



4 May 2015

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

Dear Sirs,

Appendix 4C Query

We refer to the query of 29 April 2015 in relation to the Appendix 4C for the period ended 31 March 2015 lodged with the ASX on 23 April 2015. We now respond to each of your questions as follows:

1. The Company expects to have negative operating cash flows whilst it is still in the development stage of the product.
2. The Company has announced the issue of Convertible Notes of A\$3m to the market on 4 May 2015.
3. The Company expects to continue its operations and meet its business objectives with the funds raised from the Convertible Notes.
4. The Company confirms that it is compliance with the Listing Rule 3.1.

Yours faithfully,

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

Ian Dennis
Director



29 April 2015

Mr Ian Dennis
Director & Company Secretary
Audio Pixels Holdings Limited
Suite 2, Level 12
75 Elizabeth Street
Sydney NSW 2000

By email

Dear Mr Dennis,

Audio Pixels Holdings Limited (the "Company"): ASX Appendix 4C Query

I refer to the Company's quarterly report in the form of Appendix 4C for the period ended 31 March 2015 lodged with ASX Market Announcements Platform and released on 23 April 2015 (the "Appendix 4C").

ASX notes that the Company has reported:

- negative net operating cash flows for the quarter of \$813,000; and
- cash at the end of the quarter of \$1,085,000.

It is possible to conclude on the basis of the information provided in the Appendix 4C that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Company confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

Please also provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9:30 a.m. AEST on Tuesday, 5 May 2015**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at elvis.onyura@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Company to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Elvis Onyura
Senior Adviser Title, Listings Compliance (Sydney)