



Chairman's Address at the Annual General Meeting held in the Barnet Room at the Westin Hotel Sydney on 10 May 2013 at 9.30 am

Thank you for attending the 2013 Annual General Meeting of Audio Pixels.

This past year we have continued our focus on the development and commercialisation of our digital speaker technology. Our overall objective remains the same, which is to deliver our "industry game changing" technology to the market as soon as possible, whilst securing solid margins for our shareholders.

Over the last 12 months, the company has achieved a number of significant technical milestones in the development of its digital speaker technology.

In December, Audio Pixels advised that it had received the next phase of digital chips, a 256 pixel chip from one of our fabrication partners.

The rationale driving this phase of production was not to obtain a working structure, but rather to gain a significant head start debugging the mass fabrication process on a number of fronts. These included enabling us to transition to more cost effective fabrication methods and a very significant optimisation of the electromechanical structure.

The assumptions that were incorporated into the chip proved accurate and the chip exceeded all expectations by actually playing music.

As part of this process, we extracted a wealth of information about the fabrication process. For example we identified a particular physical aspect of fabrication that left the structure susceptible to electrical shorts, which ultimately prevented the chips from playing for an extended period of time. Detecting this intrinsic short has enabled us to adjust the structure design and fabrication processes to eradicate this issue in the next speaker chip, currently in early stages of the fabrication process.

The design changes, in part mentioned above, are now in the process of being configured into the next generation chip, which we envisage will be a fully integrated product containing 1,024 (1K) pixels, which is the very same configuration that will be sold commercially.

In addition the company is also in the process of expanding our silicon foundry engagements to include additional world-class MEMS companies. We have contracted additional companies to support our design and fabrication of the integrated drive



circuitry (ASIC controller), and the final commercial “chip package”. This is a massive effort that requires extensive coordination between the fabricators and other firms engaged in the compilation of sound devices for large consumer electric firms. We intend to advise the market as to the release date of the pre-production samples once we gain greater confidence in the fabrication timelines for both the ASIC controller and the MEMS chip.

On the intellectual property front we had an exceptional year. We have received patent grants throughout the EU, China, Japan and the United States of America on 3 earlier submissions (“Basic” fundamentals of the core technology; “Control of volume and tones in digital speakers”; and “Control of directivity patterns”). We also submitted an additional 3 core patent applications this year.

As has been previously reported the company also raised \$7 million during the year which should be sufficient to see us through our objectives.

Audio Pixels has made tremendous strides over the last 12 months on both a technical and a commercialisation front and we now look forward to setting our sights on the marketplace.

I would like to finish by acknowledging and thanking all Audio Pixels stakeholders (shareholders, directors, employees, management, and executives) in helping to grow Audio Pixels into a first class international company.

Fred Bart
Chairman
10 May 2013