

**ASX/Media Announcement
(ASX: DGI)**

7 July 2011

Response to "The Advertiser" Newspaper Article

Reference is made to the article appearing in today's edition of "The Advertiser" which contains factually inaccurate statements about the timing of Digislide's product release and a licence agreement with a Hong Kong manufacturer.

A factually accurate "market update" on recent developments **was** issued to the market on 4 July 2011 and accurately covered in the Australian Financial Review on 6th July 2011.

The following will both clarify misconceptions, and correct errors in "The Advertiser"'s article.

"Production delay" for the WeSii composite gaming companion projector has occurred through protracted processing of rebates by the Government. No specific timeframe for the release of the WeSii composite unit has been given however, following finalisation of the production prototype, production would take approximately 10-12 weeks. Digislide's ASX Market Update on 4th July clearly states, "we are hoping to have this in the market for Christmas".

Production batches of three other gaming projectors, Sii™, StingRay™ and XRAY™, however, are now being shipped to the USA, Canada, Middle East and Australia. There are no issues of production delays of these three main gaming projectors.

The article refers to "a licence agreement with Hong Kong manufacturer iView technology" as having been announced in March. The announcement in March 2011 (refer ASX announcement 29 March) refers only to Digislide's Hong Kong Joint Venture, with Allied Animation Technologies Pty Ltd. That announcement refers specifically to a proposed capital raising towards commercialising technology for mobile gaming, telecommunication devices with projection capability, 3D projection, and products including Augmented Reality.

Digislide does **not** have a licence agreement with iView. There is no reference whatsoever to Hong Kong manufacturer iView in the March announcement. Furthermore, Digislide has, over the past 9 months, exclusively contracted manufacturing for its existing and new gaming projectors with manufacturer, AMT, of Shenzhen.

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.

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