



10 January 2012

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

Dear Sirs,

Forthcoming release of restricted securities and securities subject to voluntary escrow to 25 January 2013

Audio Pixels Holdings Limited (AKP:ASX; OTC:ADPXY) advises the Market pursuant to ASX Listing Rule 3.10A that 4,887,807 unquoted restricted ordinary shares will be released from ASX escrow on 25 January 2012 and will still be subject to voluntary escrow until **25 January 2013**.

These 4,887,807 restricted ordinary securities were issued to the vendors of Audio Pixels Limited on 25 January 2011 and were restricted by the ASX for a period of 12 months from the date of issue. These 4,887,807 ordinary shares are still subject to a further 12 month voluntary escrow period until 25 January 2013, and are subject to a holding lock by the company share registrar, and in accordance with the Israeli Tax Authorities (ITA) lockup restrictions.

These 4,887,807 ordinary shares are registered in the name of S.G.S. Trusts Limited which is the ITA approved trustee who also requires a voluntary restriction on these shares to protect its position, however at this stage the ITA have not determined a formal date for release which may be beyond 25 January 2013. To the extent the ITA will determine in the tax ruling a formal date for release beyond 25 January 2013, the 4,887,807 shares will be restricted from trading in accordance with the ITA conditions.

As these 4,887,807 ordinary shares are currently unquoted securities, the Company will apply for quotation of these ordinary shares after the end of the ASX escrow period on 25 January 2012 as required by ASX Listing Rule 2.8.2.

Yours faithfully,

Ian Dennis
Director



About Audio Pixels Holdings Limited

Audio Pixels Holdings Limited is a company listed on the Australian Stock Exchange with the code AKP and has its ADR's listed on the OTC market in the USA with code ADPXY. Audio Pixels Holdings Limited owns 100% of Audio Pixels Limited, an unlisted Israeli corporation and was founded in July 2006 and has developed a revolutionary technological platform for reproducing sound, thus enabling the production of an entirely new generation of speakers that will exceed the performance specifications and design demands of the world's top consumer electronics manufacturers.

Audio Pixels patented technologies employ entirely new techniques to generate sound waves directly from a digital audio stream using low cost micro-electromechanical structures (MEMS) rather than conventional loudspeaker elements. This innovation enables the production of speaker products that deliver performance that is many orders of magnitude better than conventional speaker technologies, all in an affordable package that is only one millimetre thick.

Audio Pixels MEMS-based Digital Sound Reconstruction platform enables the market for audio speakers to follow the evolution of the video display market from large, heavy analog tube based monitors to the digital flat panel displays of today. Driving the rationale for change in audio speakers is the ever-increasing demand for smaller, thinner, clearer sounding, more power-efficient speakers. Conventional speaker technologies remain deeply rooted in the original voice coil inventions of Alexander Graham Bell. The inherent limitations of such speakers prohibit the delivery of quality sound in smaller packages. Audio Pixels innovative patents in the fields of electromechanical structures, pressure generation, acoustic wave generation and control, signal processing and packaging, combine to forever change this paradigm.

Market research overwhelmingly suggests that both manufacturers and consumers alike are starving for real innovation in audio speakers, in particular for good quality sound in a form factor that is far more compliant with current device and lifestyle trends. While the industry at large has been able to digitize and shrink all other device electronics, the last remaining barrier is the speaker, which remains large, heavy, bulky and extremely restrictive.

Upon achieving mass production capabilities Audio Pixels plans to sell and/or license its products to the manufacturers of speakers and consumer electronic devices worldwide, which collectively consume billions of speaker units annually. Audio Pixels will produce and sell a single type of silicon chip that can be used either as a standalone speaker or cascaded in any multiples of the same chip in order to achieve the desired performance specifications. This modular paradigm is entirely unique to the audio industry, which today expends significant resources designing and specifying new drivers, acoustic chambers and drive electronics for each new device. Audio Pixels innovative approach not only facilitates maximum flexibility to its customers, it further enables the customer to calibrate on the design and production of a



singular product model, maximizing economies of scale, while limiting overhead associated with multiple versions of products.

Management maintains active exchange with industry leading companies spanning a broad cross section of the MEMS and consumer electronic industries. Audio Pixels Limited has already demonstrated the technology to potential customers and strategic partners.

Forward-looking statements

This release may contain certain forward-looking statements with respect to the financial condition, results of operations and business of AKP and certain of the plans and objectives of AKP with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.