digislide
Project Your Image

ASX/Media Announcement
(ASX: DGI)

25 February 2011

Digislide Secures Standby Subscription Agreement for $5.0M

The Board of Directors of Digislide Holdings Limited (the Company) has pleasure in announcing that the Company has signed a standby equity subscription agreement (Subscription Agreement) with an off shore investment group, Fortrend Securities Pty Limited (Fortrend), whereby the Company has access to an equity raising facility with a limit of A$5 million.

Subject to certain conditions, the Company will at its discretion be able to issue "draw down" notices requiring Fortrend to subscribe for new shares in the Company. The Company will, as and when drawn issue securities in accordance with its LR7.1 limit. Shareholder approval will be required to make allotments which exceed this placement capacity and prior approvals will be sought if required.

A summary of the key terms of the Subscription Agreement is set out below.

Summary of key terms

The key terms of the Subscription Agreement are:

- the facility will operate for 3 years with a limit of A$5 million and will provide the Company ability to draw down on an as needs basis;
- the amount which the Company can request in any draw down is dependent on trading volumes in the Company's shares – the Company's ability to draw down the full extent of the facility will require increased trading in the Company's shares;
- where a draw down request is made by the Company, Fortrend will be required to subscribe for new shares;
- the issue price for new shares will be at a 10% discount to the volume weighted average price of the Company's shares (subject to a minimum subscription price);
- for every 4 new shares issued to the investors under a draw down request, the Company will issue the investors with 1 new option (exercisable within a 3 year period from the date of the draw down) to subscribe for an additional new share at an exercise price equal to the allotment price of the new share under that draw down request;
- the maximum number of shares which the investors can be required to subscribe for in any 5 business day period is 2% of the shares on issue prior to the subscription;
- Fortrend agrees not to hold more than 4.9% of the outstanding share capital of the company;
- A placement fee of 1% of the facility limit will apply.

The Board of Directors considers the proposed terms of the Subscription Agreement are in the best interests of the Company and its shareholders and the facility will assist the Company manage its cash flow through to breakeven.

About Fortrend

Fortrend Securities Pty Ltd is the Australian subsidiary of Fortrend Securities Inc, a US stock broking company and is licensed by the Australian Securities & Investments Commission to advise and deal in international securities markets. Its advisers specialise in helping Australian investors design and construct global growth portfolios to complement their Australian share portfolios.

Fortrend provides access and advice on investing in international markets and the Company considers them well placed to provide a range of services to the Company. Fortrend's CEO, Joe Forster, said "We are very pleased to be able to provide this flexible source of capital to the Company. We look forward to a strong working relationship with the Company to assist them to achieve their long term objectives".

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

Ph: 08 - 8262 3115