



29 Aug 2018

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

Digital Speaker Development Update

Dear Sirs,

Audio Pixels is pleased to announce that musical sound has been produced from chips/wafers. Our proprietary MEMS chips, ASIC and Algorithms are now reproducing complex music (specifically "Hallelujah" by George Frideric Handel); a major advancement from the previously announced single tone playback on 4 July 2018.

The quality of sound produced is still unacceptably noisy and muddled and needs to be improved prior to any customer and public demonstration. This effort, expected to take a number of months, is focused on improving the charge dissipation capabilities of the device. The reproduction of the highest quality sound possible requires that the moving and non-moving elements ("pixels"), are doing so in precision compliance with the input signals. Even slight variances translate into audible noise and noticeable degradation in the acoustic performance.

The key to ensure the highest quality sound reproduction possible, is to improve the stability of the dissipation layers. These layers serve to suppress the disruptive effects that are inherent in every electrostatically driven MEMS actuator.

For this purpose, the company developed a whole new set of measurement tools and techniques that allowed far deeper forensic investigation into the specific charging mechanisms that are "in-play" in our devices. Aided by this newly accessible data, the company in combination with the vendor and a number of world-class experts, launched a comprehensive program designed to improve the effectiveness, reliability and stability of the devices under the very demanding control and timing conditions involved in high-quality reproduction of speech and music playback.

Completing our breakthrough technology may have taken somewhat longer than originally anticipated, however, the complexity of developing never-before attempted technologies, now appears to be in its final stages. While the process is not yet complete, we believe that the accomplishments we have demonstrated validate significant progress delivering the key value propositions our breakthrough technology.

Yours faithfully

Fred Bart
Chairman

Audio Pixels Holdings Limited ■ ACN 094 384 273 ■ Suite 3, Level 12, 75 Elizabeth St, Sydney NSW
2000 Australia

Phone: +61 2 9233 3915 ■ **Fax:** +61 2 9232 3411 ■ **Email:** iandennis@audiopixels.com.au