



1 September 2014

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

Dear Sirs,

**Audit Committee**

We refer to the Annual Report for 2013 lodged with ASX on 3 April 2014 and in particular the Corporate Governance Statement on page 48 in relation to audit committees.

On page 48 of the 2013 Annual Report, Audio Pixels Holdings Limited (“AKP”) stated “Due to the limitations imposed by size, the Company does not meet Recommendation 4.1 of the Guidelines as the Company does not have a formally constituted audit committee. All three of the directors of the Company act as the audit committee. “

AKP has now formally constituted an audit committee on 29 August 2014 and the Audit Committee Charter has been included on the AKP web site. AKP now complies with listing rule 12.7 which requires a company in the S&P All Ordinaries Index to have an audit committee. AKP was added to the S&P All Ordinaries Index in March 2012 and was required to have an audit committee from the beginning of the financial year commencing 1 January 2013.

All three directors, Fred Bart, Cheryl Bart and Ian Dennis were appointed as the members of the audit committee. Ian Dennis was appointed Chairman of the audit committee. The Board notes that due to the size of the company and the fact there are only three directors who are not independent directors and one of the directors, Mr Fred Bart is CEO and an executive director that it does not meet the current best practice recommendations of the ASX Corporate Governance Council. At this time AKP is not part of the S&P/ASX 300 Index and is not required by the ASX Listing Rules to meet all the requirements of Recommendation 4.1.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ian Dennis', is written over a light grey grid background.

Ian Dennis  
Director

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