

22 April 2016

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

Att Elvis Onyura

Dear Sirs,

We refer to your letter of 21 April 2016 and respond as follows:

1. Yes.
2. Not applicable.
3. The Company has been testing and stressing its test structures over the last month and reached the significant trillion cycle milestone at the testing facility in Israel on their Monday night (Tuesday 19 April 2016 Australian time). Once the milestone of cycles had been reached, the technical team had to evaluate the results by data analysis to confirm that there were zero failures in the cycles.
4. The final technical position was received from Israel on Wednesday morning 20 April 2016 (Sydney time) after confirming that there were zero failures which was then drafted into an ASX release and circulated to all directors for approval. Once approval was received the ASX announcement was released on Wednesday 20 April 2016 at 11.18 am.
5. The Company confirms it is in compliance with the listing Rules and, in particular Listing Rule 3.1.

Yours faithfully,

Fred Bart
Chairman



21 April 2016

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

By email

Dear Mr Dennis,

Audio Pixels Holdings Limited (the “Company”): ASX aware query

ASX Limited (“ASX”) refers to the following:

1. The Company’s announcement entitled “Audio Pixels Surpasses One Trillion Cycle Tests with Zero Failures” lodged with the ASX Market Announcements Platform and released at 11:18 am on Wednesday, 20 April 2016, disclosing that the tests conducted on Phase IV MEMS structures surpassed one trillion cycles with zero failures (“Results”) (the “Announcement”).
2. The recent trading in the securities of the Company including a change in the price from a close of \$8.62 on Wednesday, 13 April 2016 to a close of \$10.20 on Tuesday, 19 April 2016, and an increase in the volume of trading on Friday, 15 April 2016.
3. Listing Rule 3.1, which 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.
4. The definition of “aware” in Chapter 19 of the Listing Rules. This definition states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.



“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

5. ASX’s policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* “Listing Rule 3.1A.2 – the requirement for information to be confidential”. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Company consider the Results disclosed in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did the Company first become aware of the Results referred to in the Announcement?
4. If the answer to question 1 is “yes” and the Company first became aware of the Results before the relevant date, did the Company make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company



was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

5. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

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 half an hour before the start of trading (i.e. not later than 9.30 a.m. AEST) on Tuesday, 26 April 2016. 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 Entity'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 email. 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 Entity 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 Entity'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 Entity's securities under Listing Rule 17.1.

If you wish 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]

Isabella Wong
Adviser, Listings Compliance (Sydney)