associated with the IPO.

+ See chapter 19 for defined terms.

7. At the end of the last reporting quarter (30 June 2010) the Company disclosed a net end of quarter cash position of -\$296K. This comprised the overdraft facility with the CBA of -\$299K and cash on hand with the Company's new bankers NAB \$3K. At the end of June, the CBA facility was closed and the amount transferred to unsecured borrowings. Accordingly, the company operates without any bank facility, and over the past two months to 28 October under a commercial settlement reached with the CBA bank, has reduced this unsecured borrowing by \$200,000. This consolidated statement of cash flow therefore reflects the Company's operating cash position exclusive of the previous overdraft facility held with the CBA.