

1<sup>st</sup> September 2015



**CAP-XX Limited**  
(the "Company")

**Audited Results for the year ended 30 June 2015**

CAP-XX Limited, a world leader in the design and manufacture of thin, flat supercapacitors and energy management systems, is pleased to announce its audited results for the year ended 30 June 2015.

Key highlights

- Sales revenue of AUD\$4.4 million (2014: AUD\$4.0 million) reflecting a 10% year on year increase. Sales units increased by 6%
- On a like for like basis, Gross Margin (GM) increased to 30.6% (2014: 13.6%) reflecting significant progress in the cost reduction program. Significant operational cash savings are being realised and the Company has identified further cost savings which will incrementally improve gross margin and enhance product competitiveness
- During FY15, the company announced the signing of a Memorandum of Understanding with a North American Tier-1 Automotive components company. Following the supply and testing of numerous evaluation modules with good results, the Company anticipates making further announcements associated with this undertaking during the next three months
- The Company also announced the release of its *Thinline* range of supercapacitors, which were developed to address the emerging markets applications associated with the Internet of Things (IoT). Take up from customers and developers since launch has been good
- Sharp increase in royalties from Murata, up 106% for the year and over 200% in the last quarter
- Following the capital raisings completed in the second half of FY15, cash reserves at the end of June 2015 were AUD\$2.6 million. A R&D tax rebate from the Australian Tax Office of AUD\$1.1 million (2014: AUD\$1.2 million) is also forecast to be received in October 2015.

**Anthony Kongats, CEO of CAP-XX said:**

"The past year has been transformational for CAP-XX. We are very excited by the opportunities we see for our supercapacitors in the automotive markets and the Internet of Things. We are looking forward to an exciting year."

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More information is available at [www.cap-xx.com](http://www.cap-xx.com)

**Notes to Editors:**

CAP-XX (LSE: CPX) is a world leader in the design and manufacture of thin, flat supercapacitors and energy management systems used in portable and small-scale electronic devices, and to an increasing extent, in larger applications such as automotive and renewable energy. The unique feature of CAP-XX supercapacitors is their very high power density and high energy storage capacity in a space-efficient prismatic package. These attributes are essential in power-hungry consumer and industrial electronics, and deliver similar benefits in automotive and other transportation applications. For more information about CAP-XX, visit [www.cap-xx.com](http://www.cap-xx.com)

## Chairman's statement

The Company is pleased to report that it has continued to make significant progress on its objective of accelerating adoption of its products via the realisation of operational cost savings; the launch of new products to address emerging markets; and the ongoing development of its automotive modules for potential licensees.

Sales revenue for the 12 months to 30 June 2015 increased by AUD\$0.4 million to AUD\$4.4 million compared to AUD\$4.0 million in 2014. Unit sales volumes increased by 6%. The impact of the identified operational cost savings have started to be realised with a year on year improvement in gross margin of \$0.8m (pre Natingate amortisation) on the back of a modest increase in volumes. This equates to a gross margin of 30.6% compared to the previous year's 13.6% on a like for like basis. (before the Natingate amortisation benefit as highlighted in last year's statement). Operating expenditure has been held steady over the year even though the Company has further increased the product development, sales and marketing resources devoted to the support of the very recent new product launches of the Thinline and automotive products.

Research and Development efforts remain focussed on product development and sourcing raw materials which have a lower cost but will enhance product performance. The Research and Development tax claim remained on par \$1,127k (2014: \$1,172k). The operating result for the twelve months to 30 June 2015 was a loss of AUD\$1.88 million (2014: loss of AUD\$2.7 million before NTM amortisation).

As highlighted above, the Company has started to see the benefits of its focus on operational cost savings. The primary contributor to the improved gross margin result for the last financial year was an overall improvement in the contract manufacturers' yields which was assisted by the successful commissioning of plant and equipment which has improved the quality and consistency of the electrode line. Raw material expenditure coupled with tolling rate reductions have also contributed to the operational cost savings realised to date. Management have identified further operational savings which are scheduled to be brought to account in the second half the current financial year which should further improve margins as well increasing the competitiveness of the CAP-XX product.

The royalties from Murata have continued to improve with expected royalties for the 12 months to 30 June 2015 more than doubling to A\$109K (2014: A\$53K) and the last quarter royalty more than 200% greater than the previous quarter. The level of royalty increase is pleasing and is consistent with the discussions held with Murata management in regard to sales and marketing efforts and known design wins. CAP-XX's internal sales team are also observing that Murata's presence in the traditional supercapacitor markets is becoming increasingly active and the Board remain confident that the royalties will continue to increase in the foreseeable future.

As previously reported, the Company announced that it had signed a mutually exclusive Memorandum of Understanding with a North American Global Tier-1 Automotive components company, initially for the development of products for the North American truck market utilising CAP-XX's large automotive supercapacitors. The Company also reported that following delivery of the first test and evaluation samples of its automotive supercapacitor units, that test results under the program have been very encouraging and that additional test and evaluation units have been ordered. A full and detailed project plan has been completed in consultation with the Company's customer in order to bring this product offering to the market as soon as practically possible with sales expected to be generated in the latter half of the current financial year. Both parties are also in final stages of discussing licensing opportunities. The Company continues to discuss additional licensing opportunities for its large supercapacitor offering with several other potential licensees.

During the year, the Company announced the release and availability of its *Thinline* range of supercapacitors which were developed to address the space-constrained needs of the Internet of Things (IoT). The Company has received numerous requests from application designers of ultra-thin applications such as wearable devices, fitness and health monitors, smart watches and drug delivery systems. All of these target markets are forecast to be high volume opportunities. To date, the product is undergoing evaluation by several companies with material sales volumes to follow. The *Thinline* supercapacitor was awarded an "Electron d'Or 2015" by the French magazine 'ElectroniqueS' in the Passive Component category.

The Company is focussed on accelerating the adoption of its products into key target markets.

Patrick Elliott  
Chairman

31 August 2015

## Business Review

### Review of Operations and Activities

Since CAP-XX, launched its first supercapacitor in 2002 it has sold in excess of 21 million cells. CAP-XX established a new revenue stream in 2008, with the commencement of license fees and other related payments including royalties from Murata.

The royalties from Murata have continued to improve with expected royalties for the 12 months to 30 June 2015 more than doubling to A\$109K (2014: A\$53K) and the last quarter royalty more than 200% greater than the previous quarter. The level of royalty increase is pleasing and is consistent with the discussions held with Murata management in regard to sales and marketing efforts and known design wins. CAP-XX's internal sales team are also observing that Murata's presence in the traditional supercapacitor markets is becoming increasingly active and the Board remain confident that the royalties will continue to increase in the foreseeable future.

During the past twelve months, the Company was successful in placing two capital raises with approximately 150million shares being issued and A\$3,913k being raised. The proceeds of the capital raise were received in April and May 2015.

During the year, significant effort was made to redesign products and processes to reduce manufacturing costs and to improve product performance. Results to date are very significant and we expect to see the benefits continuing to flow through the 2015 financial year.

### Business Environment

Portable electronic devices, one of the fastest growing segments of the electronics market, provide one of the greatest opportunities for CAP-XX's products. Driven by customer requests, manufacturers are constantly adding to the functions and applications available on these devices. This means that power management continues to be an increasingly important consideration. The other important factor is size as devices become smaller whilst their capabilities increase.

Automotive applications such as Stop-Start systems, flat battery jump-starters, hybrid electric vehicles and electric vehicles present very attractive opportunities for CAP-XX's products. Numerous automotive OEMs and battery manufacturers have purchased samples and are currently evaluating CAP-XX's automotive products. The feedback to date has been pleasing. During the year, additional plant and equipment was purchased and commissioned to enhance our ability to produce these large supercapacitors and to assemble them into modules suitable for use in motor vehicles.

CAP-XX technology provides a competitive advantage over other supercapacitor manufacturers, such as AVX, Maxwell Technologies and Nippon Chemicon Corporation. The Directors believe that other manufacturers are unable to match the CAP-XX technology for thinness, energy density and power density. Many competitors manufacture higher-capacity, large package devices and focus on applications where the combination of thinness, energy density and power density is not an issue. In the future, CAP-XX's surface mount capability will offer another very significant point of difference with the competition.

### Opportunities

CAP-XX is continuing to refine its current product offering and is concentrating on a number of automotive opportunities including stop-start systems, flat battery jump-starters, vehicle accessories and hybrid electric vehicles. During the year, CAP-XX announced that it had signed a mutually exclusive Memorandum of Understanding (MoU) with a North American Global Tier-1 Automotive Components company. The MoU is for the development of CAP-XX's large automotive supercapacitors for a standalone system which can serve both original equipment and aftermarket applications. Other potential licensee opportunities are continuing to be addressed by CAP-XX management.

Other applications include solid state drives, handheld computers and point of sale systems, energy harvesting, portable drug delivery systems, e-book readers, wireless sensors, uninterruptable power supplies, toll tags, electronic locks, building management systems, monitoring and metering, and location tracking devices. During the year, CAP-XX announced the release and availability of its *Thinline* range of supercapacitors which were developed to address the space-constrained needs of the Internet of Things (IoT). The Company has since received numerous enquiries from customers looking to use the *Thinline* products in various applications including beacons, electronic keys, electronic shelf labels, industrial M2M monitoring, medical devices, mobile phones, RFID and tracking control, smart credit cards and wearable products. All of these markets are forecast to be high volume opportunities.

We expect licensee sales from Murata to grow significantly in the coming years, as more consumer applications adopt supercapacitor technology.

One of the significant additional benefits of the Murata manufacturing agreement is that it has validated CAP-XX's supercapacitor technology leadership, and the potential for supercapacitors as a mainstream consumer electronics technology. The Murata product line and sales activities are also increasing our exposure to markets and customers that were previously beyond our reach. Association with Murata is helping gain recognition for and acceptance of the capabilities of CAP-XX supercapacitors, and reduces misconceptions about price and performance. It is also important

to remember that Murata's strategy is to offer a limited product range and as such Murata will not meet the product type or size requirements of all markets and all applications. Murata will refer non-core customers to CAP-XX, and CAP-XX supplies these markets directly using products made by its contract manufacturers.

During the year the Company signed a new agreement with Thales Research Centre to evaluate new materials and to develop new products for Thales Avionics businesses.

### **Strategies for Growth**

The Company continues to engage in discussions aimed at securing business with a number of global OEM's active in portable consumer electronics. We are strengthening relationships with these organisations and have regular engineering meetings together with their integrated board providers and design teams. We are unable to comment on specific clients but are pleased with overall progress and are confident that the available market for supercapacitors is increasing as manufacturers become familiar with the technology. During the year new business was won in markets such as: security products; metering systems; flow control systems; location tracking; military products and mobile phone accessories.

The Company will continue to explore additional opportunities to increase the product offering both through the current distributors and direct to customers. These offerings may take the form of complementary energy storage devices and modules.

Separately, the Company is exploring the opportunities in several new markets to leverage its strong intellectual property and engineering expertise through new license agreements or joint ventures. Given the increasing levels of market interest in CAP-XX technology and high performance supercapacitors, the Company believes that the IoT and automotive markets in particular offer significant opportunities for growth.

### **Research and Development**

CAP-XX has a research facility in Sydney, Australia, where a team of 15 engineers and scientists work to maintain CAP-XX's leading position in electrode, separator and electrolyte materials and their assembly into supercapacitor devices. We also have a close association with several leading, third party research institutions, whilst our Scientific Advisory Board provides the Company with clear direction on commercially relevant technologies for our ongoing R&D programme.

The market in which the Company operates is competitive and is characterised by rapid technological change. CAP-XX has a strong competitive position in all its target markets with its capability to produce supercapacitors with a high energy density and power density in a small conveniently sized flat package. CAP-XX devices are also lightweight, work over a broad temperature range and have an operating lifetime measured in years.

The Company's success depends on its ability to protect and prevent any infringements of its intellectual property. To protect, this important asset the Company has considerable intellectual property embodied in its patents covering the design, manufacture and use of its high performance supercapacitors. The CAP-XX patent portfolio currently consists of 23 patent families with 45 granted national patents (15 USA, 8 US continuations and 18 in Europe, 1 in Japan and 3 in China) with an additional 18 applications pending in various jurisdictions. The Company's IP strategy has been to build company value by focusing on opportunities to capture market share and exclude competition with an IP portfolio capable of generating licensing revenue. The directors believe comprehensive embodiments and interlocking patent groups, combined with a 'quick to file, quick to abandon' policy, have given the Company a strong and focused IP portfolio.

### **Outlook**

The major short term focus for CAP-XX is to drive the adoption of the Company's products into key target markets. The Company expects to see further significant progress over the next twelve months.

**CAP-XX Limited**  
**Statement of profit or loss**  
**For the year ended 30 June 2015**

		<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
<i>Currency: Australian Dollars</i>		<b>\$</b>	<b>\$</b>
	<b>Notes</b>		
<b>Revenue from continuing operations</b>	1	<b>4,434,642</b>	3,970,181
Cost of sales	2	<b>(3,080,361)</b>	(3,236,009)
<b>Gross Profit</b>		<b>1,354,281</b>	734,172
Other revenue	1	<b>21,011</b>	53,569
Other income	3	<b>1,312,336</b>	1,208,337
General and administrative expenses		<b>(2,046,151)</b>	(2,115,193)
Process and engineering expenses		<b>(564,197)</b>	(429,233)
Selling and marketing expenses		<b>(584,821)</b>	(485,341)
Research and development expenses		<b>(1,306,971)</b>	(1,471,297)
Other expenses	4	<b>(65,826)</b>	(38,074)
<b>Loss before income tax</b>		<b>(1,880,338)</b>	(2,543,060)
Income tax benefit		-	-
<b>Net loss for the year</b>		<b>(1,880,338)</b>	(2,543,060)
<b>Loss attributable to owners of CAP-XX Limited</b>		<b>(1,880,338)</b>	(2,543,060)
<b>Earnings per share for (loss) attributable to the ordinary equity holders of the Company</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	5	<b>(1.3)</b>	(2.3)
Diluted earnings/(loss) per share	5	<b>(1.3)</b>	(2.3)

*The above statement of profit or loss should be read in conjunction with the accompanying notes.*

**CAP-XX Limited**  
**Statement of comprehensive income**  
**For the year ended 30 June 2015**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Currency: Australian Dollars</i>		
<b>Loss for the year</b>	<b>(1,880,338)</b>	<b>(2,543,060)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of foreign operations	(139,539)	9,271
<b>Other comprehensive income for the year, net of tax</b>	<u><b>(139,539)</b></u>	<u>9,271</u>
<b>Total comprehensive income for the year attributable to owners of CAP-XX Limited</b>	<u><b>(2,019,877)</b></u>	<u><b>(2,533,789)</b></u>

**CAP-XX Limited**  
**Statement of financial position**  
**As at 30 June 2015**

	<b>Consolidated</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
	<b>\$</b>	<b>\$</b>
<b>Currency: Australian Dollars</b>		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,643,418	900,397
Receivables	685,192	558,805
Inventories	1,409,463	770,626
Other	1,252,158	1,244,045
Total current assets	<u>5,990,231</u>	<u>3,473,873</u>
<b>Non-current assets</b>		
Property, plant and equipment	301,272	377,163
Other	236,507	236,507
Total non-current assets	<u>537,779</u>	<u>613,670</u>
<b>Total assets</b>	<u><b>6,528,010</b></u>	<u><b>4,087,543</b></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1,074,711	829,188
Provisions	915,862	963,246
Other	-	-
Total current liabilities	<u>1,990,573</u>	<u>1,792,434</u>
<b>Non-current liabilities</b>		
Provisions	42,487	39,847
Total non-current liabilities	<u>42,487</u>	<u>39,847</u>
<b>Total liabilities</b>	<u><b>2,033,060</b></u>	<u><b>1,832,281</b></u>
<b>Net assets</b>	<u><b>4,494,950</b></u>	<u><b>2,255,262</b></u>
<b>EQUITY</b>		
Contributed equity	94,426,347	90,293,839
Reserves	3,664,297	3,676,779
Accumulated losses	<u>(93,595,694)</u>	<u>(91,715,356)</u>
<b>TOTAL EQUITY</b>	<u><b>4,494,950</b></u>	<u><b>2,255,262</b></u>

**CAP-XX Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2015**

		<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
<b>Currency: Australian Dollars</b>	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		4,716,519	4,296,922
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(8,067,711)</u>	<u>(7,853,287)</u>
		<b>(3,351,192)</b>	<b>(3,556,365)</b>
Tax credit received		1,172,447	1,003,523
Grants received		-	8,733
Interest received		<u>21,011</u>	<u>53,569</u>
<b>Net cash (outflow) from operating activities</b>		<b><u>(2,157,734)</u></b>	<b><u>(2,490,540)</u></b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		<u>(92,214)</u>	<u>(85,136)</u>
<b>Net cash (outflow) from investing activities</b>		<b><u>(92,214)</u></b>	<b><u>(85,136)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of costs)		<u>4,132,508</u>	2,361,279
<b>Net cash inflow from financing activities</b>		<b><u>4,132,508</u></b>	<b><u>2,361,279</u></b>
Net increase/(decrease) in cash and cash equivalents		1,882,560	(214,397)
Cash and cash equivalents at the beginning of the financial year		900,397	1,105,523
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<u>(139,539)</u>	9,271
<b>Cash and cash equivalents at the end of the financial year</b>		<b><u>2,643,418</u></b>	<b><u>900,397</u></b>
<b>Notes to the financial statements</b>			

**Basis of preparation**

The financial information included in this announcement does not constitute statutory accounts within the meaning of the Australian *Corporations Act 2001*. Whilst the financial information has been computed in accordance with Australian equivalents to International Financial Reporting standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*, this announcement does not itself contain sufficient information to comply with those requirements.

**Note 1 Revenue**

	Consolidated	
	2015	2014
	\$	\$
<b>Sales revenue</b>		
Sale of goods	4,434,642	3,970,181
	<u>4,434,642</u>	<u>3,970,181</u>
<b>Other revenue</b>		
Interest	21,011	53,569
	<u>21,011</u>	<u>53,569</u>

**Note 2 Cost of Sale of Goods**

	Consolidated	
	2015	2014
	\$	\$
Direct materials and labour	2,613,609	2,565,517
Indirect manufacturing expenses	466,752	670,492
	<u>3,080,361</u>	<u>3,236,009</u>

**Note 3 Other income**

	Consolidated	
	2015	2014
	\$	\$
Foreign Exchange Gains – (net)	185,064	27,157
R&D Tax Incentive	1,127,272	1,172,447
Miscellaneous Income	-	8,733
	<u>1,312,336</u>	<u>1,208,337</u>

**Note 4 Other Expenses**

	Consolidated	
	2015	2014
	\$	\$
Foreign Exchange losses	-	-
Provision for Withholding Tax Diminution	777	2,789
Provision for credit notes / doubtful debts	6,194	(5,275)
Provision for make good on premises	71,839	60,879
Provision for returns and rework	(12,984)	(20,319)
Reversal of impairment on plant and equipment	-	-
	<u>65,826</u>	<u>38,074</u>

**Note 5 Loss per share**

	Consolidated	
	2015	2014
	\$	\$
Net loss	(1,880,338)	(2,543,060)
Loss per share - undiluted	(\$0.013)	(\$0.023)
Weighted Average Share on Issue during the year	146,059,771	109,749,411