

**CAP-XX Limited**  
**ABN 47 050 845 291**

**Interim report**  
**For the half-year ended 31 December 2008**

**Interim report**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by CAP-XX Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## **Directors' report**

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of CAP-XX Limited (the Company or CAP-XX) and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

### **Directors**

The following persons were directors of CAP-XX Limited during the half-year and up to the date of this report:

Michael Quinn	Chairman
Anthony Kongats	Chief Executive Officer
John Murray	
Brett Sandercock	
Graham Titcombe	

### **Review of operations**

The Group experienced net losses of \$1,549,469 during the half-year ended 31 December 2008 (2007: loss of \$4,472,881).

The financial impact of the long term manufacturing agreement with Murata was the principal contributor to the improved year on year financial performance. CAP-XX continues to assist Murata with their manufacturing upgrade and securing mobile handset design wins which remain on track. Production and sales revenue at the half year are in line with management expectations. Management continues to monitor the business impact resulting from the global economic crisis

### **Significant changes in the state of affairs**

There were no significant changes in the Group's state of affairs during the half-year ended 31 December 2008.

### **Subsequent events**

On 16 January 2009, the Group received additional Technology Transfer payments from Murata Manufacturing Corporation associated with a Technology Transfer agreement signed on 25 May 2008. The amount was recorded as a trade receivable in the interim half year accounts as at December 2008. Subsequent to the receipt of the Murata payment, cash and cash equivalents exceeded A\$3.0million.

### **Rounding of amounts**

Amounts in the directors' report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### **Unaudited Results**

These results were not subject to an independent audit review.  
This report is made in accordance with a resolution of the directors.



Michael Quinn  
Director

Sydney  
27 March 2009

# CAP-XX Limited

## Interim financial report

### 31 December 2008

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This interim financial report covers the consolidated entity consisting of CAP-XX Limited and its subsidiaries. The interim financial report is presented in the **Australian currency**.

CAP-XX Limited is a company limited by shares, incorporated and domiciled in Australia. Its principal place of business is:

Units 9-10  
12 Mars Road  
Lane Cove NSW 2066

Its registered office is:

Suite 126  
117 Old Pittwater Road  
Brookvale NSW 2100  
Australia

The interim financial report was authorised for issue by the directors on 31 March 2009. The company has the power to amend and reissue the interim financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Investors' Centre on our website: [www.cap-xx.com](http://www.cap-xx.com).

**CAP-XX Limited**  
**Income statement**  
**For the half-year ended 31 December 2008**

	Consolidated	
	Half-year 2008	Half-year 2007
<i>Currency: Australian Dollars</i>	\$ ' 000	\$ ' 000
Revenue from sale of goods and services	4,441	2,631
Cost of sale of goods and services	(2,232)	(3,115)
<b>Gross margin (loss) on sale of goods and services</b>	<b>2,209</b>	<b>(484)</b>
Other income	42	237
General and administrative expenses	(1,709)	(1,907)
Process and engineering expenses	(508)	(447)
Selling and marketing expenses	(807)	(854)
Research and development expenses	(960)	(893)
Foreign exchange gains/(losses)	258	(111)
Other expenses	(75)	(14)
<b>(Loss) before income tax</b>	<b>(1,550)</b>	<b>(4,473)</b>
Income tax benefit/(expense)	-	-
<b>Net (loss) for the half year</b>	<b>(1,550)</b>	<b>(4,473)</b>
<b>(Loss) attributable to members of CAP-XX Limited</b>	<b>(1,550)</b>	<b>(4,473)</b>
<b>Earnings per share for (loss) attributable to the ordinary equity holders of the company</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(3.2)	(9.1)
Diluted earnings per share	(3.2)	(9.1)

*The above income statements should be read in conjunction with the accompanying notes.*

**CAP-XX Limited**  
**Balance sheet**  
**As at 31 December 2008**

	<b>Consolidated</b>		
	<b>31 December 2008</b>	<b>30 June 2008</b>	<b>31 December 2007</b>
<i>Currency: Australian Dollars</i>	<b>\$ ' 000</b>	<b>\$ ' 000</b>	<b>\$ ' 000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	565	3,481	5,551
Receivables	3,960	360	1,390
Inventories	1,309	1,087	1,423
Other	192	110	177
<b>Total current assets</b>	<b>6,026</b>	<b>5,038</b>	<b>8,541</b>
<b>Non-current assets</b>			
Property, plant and equipment	2,210	1,597	3,073
Other	208	208	208
<b>Total non-current assets</b>	<b>2,418</b>	<b>1,805</b>	<b>3,281</b>
<b>Total assets</b>	<b>8,444</b>	<b>6,843</b>	<b>11,822</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	1,816	2,018	1,782
Other – deferred service revenue	1,316	1,532	-
Provisions	526	559	499
<b>Total current liabilities</b>	<b>3,658</b>	<b>4,109</b>	<b>2,281</b>
<b>Non-current liabilities</b>			
Other – deferred service revenue	3,157	-	-
Provisions	186	154	169
<b>Total non-current liabilities</b>	<b>3,343</b>	<b>154</b>	<b>169</b>
<b>Total liabilities</b>	<b>7,001</b>	<b>4,263</b>	<b>2,450</b>
<b>Net assets</b>	<b>1,443</b>	<b>2,580</b>	<b>9,372</b>
<b>EQUITY</b>			
Contributed equity	75,786	75,787	75,786
Reserves	2,146	1,734	1,419
Accumulated losses	(76,489)	(74,941)	(67,833)
<b>TOTAL EQUITY</b>	<b>1,443</b>	<b>2,580</b>	<b>9,372</b>

*The above balance sheets should be read in conjunction with the accompanying notes.*

**CAP-XX Limited**  
**Statements of changes in equity**  
**For the half-year ended 31 December 2008**

	Consolidated	
	Half-year 2008	Half-year 2007
<i>Currency: Australian Dollars</i>	\$ ' 000	\$ ' 000
<b>Total equity at the beginning of the half year</b>	<b>2,580</b>	<b>13,395</b>
Exchange differences on translation of foreign operations	46	20
<b>Net (loss) recognised directly in equity (Loss) for the half year</b>	<b>46</b>	<b>20</b>
<b>Total recognised income and expenses for the half year</b>	<b>(1,549)</b>	<b>(4,473)</b>
Transactions with equity holders in their capacity as equity holders:		
Employee share options	366	366
Exercise of options	-	64
	366	430
<b>Total equity at the end of the half-year</b>	<b>1,443</b>	<b>9,372</b>

*The above statements of changes in equity should be read in conjunction with the accompanying notes.*

**CAP-XX Limited**  
**Cash flow statements**  
**For the half-year ended 31 December 2008**

	<b>Consolidated</b>	
	<b>Half-year 2008</b>	<b>Half-year 2007</b>
<i>Currency: Australian Dollars</i>	<b>\$ ' 000</b>	<b>\$ ' 000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	5,778	2,303
Payments to suppliers and employees (inclusive of goods and services tax)	(7,898)	(7,120)
	(2,120)	(4,817)
Interest received	42	232
<b>Net cash (outflow) inflow from operating activities</b>	<b>(2,078)</b>	<b>(4,585)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(838)	(672)
<b>Net cash (outflow) inflow from investing activities</b>	<b>(838)</b>	<b>(672)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	64
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>64</b>
Net increase (decrease) in cash and cash equivalents	(2,916)	(5,193)
Cash and cash equivalents at the beginning of the half-year year	3,481	10,744
<b>Cash and cash equivalents at the end of the half-year year</b>	<b>565</b>	<b>5,551</b>

*The above cash flow statements should be read in conjunction with the accompanying notes.*



**CAP-XX Limited**  
**Notes to the interim financial statements**  
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**CAP-XX Limited**  
**Notes to the financial statements**  
**31 December 2008**

**Note 1 Significant accounting policies**

a) Basis of preparation of half-year report

This general purpose interim financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

*Compliance with IFRSs*

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated interim financial statements and notes comply with International Financial Reporting Standards (IFRSs).

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by CAP-XX Limited during the interim reporting.

(b) Continuation as a going concern

During the half year ended 31 December 2008, the Group incurred an operating loss before tax and net cash outflows from operating activities as disclosed in the income statement and the cash flow statement, respectively. The ability of the Group and the Company to continue as a going concern and to meet their debts and commitments as they fall due is dependent upon the following factors:

- i) The Group being able to sell, to its contract manufacturing partner, excess production plant and machinery at an agreed market value. This is also dependent on the ongoing financial viability of its contract manufacturing partner;
- ii) Continuity of production from internal and external manufacturing resources. The Group will continue to rely on its contract manufacturing partner to produce the majority of its products;
- iii) Entering into a collaborative Research & Development Agreement and the provision of additional funding to the Group ;
- iv) The Group's operating results are likely to continue to depend on a small number of customers who operate in both mature and emerging markets including those markets which have been significantly impacted by the global financial crisis.. The customers ability to sell their own products in competitive and volatile markets which incorporate the Group's products to end users is an identifiable risk;
- v) The ability of the Group to raise additional funds from its shareholders, new investors or from other funding sources.

As these matters are strongly influenced by the business decisions of others, there remains significant uncertainty whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The financial report contains no adjustment relating to the recoverability and classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary if the Company does not continue as a going concern.

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2008.

**CAP-XX Limited**  
**Notes to the financial statements**  
**31 December 2008**

**Note 2 Segment information**

**Business segments – primary reporting**

The consolidated entity operates in a single business segment which is the development, manufacture and sale of super capacitors.

**Note 3 Profit for the half-year**

Profit for the half-year does not include any items that are unusual because of their nature, size or incidence.

**Note 4 Contributed equity**

**Movement in ordinary share capital:**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue price</b>	<b>\$ ' 000</b>
1 July 2007	Opening balance	48,926,559		75,722
2 July 2007	Exercise of stock options	2,147	\$0.47	1
6 July 2007	Exercise of stock options	7,437	\$0.47	3
7 November 2007	Exercise of stock options	96,000	\$0.23	22
11 December 2007	Exercise of stock options	68,648	\$0.47	32
19 December 2007	Exercise of stock options	12,000	\$0.47	6
<b>31 December 2007</b>	<b>Balance</b>	<b>49,112,791</b>		<b>75,786</b>
1 July 2008	Opening balance	49,112,791		75,786
<b>31 December 2008</b>	<b>Balance</b>	<b>49,112,791</b>		<b>75,786</b>

**Note 5 Events occurring after the balance sheet date**

On 16 January 2009, the Group received additional Technology Transfer payments from Murata Manufacturing Corporation associated with a Technology Transfer agreement signed on 25 May 2008. The amount was recorded as a trade receivable in the interim half year accounts as at December 2008. Subsequent to the receipt of the Murata payment, cash and cash equivalents exceeded A\$3.0million.

## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in dark ink, consisting of several overlapping loops and a long horizontal line extending to the right.

Michael Quinn  
Director

Sydney  
27 March 2009