digislide
Project Your Image

9 June 2011

Mr Justin Nelson
Manager, Listings (Adelaide)
Level 30
91 King William Street
ADELAIDE SA 5000

Dear Justin,

Digislide Holdings Limited (ASX:DGI) Response to ASX Price Query

I refer to your letter dated 8 June 2011 attached and make the following comments.

1. The company is not aware of any information concerning it that has not been announced which, if known could explain the recent price and volume movements.

2. Under the Company's compliance with LR 3.1 Continuous Disclosure, and given the answer to 1 above, there is nothing that needs to be announced to the market that is currently being withheld.

3. With respect to the company's forecasts provided at the investor presentation in April this year, at this time we are not in the position to determine if there will be significant variance to the projected revenue, EBIT, and net loss figures for the financial year ended 30th June 2011. During this financial year the company has been successful in securing distribution agreements into two of the three largest consumer markets in the world being the USA and India both of which have occurred in the second half. These two distributors are currently being developed and the supply and logistics issues being worked through, so the outcome as to whether projected revenues will be achieved this financial year or, due to timing, occur in July of the next financial year, is difficult to assess. The projected revenues had taken into account the Company's engagement with Ingram Micro Inc to have occurred earlier.

   Given the size of these two distribution groups (refer announcements to the ASX on 20 May 2011 regarding distribution through Ingram Micro Inc and 19 January 2011 regarding distribution through Rich International Pvt Ltd) one order and sale has the potential to achieve the revenue forecast. Under the Company's duty of continuous disclosure we will advise the ASX once we become aware of the expected timing of an order and sale, or alternatively that the anticipated sales will occur in the next financial year.

4. The company is not at this point in time, aware of any material abnormal or extraordinary loss that will need to be recorded in the financial statements for the year ending 30 June 2011.

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5. The company is aware of a major shareholder having sold out their positions during the period 23 May to 8 June as stated in your letter, which we believe is the reason for the downward pressure on the share price with the majority of these shares having been absorbed by the company's Top 20 shareholders. The ASX is aware of the thinly traded nature of the Company's securities so volumes, as have recently occurred, can have a significant impact upon price. Conversely the Company's shares also have demonstrated the ability to record large gains on thin volume.

6. The company remains in compliance with the ASX listing rules and in particular LR3.1.

Jeff King
Company Secretary
Digislide Holdings Limited

ASX Compliance Pty Limited
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ASX
COMPLIANCE

8 June 2011

Mr Jeff King
Company Secretary
Digislide Holdings Limited
100 – 102 Cavan Road
Dry Creek SA 5094

By email: jeff.king@digislide.com.au

Dear Mr King,

Digislide Holdings Limited (the "Company") RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a close of $0.13 on 23 May 2011 to a low of $0.038 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

   Please note that as recent trading in the Company securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the sales revenue, EBIT and net loss for the financial year ended 30 June 2011, as forecast by the Company on 10 April 2011 ("Forecast"), such that there will be a variation from the Forecast by more than 15%? If so, please provide details as to the extent of the likely variation.

4. Is there any reason to think that the Company may record any material abnormal or extraordinary loss for the financial year ended 30 June 2011? If so, please provide details.

5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at justin.nelson@asx.com.au. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. EST) on Thursday, 9 June, 2011.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Justin Nelson

Manager, Issuers (Adelaide)