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6 May 2018

The Manager
Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

Digital Speaker Development Update

The Company is extremely pleased to announce that the test wafer provided by the vendor for purposes of validating certain critical adjustments that were made to the fabrication process, prior to allowing the wafer batch to advance to completion, has met all our mechanical and electrical criteria and specifications.

While the pixel yield proved to be insufficient to demonstrate the full capabilities of the chip, the company has completed a wide range of mechanical, acoustical and electrical tests and measurements, producing results that were aligned with expectations. Prior to delivering the wafer, the vendor informed the company of the potential for low pixel yield, which was the result of steps they took to expedite completion of the wafer. The vendor assured the company that all necessary adjustments to improve pixel yield have been implemented for the balance of wafers.

These details provide management with a high degree of confidence that the balance of wafers from this batch, which are expected to be delivered in the 3rd week of May, will have sufficient yield as to allow the company to document and publish relevant specifications and datasheets.

I will be visiting the labs in Israel at that time, to examine and ratify the effort prior to the publication of any resulting performance specifications.

Sincerely,
Fred Bart
Chairman#