

ASX Appendix 4D

Financial Statements for the half-year ended 31 December 2012

(All comparisons to half-year ended 31 December 2011)

Results for announcement to the market

Earnings	\$A'000	Up/Down	% Movement
Revenue from ordinary activities	5	down	92%
Profit from ordinary activities after tax attributable to members	5,294	up	156%
Profit for the period attributable to members	5,294	up	156%

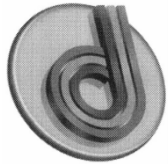
The Company has recognised a profit of \$5,294,186 from ordinary activities for the half-year to 31 December 2012 compared with a loss of \$9,527,092 in the prior half-year. The Company was subject to a Deed of Company Arrangement ("DOCA") and the current period profit includes an amount of \$5,954,527 relating to the forgiveness of pre-DOCA liabilities which occurred upon effectuation of the DOCA.

Dividends	Amount per share	Franked amount per share
Final dividend	N/A	N/A
Interim dividend	N/A	N/A
Record date for determining entitlements to dividends		N/A

Commentary

This report is based on information extracted from the Half-Year Report of DGI Holdings Limited for the period ended 31 December 2012. The Half-Year Report has been subject to review by the Company's auditor and the review report is included with the attached report. Additional Appendix 4D disclosure requirements can be found in the Report of Directors and the 31 December 2012 half-year financial statements.

	31 Dec 2012	31 Dec 2011
NTA tangible assets per security	0.31 cents	nil



DGI HOLDINGS LIMITED

ABN 75 105 012 066

**HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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DGI HOLDINGS LIMITED
CORPORATE DIRECTORY

Directors

Mr Roger Steinepreis - Non-Executive Chairman
Mr George Ventouras - Non-Executive Director
Mr Nick Castleden - Non-Executive Director

Stock Exchange Listing

ASX Limited
(Home branch - Perth, Western Australia)
ASX Code: DGI

Company Secretary

Ms Susan Hunter

Auditor

BDO Audit (WA) Pty Ltd
Chartered Accountants
38 Station Street
SUBIACO WA 6008

Registered Office

C/-Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street Perth
Telephone: + 61 8 8262 3115
Facsimile: + 61 8 8262 8490

Bankers

National Australia Bank Limited
Ground Floor, 50 St Georges Terrace
PERTH WA 6000

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
SYDNEY NSW 2000

DGI HOLDINGS LIMITED
REPORT OF THE DIRECTORS

The Directors of DGI Holdings Limited present their report on DGI Holdings Limited ("the Company" or "DGI") for the half-year ended 31 December 2012.

DIRECTORS

The Directors in office at the date of this report and at any time during the half-year are as follows. Directors were in office for the entire period unless otherwise stated.

Current Directors

Mr Roger Steinepreis - Non-executive Chairman (appointed 3 July 2012)

Mr George Ventouras - Non-executive Director (appointed 3 July 2012)

Mr Nick Castleden - Non-executive Director (appointed 27 August 2012)

Former Directors

Ms Luceille Outhred - (resigned 21 August 2012)

PRINCIPAL ACTIVITIES

DGI Holdings Limited is an Australian company listed on the Australian Securities Exchange (ASX code: DGI). DGI's principal business activity is the research, development and marketing of innovative miniature projection technologies and products. It is also the intention of DGI's board to identify new opportunities in related or non-related industries that may increase shareholder value.

REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS

On 19 December 2011, the Company was placed into Administration, and Mr Peter Ivan Macks and Mr Timothy James Clifton of PPB Advisory were appointed as Voluntary Administrators of the Company, then known as Digislide Holdings Limited.

On 18 January 2012, Mr Michael James Humphris and Mr George Divitkos were appointed Joint and Several Administrators of the Company pursuant to a resolution passed at a duly convened meeting of creditors that was held on 3 January 2012 replacing the previous Administrators.

Under the terms of a Deed of Company Arrangement entered into by the Company on 31 May 2012, the Deed Administrators were authorised, among other things, to investigate the restructure of the Company's capital with a view to re-listing the Company on ASX for the benefit of creditors and Shareholders.

The creditors of the Company, together with the Deed Administrators, agreed to a proposal presented by Blueknight Corporation Pty Ltd (Blueknight) for the restructure and recapitalisation of the Company (Proposal) which was approved by Shareholder's approval at the General Meeting held on 27 August 2012.

The Proposal involved:

- (a) the retention of certain of the Company's existing business assets (unencumbered), and specifically those relating to the Company's retractable image projecting system, dual image slide and video projector and personal entertainment arrangement;
- (b) the consolidation of the Company's existing capital on a 1 for 2 basis, leaving the Company with 34,395,540 Shares on issue and 3,906,694 Options on issue;

DGI HOLDINGS LIMITED
REPORT OF THE DIRECTORS

- (c) the Company raising new equity by way of the following placements (made pursuant to a prospectus):
 - i. a placement of:
 - a) 120 million Shares at a placement price of \$0.001 per Share to raise \$120,000 (First Placement Shares); and
 - b) 60 million Options which are free attaching to the First Placement Shares, with each Option exercisable at \$0.01 on or before 31 December 2015 (First Placement Options), and
 - ii. a second placement of up to 170 million Shares at a placement price of \$0.01 per Share to raise up to \$1.7 million (Second Placement Shares)
- (d) a total of up to 60,000,000 Shares and 30,000,000 Options, pursuant to the First Placement and up to 40,000,000 Shares pursuant to the Second Placement to be placed to Mr Roger Steinepreis, Mr George Ventouras and Mr Nick Castleden;
- (e) the entry by the Company into a Creditors' Trust Deed for the purposes of satisfying approved creditor claims;
- (f) the Syndicate paying \$575,000 in cash to the Creditors Trust and all assets of the Company other than those specified in the Proposal being transferred to the Creditors Trust (Creditors Consideration);
- (g) the existing Directors and Company Secretary, resigning on or before the Meeting and new Directors Roger Steinepreis, George Ventouras and Nick Castleden being appointed to the Board; and
- (h) the change of the Company's name from Digislide Holdings Limited to DGI Holdings Limited.

The Proposal was subjected to the following general conditions:

- (a) the Company's liabilities and long term commitments being released and compromised under the DOCA, with the DOCA being wholly effectuated and the Deed Administrators' appointment terminating simultaneously with the payment of the Creditors Consideration into the Creditors' Trust;
- (b) the Company's creditors being bound by the DOCA and required to prove in accordance with the terms of the DOCA and the Creditors' Trust, with no creditor having the right to claim payment against the Company;
- (c) the Company's subsidiaries being excised from the Company (unless otherwise requested by the Syndicate);
- (d) the employment of all employees being terminated at no cost to the Company following effectuation of the DOCA;
- (e) ASX confirming that it will lift the suspension on the trading of the Company's securities without the need to re-comply with Chapters 1 and 2 of the Listing Rules;
- (f) all convertible notes on issue being determined to be debt and being required to prove in accordance with the terms of the DOCA and no convertible note holder having the right to claim payment against the Company; and
- (g) during the term of the DOCA, any transfers of Shares and any alteration in the status of Shareholders or the issue of Shares being void, except so far as a Court otherwise orders.

On 28 August 2012, the Company changed its name to DGI Holdings Limited.

On 4 September 2012, the Deed of Company Arrangement was effectuated and the Company was released from external administration.

The Company completed a successful capital raising on 10 December 2012 through the issue of 290 million shares raising \$1.82 million in total. Through the raising of capital the Company was able to complete the successful effectuation of the DOCA and the Company's fully paid ordinary shares were reinstated to the official quotation on 20 December 2012 (ASX: DGI).

DGI HOLDINGS LIMITED
REPORT OF THE DIRECTORS

RESULTS

The Company recorded a profit after tax for the half-year ended 31 December 2012 of \$5,294,186 (2011: Loss of \$9,527,092). The current period profit included an amount of \$5,954,527 relating to the forgiveness of pre-DOCA liabilities which occurred upon effectuation of the DOCA.

SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than disclosed elsewhere in this report, the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

FUTURE DEVELOPMENTS

It is the intention of DGI's board to identify new opportunities that may increase shareholder value in industries which may or may not be related to DGI's existing business.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declarations as required under section 307C of the Corporations Act 2001 is included in this report, and can be found on page 5.

Signed in accordance with a resolution of the Directors.



Roger Steinepreis
Chairman

Perth, Western Australia
28 February 2013

28 February 2013

The Directors
DGI Holdings Limited
Level 4, 16 Milligan Street
PERTH WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF DGI HOLDINGS LIMITED

As lead auditor for the review of DGI Holdings Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.



Peter Toll
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

DGI HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

		Six Months Ended 31 December 2012 \$	Six Months Ended 31 December 2011 \$
	Note		
Revenues			
Revenue from continuing operations		5,172	60,944
Total revenues		5,172	60,944
Expenses			
Administration expenses		-	(865,644)
Compliance		(6,912)	-
Consultant fees		(31,472)	-
Cost of Sales		-	(10,358)
Finance expenses		-	(280,595)
Marketing expenses		-	(246,881)
Impairment of assets	3	-	(7,950,110)
Depreciation and amortisation	4,5	(6,362)	-
Occupancy expenses		-	(62,540)
Payment to creditor's trust		(575,000)	-
Other expenses		(45,767)	(171,908)
Total expenses		(665,513)	(9,588,036)
Other Income	2	5,954,527	-
Profit/(loss) before Income Tax		5,294,186	(9,527,092)
Income tax expense		-	-
Profit/(loss) after income tax attributable to members of DGI Holdings Limited		5,294,186	(9,527,092)
Total comprehensive profit/(loss) attributable to members of DGI Holdings Limited		5,294,186	(9,527,092)
Earnings/(loss) per share		Cents per Share	Cents per Share
Basic loss per share		6.63	(13.94)
Diluted loss per share		6.33	-

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the interim financial statements.

DGI HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

		31 December 2012	30 June 2012
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,004,928	-
Trade and other receivables		25,559	11,987
Total Current Assets		<u>1,030,487</u>	<u>11,987</u>
Non-Current Assets			
Property, plant & equipment	4	23,220	25,800
Intangible assets	5	34,039	24,200
Total Non-Current Assets		<u>57,259</u>	<u>50,000</u>
Total Assets		<u>1,087,746</u>	<u>61,987</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	2	51,124	3,426,480
Borrowings	6	15,000	1,606,582
Employee benefits		-	533,827
Total Current Liabilities		<u>66,124</u>	<u>5,566,889</u>
Non-Current Liabilities			
Borrowings	6	-	399,625
Total Non-Current Assets		<u>-</u>	<u>399,625</u>
Total Liabilities		<u>66,124</u>	<u>5,966,514</u>
Net Assets		<u><u>1,021,622</u></u>	<u><u>(5,904,527)</u></u>
Equity			
Issued capital	7	25,943,274	24,311,311
Reserves		116,130	116,130
Accumulated losses		<u>(25,037,782)</u>	<u>(30,331,968)</u>
Total Equity		<u><u>1,021,622</u></u>	<u><u>(5,904,527)</u></u>

The Statement of Financial Position should be read in conjunction
with the notes to the interim financial statements.

DGI HOLDINGS LIMITED

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	31 December 2012 \$	31 December 2011 \$
Cash flows from operating activities			
Receipts from customers		-	60,944
Interest received		5,172	-
Interest paid		-	(267,392)
Payments to suppliers and employees		(58,586)	(224,707)
Net cash flows used in operating activities		(53,414)	(431,155)
Cash flows from investing activities			
Other non-current assets – IP		(13,621)	-
Net cash flows used in investing activities		(13,621)	-
Cash flows from financing activities			
Proceeds from borrowings		575,000	430,861
Repayment of borrowings		(272,500)	-
Proceeds from issue of shares		1,532,500	-
Payment of share issue costs		(188,037)	-
Payments made to DOCA		(575,000)	-
Net cash flows provided by financing activities		1,071,963	430,861
Net increase/(decrease) in cash and cash equivalents held		1,004,928	(294)
Add opening cash and cash equivalents brought forward		-	2,546
Closing cash and cash equivalents carried forward		1,004,928	2,252

The Statement of Cash Flows should be read in conjunction with the notes to the interim financial statements.

DGI HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
At 1 July 2012	24,311,311	(30,331,968)	116,130	(5,904,527)
Income for the period	-	5,294,186	-	5,294,186
Total comprehensive income for the period	-	5,294,186	-	5,294,186
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	1,631,963	-	-	1,631,963
At 31 December 2012	25,943,274	(25,037,782)	116,130	1,021,622

At 1 July 2011	24,584,059	(21,162,085)	116,130	3,538,104
Loss for the period	-	(9,527,092)	-	(9,527,092)
Total comprehensive loss for the period	-	(9,527,092)	-	(9,527,092)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	94,263	-	-	94,263
Administration adjustments	(367,011)	563,884	-	196,873
At 31 December 2011	24,311,311	(30,125,291)	116,130	(5,697,850)

The Statement of Changes in Equity should be read in conjunction
with the notes to the interim financial statements.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2012

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORTS

Basis of Accounting

This general purpose financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board.

This financial report has been prepared in accordance with the historical costs convention.

The functional currency and presentation currency of DGI Holdings Limited is Australian dollars.

These half-year financial reports do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2012 and any public announcements made by DGI Holdings Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

Accounting standards issued, not yet effective

The accounting standards and methods of computation have in general been consistently applied since the prior year except for as follows:

- AASB 2011-9 Amendments to Australian Accounting Standards — Presentation of Items of Other Comprehensive Income. Comparatives have been reclassified to be consistent with the current year presentation. The reclassification does not have an impact on the results presented.

In the half-year ended 31 December 2012, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2013.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Company's accounting policies.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2012

2. OTHER INCOME

Effectuation of the DOCA (refer to Review of Operations) has resulted in a net accounting gain of approximately \$5,954,527.

Forgiveness of debt

	31 December 2012	31 December 2011
	\$	\$
Liabilities settled under DOCA		
Trade and other payables	3,426,480	-
Borrowings	1,994,220	-
Employee benefits	533,827	-
Total	<u>5,954,527</u>	<u>-</u>

The above liabilities are no longer required to be settled by the Company in line with the Terms and Conditions of the DOCA which was effectuated on 4 September 2012.

3. IMPAIRMENT OF ASSETS

	31 December 2012	31 December 2011
	\$	\$
Plant and equipment	-	898,079
Intangible assets	-	3,382,406
Inventories	-	559,463
Current tax receivables	-	29,420
Investments accounted for using the equity method	-	25,000
Financial assets	-	292,500
Trade and other receivables	-	2,763,242
	<u>-</u>	<u>7,950,110</u>

As at 31 December 2011, the Company was under administration and the assets were not recoverable at the previous carrying amounts. Total impairment charges of \$7,950,110 were recognised during the period to record these assets at the recoverable amounts.

4. PLANT & EQUIPMENT

	31 December 2012	31 December 2011
	\$	\$
<i>Plant and equipment</i>		
Opening balance	-	17,281
At cost	-	-
Accumulated depreciation	-	-
Impairment charges	-	(17,281)
Total plant and equipment	<u>-</u>	<u>-</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2012

4. PLANT & EQUIPMENT (Continued)

	31 December 2012	31 December 2011
<i>Office equipment</i>	\$	\$
Opening balance	-	151,370
At cost	-	-
Accumulated depreciation	-	-
Impairment charges	-	(151,370)
Total office equipment	-	-
<i>Computer Software</i>		
Opening balance	-	81,873
At cost	-	-
Accumulated depreciation	-	-
Impairment charges	-	(81,873)
Total computer software	-	-
<i>Leasehold improvements</i>		
Opening balance	-	150,473
At cost	-	-
Accumulated depreciation	-	-
Impairment charges	-	(150,473)
Total leasehold improvements	-	-
<i>Manufacturing plant</i>		
Opening balance	25,800	449,809
At cost	-	-
Accumulated depreciation	(2,580)	-
Impairment charges	-	(424,009)
Total Manufacturing plant	23,220	25,800
<i>Tooling</i>		
Opening balance	-	36,364
At cost	-	-
Accumulated depreciation	-	-
Impairment charges	-	(36,364)
Total Tooling	-	-
<i>Artwork</i>		
Opening balance	-	36,709
At cost	-	-
Accumulated depreciation	-	-
Impairment charges	-	(36,709)
Total Artwork	-	-
Total Plant and equipment	23,220	25,800

As at 31 December 2011, the Company was under administration and the plant and equipment were not recoverable at the previous carrying amounts. Impairment charges of \$898,079 were raised in 2011 to record these assets at the recoverable amounts.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2012

5. INTANGIBLE ASSETS

	31 December 2012	31 December 2011
	\$	\$
<i>Licences and franchises</i>		
Opening balance	-	50,000
Additions	-	-
Accumulated amortisation	-	-
Impairment charges	-	(50,000)
Net carrying amount	-	-
<i>Intellectual property</i>		
Opening balance	24,200	3,406,606
Additions	13,621	-
Accumulated amortisation	(3,782)	-
Impairment charges	-	(3,382,406)
Net carrying amount	34,039	24,200

As at 31 December 2011, the Company was under administration and the intangible assets were not recoverable at the previous carrying amounts. Impairment charges of \$3,382,406 were raised during 2011 to record these assets at the recoverable amounts.

6. BORROWINGS

	31 December 2012	31 December 2011
	\$	\$
<i>Current</i>		
Other financial liabilities	15,000	1,606,582
Total current borrowings	15,000	1,606,582
<i>Non Current</i>		
Borrowings and loans	-	399,625
Total current borrowings	-	399,625

Under the terms of a Deed of Company Arrangement entered into by the Company on 31 May 2012, the Company was released of liabilities pre settlement of the Deed of Company Arrangement on 4 September 2012.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2012

7. CONTRIBUTED EQUITY

Number of Shares	Summary of Movements:	Issue Price	\$
68,790,993	Opening balance 1 July 2012		24,311,311
(34,395,453)	Consolidation of capital on 1:2 basis	-	-
120,000,000	Share placement on 10 December 2012	0.001	120,000
170,000,000	Share placement on 10 December 2012	0.01	1,700,000
-	Costs of capital raising	-	(188,037)
<u>324,395,540</u>	Closing balance at 31 December 2012		<u>25,943,274</u>
66,134,340	Opening balance 1 July 2011		24,584,059
714,540	Share issue 8 July 2011	0.04635	33,119
1,782,623	Share issue 24 August 2011	0.0343	61,144
159,490	Administration Adjustments 31 December 2011	-	(367,011)
<u>68,790,993</u>	Closing balance at 31 December 2011		<u>24,311,311</u>

8. SEGMENT INFORMATION

The Company operates in one business and one geographical segment, being research, development and marketing of innovative miniature projection technologies and products in Australia.

9. CONTINGENT LIABILITIES

In the opinion of the directors there are no contingent assets or liabilities as at 31 December 2012.

10. RELATED PARTY TRANSACTIONS

Mr Roger Steinepreis, Director, is a director and shareholder of Steinepreis Paganin. During the period an amount of \$135,143 was paid to this business for legal advice at normal commercial rates.

Mr Roger Steinepreis, Director, also holds an interest in the Blueknight Syndicate. During the period, a loan amount of \$575,000 was made to Company by the Blueknight Syndicate which was paid to the Creditors Trust pursuant to the Deed of Company Arrangement (refer to Review of Operations). As at 31 December 2012, there was a balance of \$15,000 to be repaid to the Blueknight Syndicate.

11. EVENTS OCCURRING AFTER REPORTING DATE

No other matter or circumstance has arisen since 31 December 2012 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

DGI HOLDINGS LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position at 31 December 2012 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Roger Steinepreis
Chairman
Perth, Western Australia
28 February 2013

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DGI HOLDINGS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of DGI Holdings Limited, which comprises the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2012 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 DGI Holdings Limited, ASRE 2410 requires that we comply with the 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*, which has been given to the directors of DGI Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Conclusion

Attention is drawn to the comparative figures included in the statement of profit or loss and other comprehensive income. As a consequence of the inability to access documents from previous advisers, employees, and staff, the directors were unable to obtain the company's records for the prior period to 31 December 2011. Due to these limitations we were unable to undertake sufficient appropriate procedures to form a conclusion on the statement of comprehensive income for the half year ended 31 December 2011. As a result, we do not give any assurance about the comparative figures included in the statement of profit or loss and other comprehensive income and associated notes.

Attention is drawn to the comparative figures included in the statement of financial position for liabilities totalling \$5,966,514. As a consequence of the company being placed into administration in the previous financial year we were unable to obtain adequate assurance that liabilities totalling \$5,966,514 in the statement of financial position as at 30 June 2012 had been completely recorded. As a result, we do not give any assurance to the amount of liabilities totalling \$5,966,514 recorded as a comparative figure included in the statement of financial position nor are we able to determine the effect that any adjustments, if any, to these amounts would have on the statement of profit or loss and other comprehensive income, the statement of changes in equity and associated notes for the half year ended 31 December 2012.

Qualified Conclusion

Except for the effect, if any, on the comparatives for the preceding corresponding half-year and the previous financial year end that may result from the qualification in the preceding paragraph, 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 DGI Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2012 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*.

BDO Audit (WA) Pty Ltd



Peter Toll
Director

Perth, Western Australia
Dated this 28th day of February 2013