



31 March 2016

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

Dear Sirs,

**Audio Pixels raises A\$6.8 million from Institutional and Accredited Investors**

Audio Pixels Holdings Limited (ASX: AKP and OTC: APDXY), a leader in the digital transition of loudspeakers, is pleased to announce that it has completed a successful private placement of 1,034,847 ordinary shares at A\$6.60 per share, raising A\$6.8 million.

The lead investors in the private placement are industry veterans Benny Lau and Lee Lau, who previously founded and ran ATI Technologies, one of the world's largest suppliers of graphic chips to the personal computer industry.

*"We are extremely fortunate to enjoy the ongoing support of Benny Lau and Lee Lau" said Fred Bart, Chairman of Audio Pixels. "To work with strategic investors of this calibre is positive for our business," added Danny Lewin, CEO of Audio Pixels. "The Lau's grew a start-up into a NASDAQ leader and eventual \$5.3 billion acquisition by AMD. There are very few investors in the world with that level of relevant experience for us to draw upon."*

Initial discussions with the lead investors commenced in mid-February 2016 when the AKP share price was around A\$7.00.

Fred Bart, the Chairman of Audio Pixels has agreed to subscribe for a further 151,515 ordinary shares at A\$6.60 each raising a further A\$999,999.00 via one of his controlled entities, subject to shareholder approval to be considered at the Annual General Meeting to be held on 31 May 2016.

The funds raised by the placement will support the company's objectives of completing the fourth and final phase of its commercialization plan and commencement of the drive toward global adoption of its ground breaking MEMS based digital speaker products.

**Secondary Trading Exemption**

The Corporations Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A. By the Company giving this notice, the sale of the Securities noted above will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

- a) The Company issued the Securities without disclosure to investors under Part6D.2 of the Act;
- b) as at 31 March 2016 the Company had complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act; and
- c) as at 31 March 2016 there is no information:
  - i. That has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
  - ii) That investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
    - A. The assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
    - B. The rights and liabilities attaching to the securities.

Yours faithfully,

Fred Bart  
Chairman



### **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. We are a member of the Nasdaq International Designation program for OTC-traded Level 1 ADRs. Audio Pixels Holdings Limited owns 100% of Audio Pixels Limited, an unlisted Israeli corporation that 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 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.