

25 January 2017

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

Dear Sirs,

Audio Pixels Integration Stage Update

Audio Pixels Holdings Limited (ASX: AKP and OTC: APDXY), a leader in the digital transition of loudspeakers today announced that one of its fabrication partner's, Tower Semiconductor Ltd. (NASDAQ: TSEM, TASE: TSEM) has reached a critical milestone with the initial delivery of half structure MEMS devices.

The half structures which already incorporate the change required to reduce operating voltage requirements (described in the announcement of Dec 28th, 2016), provide the company with the ability to validate the overwhelming majority of critical electro-mechanical performance criteria of the devices as to ensure fully compliant fabrication of mass produced devices. Initial testing and examination conducted on the delivered half structures demonstrated precision adherence to the prescribed specifications.

Management hands-on collaboration with Tower's management and process personnel presented the company with real time visibility and scrutiny over the fabrication process enabling delivery of the half structures ahead of schedule. Over the coming weeks a number of additional interim delivery milestones have been coordinated with Tower to further enable compliance testing without disrupting Tower's rapid advancement toward the production of fully functional MEMS devices.

Audio Pixels and Tower personnel are making every effort to improve on the initial advised timelines for the delivery of fully functional MEMS devices by May 31st 2017; which would eclipse the latest advised delivery by our second MEMS vendor. Regardless of which vendor delivers fully functional devices first, once the devices are received final integration with the ASIC will commence. Management has advised that given the integration efforts which have already been completed on the prior wafer delivery, and barring any exceptional further issues, the process should be expedited.

Yours faithfully,

Fred Bart
Chairman



About Audio Pixels Holdings Limited

Audio Pixels Limited, founded in 2006, is a wholly owned subsidiary of Audio Pixels Holdings Limited, listed in Australia under the stock code of AKP (ADR's on NASDAQ International under the code ADPXY). Backed by exceptional multidisciplinary scientific research, design, and production capabilities, Audio Pixels has become a world leader in digital loudspeaker technologies. Audio Pixels' patented technologies employ entirely new techniques to generate sound waves directly from a digital audio stream using micro-electromechanical structures (MEMS). Its revolutionary technological platform for reproducing sound enables 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. For more information, visit www.audiopixels.com.au/.

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.