FURTHER SUPPLEMENTARY PROSPECTUS

DIGISLIDE HOLDINGS LIMITED

ABN 75 105 012 066

This is a further supplementary prospectus intended to be read with the Prospectus dated 11 December 2008 relating to the shares of Digislide Holdings Limited (ABN 75 105 012 066) and the supplementary prospectus dated 27 January 2009. If you do not understand any part of this document you should seek professional advice.

IMPORTANT INFORMATION

This is a further supplementary prospectus for the purposes of Chapter 6D of the Corporations Act 2001 (**Cth**) (the **Further Supplementary Prospectus**). This Further Supplementary Prospectus is supplementary to the Prospectus lodged by Digislide Holdings Limited (ABN 75 105 012 066) (the **Company**) with ASIC on 11 December 2008 (the **Prospectus**) and the supplementary prospectus dated 27 January 2009 (the **Supplementary Prospectus**).

This Further Supplementary Prospectus is dated 11 March 2009 and was lodged with the ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Further Supplementary Prospectus.

Unless otherwise indicated, terms and abbreviations defined in Section 13 Glossary of the Prospectus have the same meaning in this Further Supplementary Prospectus.

Other than the changes set out below, all other details in the Prospectus and the Supplementary Prospectus remain unchanged.

AMENDMENTS TO THE PROSPECTUS AND SUPPLEMENTARY PROSPECTUS

The Corporations Act has the effect that if a prospectus states that shares are to be quoted on ASX and those shares are not admitted to quotation on ASX within 3 months after the date of the prospectus, the issue of shares under that prospectus is void and application monies must be returned. Digislide's shares have not been admitted to quotation on ASX within 3 months of the date of its Prospectus. ASIC granted Digislide relief on 11 March 2009, pursuant to section 741(1)(b) of the Corporations Act, by modifying sections 723(3)(b), 724(1)(a) and 724(1)(b)(ii) of the Corporations Act in respect of Digislide's Prospectus to permit the extension of the three (3) month period within which the securities being offered under the Prospectus must be admitted to quotation to the date three (3) months after the date of this Further Supplementary Prospectus.

EFFECT OF THE FURTHER SUPPLMENTARY PROSPECTUS

The effect of this Further Supplementary Prospectus, and a condition of ASIC's relief, is that the Company must give applicants a copy of this Further Supplementary Prospectus and one month from the date of this Further Supplementary Prospectus (**Refund Period**) to withdraw their Application and be repaid their Application Money and interest on that Application Money at current rates from the time their Application was received to the time it is returned.

Whilst the Company has received Applications pursuant to the Prospectus, no Applications have been processed and no Shares have been issued.

Any investor who wishes to obtain a refund should write to Martin Place Securities Pty Ltd, Level 3, 14 Martin Place, Sydney, NSW, 2000 within one (1) month of the date of this Further Supplementary Prospectus to withdraw their Application and be repaid (with interest as detailed above). The details of the refund cheque (including the address to which it should be sent) must correspond to the details contained in the Application Form lodged by that investor. Refund requests must be received by Martin Place Securities Pty Ltd by 5pm EST on Monday, 13 April 2009.

This is a further supplementary prospectus intended to be read with the Prospectus dated 11 December 2008 relating to the shares of Digislide Holdings Limited (ABN 75 105 012 066) and the supplementary prospectus dated 27 January 2009. If you do not understand any part of this document you should seek professional advice.

NEW INFORMATION

1. Underwriter

The Underwriter and the Company have agreed to vary the Underwriting Agreement as follows:

- The Underwriter waives its termination rights that arose up to the date of this Further Supplementary Prospectus in respect of this Further Supplementary Prospectus and the default of the Sub-Underwriter;
- The Company will issue a shortfall notice within one (1) Business Day of the expiry of the Refund Period; and
- The Underwriter must subscribe for the shortfall within four (4) Business Days of the expiry of the Refund Period.

2. Sub-Underwriter

The Underwriter and the Sub-Underwriter have agreed to vary the Sub-Underwriting Agreement so that the Sub-Underwriter must subscribe for the sub-underwritten shortfall within three (3) Business Days of the expiry of the Refund Period.

3. Related Party Loan Agreement

On 15 January 2009 the Company entered into a further loan agreement for $350,000 with Outhred, English and Associates Pty Ltd. The interest rate is 15% per annum and is payable monthly in advance. The loan is repayable by 23 April 2009.

4. 31 December 2008 Half Yearly Accounts

The Company's half yearly financial report for the six months ended on 31 December 2008, and a review of that report by Hayes Knight (SA) Pty Ltd is annexed as Annexure "A" of this Further Supplementary Prospectus. This is in addition to the financial information in section 9 of the Prospectus.

In addition an Independent Accountant's Report in respect of the Company's half yearly financial report for the six months ended on 31 December 2008 is annexed as Annexure "B" of this Further Supplementary Prospectus. This is in addition to the Independent Accountant's Report in Section 10 of the Prospectus.

5. Expenses

There are additional expenses of the Offer associated with this Supplementary Prospectus. Thess expenses amount to $30,000 and are to cover the costs of legal and accounting fees.

6. Status of Offer and Applications

At the date this Further Supplementary Prospectus was finalised the Company had received 130 Applications for a total of $628,250 pursuant to the Prospectus.

This is a further supplementary prospectus intended to be read with the Prospectus dated 11 December 2008 relating to the shares of Digislide Holdings Limited (ABN 75 105 012 066) and the supplementary prospectus dated 27 January 2009. If you do not understand any part of this document you should seek professional advice.

AMENDMENTS TO THE PROSPECTUS

The Further Supplementary Prospectus amends the following sections of the Prospectus:

1. Key Indicative Dates

The table in page 1 of the Prospectus is amended to read:

Prospectus Date	11 December 2008
Date of lodgement with ASIC	11 December 2008
Offer opens	19 December 2008
Offer closes (at 5:00pm EST)	~~30 January 2009~~ 6 February 2009
Despatch of Holding Statements	~~10 February 2009~~ ~~17 February 2009~~ Monday, 20 April 2009
Expected date of quotation of Shares on ASX	~~20 February 2009~~ ~~27 February 2009~~ Thursday, 23 April 2009

2. Section 4.7

Section 4.7 paragraph 2 of the Prospectus is amended to read:

"If the ASX does not grant permission for Listing of the Shares within 3 months after the date of the Further Supplementary Prospectus, or any longer period permitted by the Corporations Act, none of the Shares offered by the Prospectus will be allotted or issued. In these circumstances, Applicants will be repaid their Application Money and interest on that money at current rates from the time the Application was received to the time it is returned."

3. Section 8.8

Section 8.8 of the Prospectus is amended by deleting Section 8.8 in entirety and replacing with the following new section 8.8:

"A Miniaturised Projection System Using Linear LCD Array and Dichroic Wedge

The fifth patent family in the portfolio is entitled "A Miniaturised Projection System Using Linear LCD Array and Dichroic Wedge." A summary of the status of this patent family is listed in Table 5 below.

Table 5

COUNTRY OR REGION	APPLICATION, PUBLICATION, OR PATENT NUMBER	PRIORITY DATE	STATUS	IN FORCE UNTIL
PCT	Application No. PCT/AU2008/001784	3 December 2007	Pending.	Not Applicable

This is a further supplementary prospectus intended to be read with the Prospectus dated 11 December 2008 relating to the shares of Digislide Holdings Limited (ABN 75 105 012 066) and the supplementary prospectus dated 27 January 2009. If you do not understand any part of this document you should seek professional advice.

4. Section 12.3.3.2

Section 12.3.3.2 of the Prospectus is amended by deleting Section 12.3.3.2 in its entirety and replacing with the following new section 12.3.3.2:

"On 11 December 2008 the Company entered into an agreement to issue a convertible note for $750,000 to International Equities Pty Ltd as varied on 11 March 2009. International Equities Pty Ltd must subscribe for the convertible note prior to 25 March 2009 and must convert the note in full prior to 11 April 2009 into Shares in the Company at $1.25 per Share. No interest is payable on the convertible note."

CONSENTS

Each of the parties referred to in this section of this Further Supplementary Prospectus:

(a) does not make, or purport to make, any statement in this Further Supplementary Prospectus, and is not aware of any statement in this Further Supplementary Prospectus which purports to be based on a statement made by any of them, other than as specified in this section;

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Further Supplementary Prospectus other than a reference to its name and a statement included in this Further Supplementary Prospectus with the consent of that party as specified in this section.

Each of the following has consented to being named in this Further Supplementary Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Further Supplementary Prospectus with ASIC. To the maximum permitted by law, each of the persons referred to expressly disclaims and takes no responsibility for any part of this Further Supplementary Prospectus other than references to their name:

(a) HWL Ebsworth, as solicitors to the Offer;
(b) PKF Corporate (SA) Pty Ltd as independent accountant and as author of the Independent Accountant's Report;
(c) Julian Gyngell Solicitor as intellectual property lawyer to Digislide and as author of the Independent Intellectual Property Report;
(d) Hayes Knight (SA) Pty Ltd as Auditor to Digislide; and
(e) Martin Place Securities Pty Ltd as the Underwriter to the Offer.

DIRECTORS' AUTHORISATION OF SUPPLEMENTARY PROSPECTUS

Each Director of Digislide Holdings Limited has given, and has not withdrawn, their consent to the lodgement of this Further Supplementary Prospectus with ASIC. This Further Supplementary Prospectus has been signed by Ian Mutton, for and on behalf of Digislide Holdings Limited.

Ian Mutton

Ian Mutton, Chairman
11 March 2009

Annexure A

DIGISLIDE HOLDINGS LIMITED
AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE 6 MONTHS
ENDED 31 DECEMBER 2008

DIGISLIDE HOLDINGS LIMITED
AND CONTROLLED ENTITIES

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HayesKnight SA
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DIGISLIDE HOLDINGS LTD AND CONTROLLED ENTITIES

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Digislide Holdings Ltd and controlled entities (the consolidated entity), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the six months ended on that date, a statement of accounting policies, other explanatory notes and the director's declaration.

Directors' Responsibility for the Financial Report

The directors of the consolidated entity are responsible for the fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Digislide Holdings Ltd and Controlled Entities, ASRE 2410 requires that we comply with ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Digislide Holdings Ltd on 26 February 2009.

Liability limited by a scheme approved under Professional Standards Legislation

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Digislide Holdings Ltd and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As indicated in Note 1(l) to the financial statements. The business operated by Digislide Holdings is of a research and development nature, therefore highly speculative by nature and as such the going concern assumption is significantly uncertain.

The going concern assumption is affected by:

- the business currently does not generate sufficient trading revenues to meet its current cost structure and is reliant on share subscriptions to fund cash flow
- current liabilities of the company exceed the current assets
- the nature of the liquidity of the company is limited by the ability of the trade dollars and stock to be readily converted to cash within a reasonable time to assist in repayment of debts as they fall due

However, there are certain factors which mitigate the above as follows:

Currently the company's cash flow is being met by funds from investors ($7,299,875 share capital raised in the 12 months to 30 June 2008 and $1,076,292 for the 6 months to 31 December 2008) and various R&D grants which have been sufficient to meet essential outgoings. The company issued a prospectus dated 11 December 2008 to raise up to $4.5million which was underwritten to the extent of $3million to raise sufficient funds to complete commercialisation of its key products and to provide sufficient working capital in the short to medium term.

The financial statements have been prepared on a going concern basis on the understanding that there an expectation that sufficient share proceeds will continue to be forthcoming until revenues are strong enough to meet ongoing expenditure.

HAYES KNIGHT

A R GREEN
DIRECTOR

269 PULTENEY STREET
ADELAIDE SA 5000

Dated at Adelaide this 27th day of February 2009

DIGISLIDE HOLDINGS LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities for the half year ended 31 December 2008.

Directors

The directors in office at any time during, or since the beginning of the financial year are:
Mr Ian Mutton (Non-Executive Chairman)
Ms Luceille Outhred (Managing Director and Chief Executive Officer)
Ms Lin Chan (Non-Executive Director)
Mr Leon Milford (Non-Executive Director, appointed 18 August 2008)
Mr Malcolm Leahy (Non-Executive Director)
Ms Emma Bird (resigned 17 July 2008)

Directors have been in office since the start of the financial year to the date of this report.

Nature of operations and principal activities

During the financial period, Digislide continued to undertake research and development and pursue the commercialisation of its miniaturised projection technologies and other intellectual property in the field of merged solutions to video projection and telecommunications hardware. There were no significant changes in the nature of these activities during the period.

Review and results of Operations

During the financial period, demonstrations of miniature projection prototypes were held in major exhibitions and to industry leaders in USA, China, Singapore, Australia and Europe. A joint demonstration with Haier, a major global brand, was held at the Sino CES tradeshow in Qingdao in July, 2008. The projector embedded within the Haier laptop generated significant interest and was shown nationally in China on CCTV.
Three customised prototypes were developed for a major global pharmaceuticals group and a proposal with that group is ongoing. Digislide has been in continued discussions and demonstrations with Singtel in Singapore. Additional demonstrations were provided to several global brands and potential manufacturers in China. In the ensuing period a Manufacturing Agreement has been signed with Advanced Micro Display Technologies in Shenzhen.

Digislide's corporate adviser, Martin Place Securities Pty Ltd, has continued to assist the Company to raise additional seed capital.

A total of $1,076,292 was raised by the issue of 875,977 ordinary shares during the half year.
Issued capital increased from $14,064,436 as at 1 July 2008 to $14,950,158 as at 31 December 2008.
As at 31 December 2008, the Company's issued share capital comprised 41,187,197 ordinary shares.
The Company has also issued 6,450,000 options to subscribe for ordinary shares.
In addition to the seed capital raising noted above, the Company secured a loan of $500,000 from a related party, Outhred, English and Associates Pty Ltd. The loan was provided on commercial terms of 15 % per annum as an unsecured loan over a 3 month period.
The funds raised were used to fund Digislide's working capital requirements as well as to reduce debt. Together with the AusIndustry Commercial Ready Grant funds of $308,723 received during the half year, the Company has been able to expedite development and commercialisation of its core technologies and proposed products.

Total equity decreased by $109,204 from $267,837 to $158,633, as a result of writing off $190,570 in IPO expenses against issued capital. The consolidated loss of the group after providing for income tax and eliminating minority interests amounted to $924,837 for the half year ended 31 December 2008.

The losses sustained by the Company for the half year ended 31 December 2008 resulted from Digislide's raison d'etre, being continuous rigorous Research and Development and mid stage commercialisation of its miniaturised projection technologies.

No dividends were paid or declared for payment since the start of the six month period.

Post balance date events
On 15 January 2008, Digislide raised further additional loan funds of $350,000 from Outhred, English and Associates Pty Ltd to enable it to expeditiously commercialise "Digishow", Digislide's first branded miniature projection product to market and to ensure the ongoing development of core technologies was not hindered.
Digislide is presently finalising its initial public offer and seeking quotation of its shares on ASX. On 11 December 2008, Digislide issued a fully underwritten prospectus seeking to raise a minimum of $3 million to assist with the commercialisation of its core miniaturised projection technologies. The offer closed on 6 February 2009.

Auditor's Independence Declaration
The Auditor's Independence Declaration from Hayes Knight is included with this half year report.

Signed in accordance with a resolution of the Board of Directors:

Director

Director

Dated this 27th day of February 2009

HayesKnight SA
accountants & business advisors
your partners in success

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AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
DIGISLIDE HOLDINGS LTD AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

HAYES KNIGHT

A R GREEN
DIRECTOR

269 PULTENEY STREET
ADELAIDE SA 5000

Dated at Adelaide this 27th day of February 2009

INCOME STATEMENT
FOR THE 6 MONTHS ENDED 31 DECEMBER 2008

	Note	Consolidated Group		Parent Entity	
		Dec 2008	Dec 2007	Dec 2008	Dec 2007
		$	$	$	$
Revenue	2	31,180	48,620	27,180	48,590
Other income	2	353,142	1,102,422	353,142	1,100,514
Changes in inventories of finished work and work in progress		-	697,765	-	697,765
Raw materials and consumables used		-	(663,413)	-	(698,413)
Employee benefits expense		(507,214)	(741,345)	(436,192)	(638,786)
Freight and cartage		-	(638)	-	(630)
Depreciation and amortisation expense		(25,000)	(38,384)	(25,000)	(38,384)
Reduction in (impairment of) receivables		59,277	-	(235,167)	-
Finance costs		(71,114)	(719,002)	(70,642)	(718,883)
Other expenses		(765,108)	(1,185,774)	(751,718)	(1,159,827)
Profit/(loss) before income tax		(924,837)	(1,499,746)	(1,138,397)	(1,408,054)
Income tax expense		-	-	-	-
Profit/(loss) attributable to members of the company		(924,837)	(1,499,746)	(1,138,397)	(1,408,054)

The accompanying notes form part of this financial report.

STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2008

	Issued Capital $	Accumulated (losses) $	Minority Interests $	Total $
Opening balance 1 July 2007	6,764,561	(7,264,655)	236,567	(263,527)
Minority linterest acquired by parent	-	-	(236,567)	(236,567)
Shares issued during the year	6,118,734	-	-	6,118,734
Loss attributable to members of the company	-	(1,499,746)	-	(1,499,746)
Closing balance 31 December 2007	12,883,295	(8,764,401)	-	4,118,894
Opening balance 1 July 2008	14,064,436	(13,796,599)	-	267,837
Shares issued during the year	1,076,292	-	-	1,076,292
Cost of shares issued	(190,570)			(190,570)
Loss attributable to members of the company	-	(924,837)	-	(924,837)
Closing balance 31 December 2008	14,950,158	(14,721,436)	-	228,722

The accompanying notes form part of this financial report.

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	Consolidated Group		Parent Entity	
		Dec 2008	June 2008	Dec 2008	June 2008
		$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	3	47,366	23,593	34,511	3,270
Trade and other receivables	4	105,930	48,560	103,826	290,367
Inventories	5	300,000	300,000	300,000	300,000
Other current assets	6	928,912	776,890	928,912	776,890
TOTAL CURRENT ASSETS		1,382,208	1,149,043	1,367,249	1,370,527
NON-CURRENT ASSETS					
Investments accounted for using the equity method	7	-	-	10,000	10,000
Other non-current assets	6	757,102	1,060,147	757,102	1,060,147
Property, plant and equipment	9	246,276	250,000	246,276	250,000
Intangible assets	10	834,883	-	834,883	-
TOTAL NON-CURRENT ASSETS		1,838,261	1,310,147	1,848,261	1,320,147
TOTAL ASSETS		3,220,469	2,459,190	3,215,510	2,690,674
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	11	2,842,882	1,456,928	2,908,013	1,500,916
Financial liabilities	3	486	5,288	486	5,288
Provisions	12	61,812	178,585	61,812	178,585
TOTAL CURRENT LIABILITIES		2,905,180	1,640,801	2,970,311	1,684,789
NON-CURRENT LIABILITIES					
Provisions	12	86,567	84,398	86,567	84,398
Other non-current liabilities		-	466,153	-	510,179
TOTAL NON-CURRENT LIABILITIES		86,567	550,551	86,567	594,577
TOTAL LIABILITIES		2,991,747	2,191,352	3,056,878	2,279,366
NET ASSETS		228,722	267,838	158,632	411,308
EQUITY					
Issued capital	13	14,950,158	14,064,436	14,950,158	14,064,436
Retained earnings		(14,721,436)	(13,796,599)	(14,791,526)	(13,653,129)
TOTAL EQUITY		228,722	267,837	158,632	411,307

The accompanying notes form part of this financial report.

CASH FLOWS STATEMENT
FOR THE 6 MONTHS ENDED 31 DECEMBER 2008

	Note	Consolidated Group		Parent Entity	
		Dec 2008	Dec 2007	Dec 2008	Dec 2007
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		499,809	71,088	445,276	(82,915)
Payments to suppliers and employees		(429,682)	(4,487,746)	(368,153)	(4,381,393)
Borrowing costs		(71,114)	(222,652)	(70,642)	(222,533)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	15(b)	(987)	(4,639,310)	6,481	(4,686,841)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		-	-	-	-
Payments for property, plant and equipment		(21,276)	(116,118)	(21,276)	(116,118)
Expenditure on intangible assets		(834,883)		(834,883)	
Payments for Investment		-	(250,000)	-	(250,000)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(856,159)	(366,118)	(856,159)	(366,118)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,076,292	5,622,385	1,076,292	5,622,385
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		1,076,292	5,622,385	1,076,292	5,622,385
Net increase (decrease) in cash held		28,575	616,957	36,043	569,426
Cash at the beginning of the financial year		18,305	(215,449)	(2,018)	(226,515)
CASH AT THE END OF THE FINANCIAL YEAR	3	46,880	401,508	34,025	342,911

The accompanying notes form part of this financial report.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated group of Digislide Holdings Limited as an individual parent entity. Digislide Holdings Limited is company limited by shares, incorporated and domiciled in Australia.

The financial report of Digislide Holdings Limited as an individual parent entity complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation
A controlled entity is any entity that Digislide Holdings Limited has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 8 to the financial statements. All controlled entities have a June financial year end.

All inter-entity company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax
Digislide Holdings Limited has no income tax expense as it made no profit for the six months ended 31 December 2008. The amount of unused tax tax losses for which no deferred tax asset is recognised in the balance sheet was $ 5,370,047 as at 30 June 2008.

(c) Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials and direct labour.

(d) Property, Plant and Equipment
Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment loss.

Plant and equipment
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	7.5 - 40%
Leased plant and equipment	2.5 - 20%
Tooling	10%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Impairment of Assets
At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(f) Intangibles

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred.

Development costs are capitalised only when techinical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Because the group believes that they are now in a position where commercial production of its key products are imminent, costs of development have been capitalised since 1 July 2008. These costs (net of any Ausindustry Grants) have totalled $ 834,883 during the current period.

Development costs capitalised are reviewed for impairment on a six monthly basis by the directors.

(g) Employee Benefits
Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(i) Revenue
Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of service is recognised upon delivery of the serivce to the customer.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(k) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)
NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Going Concern
The business operated by Digislide Holdings is of a research and development type, and therefore highly speculative by nature. As such the going concern aspect is uncertain.

- the business currently does not generate sufficient revenue to meet its current cost structure and is reliant on share subscriptions to fund cash flow
- current liabilities of the company exceed current assets
- the nature of the liquidity of the company is limited by the ability of the trade dollars and stock to be readily converted to cash within a reasonable time to repay all debts

However, there are certain factors which mitigate the above as follows:

Currently the company's cash flow is being met by funds from investors, ($7,299,875 share capital was raised in the 12months to 30 June 2008 and $1,076,292 for the 6 months to 31 December 2008), together with various R&D grants which have been sufficient to meet essential outgoings.

The company issued a prospectus on 11 December 2008 seeking up to $4.5million, (underwritten to the extent of $3million), to raise sufficient funds to complete commercialisation of its key products and to provide adequate working capital in the short to medium term.

The accounts have been prepared on a going concern basis, on the grounds that there is a reasonable expectation that sufficient share subscriptions will continue to be forthcoming until revenues are strong enough to meet ongoing expenditure.

	Consolidated Group		Parent Entity	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007
	$	$	$	$
NOTE 2 - REVENUE				
Sales Revenue				
- sale of goods	31,180	48,620	27,180	48,590
Other Revenue				
- license agreement	-	-		-
- grants received	314,020	1,056,247	314,020	1,056,247
- rebates		6,500		6,500
- sundry income	39,122	39,675	39,122	37,767
	353,142	1,102,422	353,142	1,100,514
Total revenue	384,322	1,151,042	380,322	1,149,104
Other income				
- gain on disposal of property, plant and equipment	-	-	-	-
	-	-	-	-

	Dec 2008	June 2008	Dec 2008	June 2008
NOTE 3 - CASH AND CASH EQUIVALENTS				
Cash on hand	5,804	8,510	565	3,270
Cash at bank	41,562	15,083	33,946	-
	47,366	23,593	34,511	3,270
Reconciliation of Cash				
Cash at balance date as shown in the cash flow statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	47,366	23593	34,511	3270
Bank overdraft	(486)	(5,288)	(486)	(5,288)
	46,880	18,305	34,025	(2,018)
NOTE 4 - TRADE AND OTHER RECEIVABLES				
CURRENT				
- Trade receivables	6,398	2,698	6,398	2,698
- Other receivables	99,532	4,416	97,428	4,416
- Other related parties		41,445		283,252
	105,930	48,559	103,826	290,366
NOTE 5 - INVENTORIES				
CURRENT				
At cost				
- Stock on hand				
	-	-	-	-
At net realisable value				
- Componentry stock on hand	300,000	300,000	300,000	300,000
	300,000	300,000	300,000	300,000

	Consolidated Group		Parent Entity	
	Dec 2008	June 2008	Dec 2008	June 2008
	$	$	$	$
NOTE 6 - OTHER ASSETS				
CURRENT				
Borrowing costs	-	88	-	88
Prepayments		37,355		37,355
Trade dollars	928,912	739,447	928,912	739,447
	928,912	776,890	928,912	776,890
NON-CURRENT				
Trade dollars	757,102	1,060,147	757,102	1,060,147
	757,102	1,060,147	757,102	1,060,147

The recoverable amount of the trade dollars has been determined based on value-in-use calculations. The value-in-use has been calculated based on the present value of cash flow projections over the time to recovery. The cashflows are discounted using the estimated borrowing rate at balance date. The calculations take into account the 5% cost of commission on the Empire trade dollars.

NOTE 7 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associated companies	-	-	10,000	10,000

NOTE 8 - CONTROLLED ENTITIES

a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)	
		Dec 2008	June 2008
Parent Entity:			
Digislide Holdings Limited	Australia	-	-
Subsidiaries of Digislide Holdings Limited:			
Electronics Extraordinaire Pty Ltd	Australia	100.00	100.00
Digislide Americas, Ltd	USA	100.00	100.00

	Consolidated Group		Parent Entity	
	Dec 2008	June 2008	Dec 2008	June 2008
	$	$	$	$
NOTE 9 - PROPERTY, PLANT AND EQUIPMENT				
PLANT AND EQUIPMENT				
Plant and equipment:				
- at directors valuation June 2008	42,277	23,711	42,277	23,711
- accumulated depreciation	(4,643)	(2,111)	(4,643)	(2,111)
	37,634	21,600	37,634	21,600
Manufacturing plant				
- at directors valuation June 2008	147,775	147,775	147,775	147,775
- accumulated depreciation	(62,237)	(50,880)	(62,237)	(50,880)
	85,538	96,895	85,538	96,895
AusIndustry project plant:				
- at directors valuation June 2008	86,064	83,354	86,064	83,354
- accumulated depreciation	(43,442)	(38,143)	(43,442)	(38,143)
	42,622	45,211	42,622	45,211
Tooling:				
- at directors valuation June 2008	104,278	104,278	104,278	104,278
- accumulated depreciation	(60,505)	(54,693)	(60,505)	(54,693)
	43,773	49,585	43,773	49,585
Artwork:				
- at cost	36,709	36,709	36,709	36,709
	36,709	36,709	36,709	36,709
Total property plant and equipment before impairment	246,276	250,000	246,276	250,000

a. **Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year

	Total
	$
Consolidated Group and Parent Entity	
Balance at 1 July 2008	250,000
Additions	21,276
Disposals	-
Depreciation expense	(25,000)
Carrying amount at 31 December 2008	246,276

Intentionally left blank

NOTE 10 - INTANGIBLE ASSETS

	Consolidated Group		Parent Entity	
	Dec 2008	June 2008	Dec 2008	June 2008
	$	$	$	$
Product development costs, patents and trademarks	834,883	-	834,883	-
Accumulated impairment losses	-	-	-	-
	834,883	-	834,883	-

Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Because the group believes that they are now in a position where commercial production of its key products are imminent, development costs since 1 July 2008 have been capitalised.
These costs (net of any Ausindustry Grants) have totalled $834,883 during the current period.

The value of the patents and trademarks have been recognised at cost subject to the going concern criteria that the recoverable amounts of these intangible assets, as determined by value-in-use, exceed their carrying amount.

The recoverability of the intangible assets is dependent on the successful development and exploitation of the intellectual property and therefore no impairment losses have been brought to account.

NOTE 11 - TRADE AND OTHER PAYABLES

	Consolidated Group		Parent Entity	
	Dec 2008	June 2008	Dec 2008	June 2008
CURRENT				
Unsecured liabilities				
- trade payables	776,140	550,296	843,640	609,890
- sundry payables and accrued expenses	183,860	247,745	183,860	246,862
- employee benefits	396,442	368,602	358,082	357,764
- amounts payable to other related parties		203,000		203,000
- bill of exchange	16,000		16,000	
- convertible notes	267,697		267,697	
- borrowings	1,149,246		1,188,148	
- PAYG withholding tax	74,172	79,875	69,595	78,325
- GST	(1,752)	7,410	(87)	5,075
	2,861,805	1,456,928	2,926,935	1,500,916
NON-CURRENT				
Borrowings		466,153		510,179

	Long-term Employee Benefits	Other	Total
	$	$	$

NOTE 12 - PROVISIONS

	Consolidated Group		Parent Entity	
	Dec 2008	June 2008	Dec 2008	June 2008
	$	$	$	$
Analysis of Total Provisions				
Current	61,812	178,585	61,812	178,585
Non-Current	86,567	84,398	86,567	84,398
	148,379	262,983	148,379	262,983

NOTE 13 - ISSUED CAPITAL

a. Number of fully paid shares on issue	41,187,199	40,311,222	41,187,199	40,311,222
	41,187,199	40,311,222	41,187,199	40,311,222
Issued capital				
At the beginning of the reporting period	14,064,436	6,764,561	14,064,436	6,764,561
Shares issued during the year	1,076,292	7,299,875	1,076,292	7,299,875
Cost of shares issued	(190,570)		(190,570)	
At reporting date	14,950,158	14,064,436	14,950,158	14,064,436

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.
At the shareholder's meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

	Consolidated Group		Parent Entity	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007
	$	$	$	$

NOTE 14 - CONTINGENT LIABILITIES

As at the date of signing the report, there were no contingent liabilities that required disclosing in this financial report.

NOTE 15 - CASH FLOW INFORMATION

	Consolidated Group Dec 2008 $	Consolidated Group Dec 2007 $	Parent Entity Dec 2008 $	Parent Entity Dec 2007 $
(a) Reconciliation of Cash				
Cash at bank	41,562	15,083	33,946	-
(b) Reconciliation of Cash Flows from Operations with Profit after Income Tax				
Profit after Income Tax	(924,837)	(1,499,746)	(1,138,397)	(1,408,054)
Add: Cost of share issues		496,351		496,351
Non-cash flows in profit:				
- Depreciation	25,000	38,384	25,000	38,384
- (Reduction in)/ impairment of receivables	(59,277)	-	235,167	-
- Net gain on disposal of property, plant and equipment	-	-	-	-
Changes in assets and liabilities, net of the effects of purchases and disposal of subsidiaries:				
- (Increase)/decrease in trade debtors	(57,370)	(4,379)	(48,626)	(1,999)
- (Increase)/decrease in other assets	210,300	(911,172)	151,023	(1,065,646)
- (Increase)/decrease in inventories	-	(164,371)	-	(164,372)
- Increase/(decrease) in payables	919,800	(2,606,612)	896,917	(2,593,740)
- Increase/(decrease) in provisions	(114,604)	12,235	(114,604)	12,235
Net cash used in operating activities	(988)	(4,639,310)	6,480	(4,686,841)

(c) The company has no credit stand-by or financing facilities in place

NOTE 17 - COMPANY DETAILS

The principle place of business of the company is:

100-102 Cavan Road
Dry Creek SA 5094

The company had 14 employees at balance date.

DIGISLIDE HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 7 to 20:

   (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and

   (b) give a true and fair view of the economic entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date of the company.

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

Director

Dated this 27 day of 2 2009

Annexure B

Chartered Accountants
& Business Advisers

11 March 2009

The Directors
Digislide Holdings Limited
100-102 Cavan Road
DRY CREEK SA 5094

Dear Directors

Independent Accountant's Report

Introduction

We have prepared this report at the request of the directors of Digislide Holdings Limited ("Digislide" or "the Company") (ABN 75 105 012 066) for inclusion in a supplementary prospectus to be issued by the Company on or about 11 March 2009 in relation to the application by the Company to be admitted to the Australian Stock Exchange Ltd ("ASX"). The original prospectus dated 11 December 2008 invited investors to apply for a total of 3,600,000 ordinary shares at $1-25 each, fully paid, to raise $4,500,000. The minimum subscription issued under the offer was 2,400,000 shares at $1-25 per share to raise $3,000,000.

Background

Digislide was incorporated in June 2003 and converted to an unlisted public company on 24 August 2007.The Company's main intended source of income is from the manufacture and sale of projection-related products, both embedded and standalone, as well as the licensing of its patented technology to other parties. To date Digislide has primarily been in the research and development phase of its operations and has not reached the stage of commercialisation of its key products.

Because the company has been heavily involved in product development and has not yet reached the point of commercialisation of any of the products developed to date, share capital and grant funds raised in the past have been absorbed in these activities.

During the past three years the company has issued significant capital to fund its activities and to convert debt to equity.

Some of the increases in share capital were by way of trade dollars which have been partly used to fund research and development to date.

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adelaide@pkf.com.au | www.pkf.com.au
PKF Corporate (S.A.) Pty Ltd | ABN 54 008 282 620 | ACN 008 282 620
Investment Advisers Licence No. 1332
Level 2 | 139 Frome Street | Adelaide | South Australia 5000
GPO Box 2505 | Adelaide | South Australia 5001

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A summary of share capital issued since 30 June 2005 is as follows:

Type of issue	Number of shares issued	Share capital raised ($)	Average price per share
Issued in cash	9,943,634	8,560,240	86.09 cents
Satisfied by receipts of trade dollars	3,678,000	3,635,000	98.83 cents
Issued to satisfy debt or other obligations	4,012,824	1,973,478	49.18 cents
Issued to director related parties for services rendered	3,447,599	649,646	18.84 cents
Totals	**21,082,057**	**14,818,364**	**70.29 cents**

A summary of the capital raising by year is as follows:

Time period	Number of shares issued	Share capital raised ($)	Average price per share
Year ended 30 June 2006	2,119,445	1,699,445	80.18 cents
Year ended 30 June 2007	11,608,884	5,009,025	43.15 cents
Year ended 30 June 2008	6,557,891	7,130,965	108.74 cents
Since 30 June 2008	795,837	978,929	123.01 cents
Totals	**21,082,057**	**14,818,364**	**70.29 cents**

Historical Financial Information

The historical information comprises the Income Statements and Cash Flow Statements for the years ended 30 June 2007 and 2008 and the six months ended 31 December 2008, the Balance Sheets at 30 June 2007 and 2008 and 31 December 2008 and the notes to the financial information. These are set out in section 9 of the original prospectus and Section 3 of the supplementary prospectus.

Proforma Financial Information

The proforma financial information includes the proforma Balance Sheets at 28 February 2009 and the proforma Statement of Changes in Equity at 28 February 2009 assuming that the transactions proposed in the prospectus are completed.

Scope

You have requested PKF Corporate (SA) Pty Ltd, as independent accountant, to comment on the following:

- The financial position of the Company as at 31 December 2008, the results and the cash flows for the period ended on that date.
- The proforma Balance Sheets and Statement of Changes in Equity at 28 February 2009 assuming completion of the financial transactions as set out in this report and in the prospectus.

The directors of Digislide are responsible for the financial information contained in this report.

The Directors are responsible for the maintenance of adequate accounting records and internal controls that are designed to present and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial information.

We have reviewed the historical and proforma financial information in accordance with Australian Auditing Standard AUS902, "Review of Financial Reports". Our review procedures included enquiries of directors, review of the application of accounting standards and policies, review of accounting records and other documentation and limited verification procedures.

These review procedures are lesser in scope than an audit examination conducted in accordance with Australian Auditing Standards. Accordingly the level of assurance given is less than that given in an audit and therefore we do not express an audit opinion.

Opinion

In our opinion, based on our review, which is not an audit, apart from the matters raised below in relation to the going concern status of the company and the realisability of the trade dollar receivables and inventory, nothing has come to our attention that causes us to believe that the financial information set out in this report does not present fairly;

- the financial position of the Company at 31 December 2008
- the financial performance of the Company for six months ended 31 December 2008
- the proforma Balance Sheets of the Company and Statement of Changes in Equity at 28 February 2009 as they would appear assuming completion of the financial transactions as set out in this report.

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Going Concern Status

The group is in the product development phase and therefore has very little by way of sales revenue and relies on support from additional fundraising and AusIndustry grants to continue its product development program. None of the products are currently selling in commercial quantities.

The group is working hard to generate some significant sales of one of their products in the short term.

Results for the year ended 30 June 2008

The group incurred losses for the year ended 30 June 2008 of $6,531,946 and used $6,417,230 in cash to fund its operating activities. The group also had a net working capital deficiency of $491,760 as at 30 June 2008. The loss for the year was funded by capital injections totalling $7,299,875.

Whilst the loss for the year ended 30 June 2008 was $6,531,946 this included impairment losses totalling $3,354,152. The directors assessed all assets for impairment as at 30 June 2008 and the total impairment losses for the year included write-offs of intellectual property and licence agreements ($1,700,000), a write-down in trade dollars receivable ($739,000), plant & equipment ($465,000) and inventory ($398,000).

The group is audited by Hayes Knight (SA) Pty Ltd and their 30 June 2008 audit report contained the following note:

"Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 1(n) to the financial statements, the business operated by Digislide Holdings is of a research and development type, therefore highly speculative by nature and as such the going concern assumption is significantly uncertain.

The going concern assumption is affected by:

- *the business currently does not generate sufficient trading revenues to meet its current cost structure and is reliant on share subscriptions to fund cash flow*
- *the current liabilities of the company exceed its current assets*
- *the nature of the liquidity of the company is limited by the ability of the trade dollars and stock to be readily converted to cash within a reasonable time to assist in the repayment of debts as and when they fall due.*

However, there are certain factors which mitigate the above as follows:

Currently the company's cash flow is being met by funds from members ($7,299,875 share capital raised in the 12 months to 30 June 2008) and various R & D grants which have been sufficient to meet essential outgoings. The company is planning to raise $5 million from existing and other investors by the issuing of a prospectus before undertaking an IPO in February 2009 and if successful, the company is expected to be able to meet its obligations."

The balance sheet as at 30 June 2008 reflects a net asset position of $267,837.

Results for the six months ended 31 December 2008

During the six month period to the end of 31 December 2008 further losses totalling $924,837 were incurred, but capital totalling $885,722 (net of share issue and prospectus costs) has been raised. This means that the net asset position as at 31 December 2008 has declined to $228,722.

The operating results for the six months ended 31 December 2008 were subject to a review, in accordance with the Auditing Standard on review engagements. This is not a full statutory audit.

Their review report states:

"Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Digislide Holdings Ltd and Controlled Entities is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As indicated in Note 1(l) to the financial statements. The business operated by Digislide Holdings is of a research and development nature, therefore highly speculative by nature and as such the going concern assumption is significantly uncertain.

The going concern assumption is affected by:

- *The business currently does not generate sufficient trading revenues to meet its current cost structure and is reliant on share subscriptions to fund cash flow*
- *Current liabilities of the company exceed the current assets*

- *The nature of the liquidity of the company is limited by the ability of the trade dollars and stock to be readily converted to cash within a reasonable time to assist in repayment of debts as they fall due*

However, there are certain factors which mitigate the above as follows:

Currently the company's cash flow is being met by funds from investors ($7,299,875 share capital raised in the 12 months to 30 June 2008 and $1,076,292 for the 6 months to 31 December 2008) and various R & D grants which have been sufficient to meet essential outgoings. The company issued a prospectus dated 11 December 2008 to raise up to $4.5 million which was underwritten to the extent of $3 million to raise sufficient funds to complete commercialisation of its key products and to provide sufficient working capital in the short to medium term.

The financial statements have been prepared on a going concern basis on the understanding that there is an expectation that sufficient share proceeds will continue to be forthcoming until revenues are strong enough to meet ongoing expenditure."

Given the above and the approximate ongoing overhead commitments of approximately $275,000 per month the group is in need of additional funding in the short term.

The group is closely monitoring its position to ensure that it is able to meet its debts as and when they fall due.

We refer also to Section 3 of the supplementary prospectus which states

"On 11 December 2008 the Company entered into an agreement to issue a convertible note for $750,000 to International Equities Pty Ltd as varied on 11 March 2009. International Equities Pty Ltd must subscribe for the convertible note prior to 25 March 2009 and must convert the note in full prior to 11 April 2009 into Shares in the Company at $1-25 per share. No interest is payable on the convertible note."

The directors believe will provide sufficient funds during the current capital raising to meet its debts as and when they fall due.

Ultimately, the group's ability to continue as a going concern is reliant on a combination of the following:

- Raising additional funding to meet its monthly operating and product development commitments

- Finalisation of the development of some of its existing products and generation of sales in commercial quantities of the finished product.

- The ability of the company to convert or use some of the assets such as the inventory and trade dollars within a relatively short time frame to meet its ongoing obligations.

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Realisability of Trade Dollars

The 31 December 2008 financial statements include the recognition of trade dollars as receivables totalling $1,686,014. This has been split between current assets ($928,912) and non current assets ($757,102). A trade dollar facility provides the holder with the ability to be able to purchase or sell goods and services in exchange for trade dollars. These trade dollars are not able to be readily converted to cash. This makes them less liquid than cash and the ability to realise them for full value depends on the capacity of the holder to purchase goods and services to the value of the dollars held as receivables.

As at 31 December 2008, the trade dollars were discounted by $577,485 from their face value to reflect the inability to convert these to cash. The group had a total of $2,263,499 in trade dollars available for use as at 31 December 2008.

Based on our review of transactions since 30 June 2008, there has been only limited change or use of the trade dollars to 28 February 2009. One of the challenges facing the group in the short to medium term is how to make use of or realise these trade dollars. An inability to be able to convert the trade dollars within a relatively short time frame and /or at fair values could severely impact the group's liquidity position and the group's ability to meets its obligations as and when they fall due.

Realisation of Inventories

Inventories have been valued at $300,000 and reflect management's best estimate of the realisable value of stock and components on hand.

The realisability of this inventory is dependent on the successful completion of development of its existing and allied products to a commercial stage of production or sale to third parties of its existing stock and components on hand.

The timing of this realisation of inventory will also affect the ability of the group to pay its debts as and when they fall due..

Options outstanding

Currently there are 6,450,000 options outstanding as detailed in section 12.9 of the original prospectus. Various conditions are attached in relation to the exercise of each of the options. The equity of existing shareholders will be diluted accordingly if these options are exercised in future.

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Subsequent Events

The company is continuing to develop its products to the stage of commercialisation and, in this regard, has continued to make losses during the current year.

In the two month period to 28 February 2009 the group generated further losses totalling $452,621. The group therefore has a deficiency of net assets of $223,899 as at 28 February 2009 based on Australian Accounting Standards.

In accordance with Australian Accounting standards no costs relating to product research and development prior to 30 June 2008 have been capitalised. The carrying value of intellectual property relates to its product development costs incurred since 1 July 2008 of $1,184,883. The directors consider that the intellectual property is worth considerably more than its current carrying value.

Based on the group's most recent review of operating costs the group continues to incur overheads of approximately $275,000 per month.

To the best of our knowledge and belief, there have been no material items, transactions or events outside of the ordinary course of business of the Company, which are not otherwise disclosed in the supplementary prospectus, which require comment upon or adjustment to the information referred to in this report or which would cause such information to be misleading or deceptive.

Declarations

- PKF Corporate (SA) Pty Ltd does not have any interest in the outcome of the matters relating to the issuing of this prospectus other than in connection with the preparation of this report for which normal professional fees will be received.
- PKF Corporate (SA) Pty Ltd is a Company controlled by the partners of PKF, Chartered Accountants and Business Advisers, a South Australian partnership. PKF Corporate (SA) Pty Ltd is licensed by ASIC for the purpose of undertaking independent accountant's reports.
- The person responsible for the preparation of this report is Ian Painter, BEc, CA who has been a chartered accountant for over 30 years, specialising in audit and corporate advice. He has the necessary experience to prepare the report. He is a director of PKF Corporate (SA) Pty Ltd, PKF Business Advisers (SA) Pty Ltd and a partner of PKF South Australian Partnership.

Yours faithfully

PKF Corporate (SA) Pty Ltd

PKF Corporate (SA) Pty Ltd

I J Painter
Director
Email: ian_painter@pkf.com.au

Chartered Accountants
& Business Advisers

Digislide Holdings Limited

ABN 75 105 012 066

Historical Financial Information

Our review has been based on the interim financial statements for the six months ended 31 December 2008 which are included in Section 3 of this supplementary prospectus.

Proformas

Proforma balance sheets and statement of changes in equity in relation to the proposed share issues are set out below.

PKF

Chartered Accountants
& Business Advisers

Digislide Holdings Limited and Controlled Entities

Proforma Balance Sheets

	31 Dec-2008 Audit review only	28-Feb-09 Unaudited	Proforma Minimum subscription 28-Feb-09	Maximum subscription 28 Feb-09
	$	$	$	$
ASSETS				
Current Assets				
Cash and cash equivalents	47,366	3,565	2,435,519	3,814,860
Trade and other receivables	105,930	105,590	105,590	105,590
Inventories	300,000	300,000	300,000	300,000
Other current assets	928,912	921,787	921,787	921,787
Total current assets	**1,382,208**	**1,330,942**	**3,762,896**	**5,142,237**
Non-current assets				
Property plant and equipment	246,276	238,665	238,665	238,665
Other non-current assets	757,102	757,103	757,103	757,103
Intangible assets	834,883	1,184,883	1,184,883	1,184,883
Total non-current assets	**1,838,261**	**2,180,651**	**2,180,651**	**2,180,651**
TOTAL ASSETS	**3,220,469**	**3,511,593**	**5,943,547**	**7,322,888**
LIABILITIES				
Current liabilities				
Trade and other payables	2,842,882	3,586,627	3,586,627	3,586,627
Financial liabilities	486	486	486	486
Short term provisions	61,812	61,812	61,812	61,812
Total current liabilities	**2,905,180**	**3,648,925**	**3,648,925**	**3,648,925**
Non-current liabilities				
Long term provisions	86,567	86,567	86,567	86,567
Total non-current liabilities	**86,567**	**86,567**	**86,567**	**86,567**
TOTAL LIABILITIES	**2,991,747**	**3,735,492**	**3,735,492**	**3,735,492**
(DEFICIENCY OF) NET ASSETS	**228,722**	**(223,899)**	**2,208,055**	**3,587,396**
EQUITY				
Issued capital	14,950,158	14,950,158	17,382,112	18,761,453
Retained earnings (accumulated losses)	(14,721,436)	(15,174,057)	(15,174,057)	(15,174,057)
TOTAL EQUITY	**228,722**	**(223,899)**	**2,208,055**	**3,587,396**

PKF

Chartered Accountants
& Business Advisers

Digislide Holdings Limited and Controlled Entities
Proforma Statement of changes in equity

	Ordinary shares	(Accumulated Losses)	Total Shareholders' Equity
Balance as at 31 December 2008	14,950,158	(14,721,436)	**228,722**
Issued ordinary shares	0		**0**
(Loss) to 28 February 2009		(452,621)	**(452,621)**
Balance as at 28 February 2009	**14,950,158**	**(15,174,057)**	**(223,899)**
Proforma Transactions			
- Minimum subscriptions			
Issued Ordinary shares	3,000,000		3,000,000
Issue Costs	(568,046)		(568,046)
Balance after proforma minimum subscription	**17,382,112**	**(15,174,057)**	**2,208055**
Proforma Transactions			
- Maximum subscriptions			
Additional issued ordinary shares	1,500,000		1,500,000
Additional issue costs	(120,659)		(120,659)
Balance after proforma maximum subscription	**18,761,453**	**(15,174,057)**	**3,587,396**