

CAP-XX Limited
ABN 47 050 845 291

Interim report
For the half-year ended 31 December 2009

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 2009 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 2009.

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 recorded a net loss of \$2,053,857 during the half-year ended 31 December 2009 (2008: loss of \$1,549,469).

The timing of the Murata R&D Feasibility payments and the impact of the strengthening Australian dollar were the primary contributors to the decrease in the year on year operating profit performance. The global economic crisis did have a negative impact on volumes but pleasingly this was partially offset by an increase in average selling prices. Murata continue to be on track for manufacturing supercapacitors in the next three months whilst the Natingate transfer of plant and machinery also remains on schedule.

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 2009.

Subsequent events

Nil to report.

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
4th March 2010

CAP-XX Limited

Interim financial report

31 December 2009

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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 2nd March 2010. 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.

CAP-XX Limited
Income statement
For the half-year ended 31 December 2009

	Consolidated	
	Half-year 2009	Half-year 2008
Currency: Australian Dollars	\$ ' 000	\$ ' 000
Revenue from sale of goods and services	2,617,349	4,441,460
Cost of sale of goods and services	(1,812,935)	(2,232,257)
Gross margin (loss) on sale of goods and services	804,414	2,209,203
Other income	12,712	42,036
General and administrative expenses	(1,135,562)	(1,709,076)
Process and engineering expenses	(354,314)	(508,098)
Selling and marketing expenses	(127,210)	(807,211)
Research and development expenses	(769,086)	(959,700)
Foreign exchange gains/(losses)	(454,353)	257,783
Other expenses	(30,458)	(74,406)
(Loss) before income tax	(2,053,857)	(1,549,469)
Income tax benefit/(expense)	-	-
Net (loss) for the half year	(2,053,857)	(1,549,469)
(Loss) attributable to members of CAP-XX Limited	(2,053,857)	(1,549,469)
Earnings per share for (loss) attributable to the ordinary equity holders of the company	Cents	Cents
Basic earnings per share	(3.3)	(3.2)
Diluted earnings per share	(3.3)	(3.2)

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

CAP-XX Limited
Balance sheet
As at 31 December 2009

	Consolidated		
	31 December 2009	30 June 2009	31 December 2008
<i>Currency: Australian Dollars</i>	\$ ' 000	\$ ' 000	\$ ' 000
ASSETS			
Current assets			
Cash and cash equivalents	1,449,276	4,060,241	565,225
Receivables	444,477	293,218	3,960,038
Inventories	1,074,681	1,455,715	1,308,667
Other	312,625	36,195	191,432
Total current assets	3,281,059	5,845,369	6,025,362
Non-current assets			
Property, plant and equipment	1,321,306	1,695,338	2,210,328
Other	208,233	208,233	208,233
Total non-current assets	1,529,539	1,903,571	2,418,561
Total assets	4,810,598	7,748,940	8,443,923
LIABILITIES			
Current liabilities			
Payables	861,391	1,189,678	1,815,839
Other – deferred service revenue	1,315,552	2,894,215	1,315,552
Progress payments - Sale of Plant	699,405		
Provisions	401,187	409,644	526,275
Total current liabilities	3,277,535	4,493,537	3,657,666
Non-current liabilities			
Other – deferred service revenue	-	-	3,157,325
Provisions	176,943	158,520	186,196
Total non-current liabilities	176,943	158,520	3,343,521
Total liabilities	3,454,478	4,652,057	7,001,187
Net assets	1,356,120	3,096,883	1,442,736
EQUITY			
Contributed equity	78,906,340	78,906,340	75,786,603
Reserves	2,569,478	2,244,733	2,145,762
Accumulated losses	(80,119,698)	(78,054,190)	(76,489,629)
TOTAL EQUITY	1,356,120	3,096,883	1,442,736

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 2009

	Consolidated	
	Half-year 2009	Half-year 2008
<i>Currency: Australian Dollars</i>	\$ ' 000	\$ ' 000
Total equity at the beginning of the half year	3,096,883	2,580,232
Exchange differences on translation of foreign operations	103,611	45,980
Net (loss) recognised directly in equity	103,611	45,980
(Loss) for the half year	(2,053,857)	(1,549,469)
Total recognised income and expenses for the half year	(1,950,246)	(1,503,489)
Transactions with equity holders in their capacity as equity holders:		
Employee share options	209,483	365,993
Exercise of options	-	-
	209,483	365,993
Total equity at the end of the half-year	1,356,120	1,442,736

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 2009

	Consolidated	
	Half-year 2009	Half-year 2008
Currency: Australian Dollars	\$ ' 000	\$ ' 000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,284,203	5,778,359
Payments to suppliers and employees (inclusive of goods and services tax)	(3,895,370)	(7,898,289)
	(2,611,167)	(2,119,930)
Interest received	12,712	42,036
Net cash (outflow) inflow from operating activities	(2,598,455)	(2,077,894)
Cash flows from investing activities		
Payments for property, plant and equipment	(12,510)	(837,941)
Net cash (outflow) inflow from investing activities	(12,510)	(837,941)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Net cash inflow from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(2,610,965)	(2,915,835)
Cash and cash equivalents at the beginning of the half-year year	4,060,241	3,481,060
Cash and cash equivalents at the end of the half-year year	1,449,276	565,225

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 2009

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 2009 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 2009 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 2009, 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 continuation of the strong relationship with Murata Manufacturing Co. Ltd including :-
 - a) Murata's participation in a collaborative Research and Development study and the provision of additional funding to the Group;
 - b) Murata to commence production and the shipment of finished product within the next 6 months;
- ii) 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. 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;
- iii) The ability of the Group to raise additional funds from its shareholders, new investors or from other funding sources.

As a result of these matters, there remains significant uncertainty as to 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.

However, the directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 31 December 2009

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2009.

CAP-XX Limited
Notes to the financial statements
31 December 2009

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 Revenue

	Consolidated	
	2009	2008
	\$	\$
Sales revenue		
Sale of Goods	1,038,686	1,494,647
Sale of Services	1,578,663	2,944,813
	<u>2,617,349</u>	<u>4,441,460</u>
Other revenue		
Interest	12,712	42,036
	<u>12,712</u>	<u>42,036</u>
Total revenue	<u>2,630,061</u>	<u>4,483,496</u>

Note 4 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 5 Contributed equity

Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	\$ ' 000
1 July 2008	Opening balance	49,112,791		75,786,603
31 December 2008	Balance	<u>49,112,791</u>		<u>75,786,603</u>
25 June 2009	Allotment of Shares	12,940,000	\$0.2538	3,283,598
25 June 2009	Share issuance costs			(163,861)
30 June 2009	Balance	62,052,791		78,906,340
31 December 2009	Balance	62,052,791		78,906,340

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 2009 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 stroke extending to the right.

Michael Quinn
Director

Sydney
4th March 2010