



FOR IMMEDIATE RELEASE

SPHEREX INC., A SUBSIDIARY OF API, PARTNERS WITH MICROSOFT
To Build Exclusive Xbox® Branded Speaker System

1 December 2003 – *Toronto, Canada* – Spherex Inc.™, a subsidiary of Audio Products International Corp. (API) one of the largest loudspeaker manufacturers in the world, announced today its entry into the computer and video game industry through a 3-year global licensing agreement with Microsoft Corporation to produce and market the Xbox® 5.1 branded speaker system. The finished units will sell with a suggested list price of \$499.00 USD.

This alliance sets the stage to launch a new “reference standard” in video game audio. The Xbox® 5.1 is a multimedia audio platform created for use as a game audio and home theater solution, consisting of a 5.1 speaker system with Apogee’s DDX® digital power amplification, surround sound processing, multiple audio inputs and networking capability. The 300 watt (RMS) amplifier drives 5 identical OMNIPOLAR™ satellite speakers and an 8” Subwoofer. The speaker design is based on API’s patented Mirage OMNIPOLAR™ technology, which disperses sound in a 360 degree pattern, to create the most realistic immersive experience for gaming, movies and music playback. Four independent audio inputs (3 Digital and 1 Analog) allow simultaneous compatibility with multiple source formats including all gaming consoles, DVD and CD players, Satellite TV, compressed audio (MP3/WMA), PC, and Internet radio.



Spherex President and CEO Alex Romanov (Left), and API President Howard Heiber

Xbox® 5.1 is also the first audio system to feature MaxBass® from Waves Ltd. MaxBass® works by psycho acoustically extending the lower end of bass frequency response up to one-and-a-half octaves delivering deeper, richer, more natural bass.

“Our association with the Microsoft Xbox® licensing team began very early in the development of the audio platform and evolved into a co-operative project,” stated Alex Romanov, President and CEO of Spherex Inc.

Bill Nielsen, Microsoft’s Director of the Xbox® Brand commented, “We are very excited with what API’s new sound system brings to the value and experience of Xbox® and how the millions of video game players will respond to the exceptionally-heightened interactivity of the games that run on

Xbox® 5.1. Xbox® gamers will find this sound system permits them to become completely immersed in the virtual world of the video game.”

Industry analysts forecast the interactive video game industry will grow faster than any other media sector, outpacing television, radio, motion pictures, music, newspapers and Internet advertising. The Game Audio Network Guild (G.A.N.G.), a non-profit organization educating and heightening the awareness of audio for the interactive world, has long promoted the impact sound will have on the industry. G.A.N.G.’s members represent many of the world’s foremost music

composers and game developers. A 20-person G.A.N.G. advisory board advised on the new system's features and specifications.

Spherex Inc. will be responsible for the sales and marketing of the Xbox® 5.1. The Xbox® 5.1 will be introduced at the Consumer Electronics Show in Las Vegas January 8th through 11th, 2004, in the Microsoft Partner Pavilion at the Las Vegas Convention Center. Additional introductions and demonstrations will be held at the Spherex suite in the Venetian hotel. The Spherex development team consists of Alex Romanov President and CEO, Ian Paisley, Technical Director, and Seattle based Rob Light; Director of New Business Development.

In preparation for the Xbox® 5.1 launch, the Spherex Inc. is preparing a world class promotion campaign and a drive to select a sales force of gaming, PC and CE enthusiasts from the three industries.

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