

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

**Interim report**  
**For the half-year ended 31 December 2013**

**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 2013 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 2013.

### **Directors**

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

Patrick Elliott	Chairman
Bruce Grey	Non-Executive Director
Anthony Kongats	Chief Executive Officer

### **Review of operations**

The Group recorded a net loss of \$1,191,690 during the half-year ended 31 December 2013 (2012: loss of \$1,396,447).

The year on year improvement is result of the improvement in gross margin due to increased sales volumes, translation benefits from a stronger USD and the increase in the R&D tax rebate.

### **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 2013.

### **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.

Patrick Elliott  
Director

Sydney  
24<sup>th</sup> March 2014

# CAP-XX Limited

## Interim financial report

### 31 December 2013

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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 24<sup>th</sup> March 2014. 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 2013**

	Notes	Consolidated	
		Half-year 2013	Half-year 2012
<b>Currency: Australian Dollars</b>		\$	\$
Revenue from sale of goods and services	3	2,222,376	1,823,391
Cost of sale of goods and services		(1,654,152)	(1,310,313)
<b>Gross margin (loss) on sale of goods and services</b>		<b>568,224</b>	<b>513,078</b>
Other revenue	3	29,899	58,631
Other income		93,525	12,500
General and administrative expenses		(1,138,007)	(1,154,516)
Process and engineering expenses		(221,569)	(228,183)
Selling and marketing expenses		(238,784)	(202,999)
Research and development expenses		(738,304)	(743,379)
Other expenses		3,326	(9,718)
<b>(Loss) before income tax</b>		<b>(1,641,690)</b>	<b>(1,754,585)</b>
Income tax benefit/(expense)		450,000	358,138
<b>Net (loss) for the half year</b>		<b>(1,191,690)</b>	<b>(1,396,447)</b>
<b>(Loss) attributable to members of CAP-XX Limited</b>	4	<b>(1,191,690)</b>	<b>(1,396,447)</b>
<b>Earnings (loss) per share attributable to the ordinary equity holders of the company</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(1.04)	(1.62)
Diluted earnings per share		(1.04)	(1.62)

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

**CAP-XX Limited**  
**Balance sheet**  
**As at 31 December 2013**

	Notes	31 December 2013	Consolidated 30 June 2013	31 December 2012
<b>Currency: Australian Dollars</b>		\$	\$	\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		2,729,595	1,105,523	2,925,240
Receivables		567,514	488,528	470,075
Inventories		678,940	996,739	838,928
Other		586,096	1,075,415	490,850
<b>Total current assets</b>		<b>4,562,145</b>	<b>3,666,205</b>	<b>4,725,093</b>
<b>Non-current assets</b>				
Property, plant and equipment		394,116	501,968	465,726
Other		236,507	236,507	236,507
<b>Total non-current assets</b>		<b>630,623</b>	<b>738,475</b>	<b>702,233</b>
<b>TOTAL ASSETS</b>		<b>5,192,768</b>	<b>4,404,680</b>	<b>5,427,326</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables		749,542	1,024,628	813,164
Provisions		707,714	800,644	664,771
Progress payments - Sale of Plant		-	193,579	580,737
<b>Total current liabilities</b>		<b>1,457,256</b>	<b>2,018,851</b>	<b>2,058,672</b>
<b>Non-current liabilities</b>				
Provisions		127,106	35,926	148,527
<b>Total non-current liabilities</b>		<b>127,106</b>	<b>35,926</b>	<b>148,527</b>
<b>TOTAL LIABILITIES</b>		<b>1,584,362</b>	<b>2,054,777</b>	<b>2,207,199</b>
<b>NET ASSETS</b>		<b>3,608,406</b>	<b>2,349,903</b>	<b>3,220,127</b>
<b>EQUITY</b>				
Contributed equity	5	90,293,840	87,932,560	87,932,560
Reserves		3,550,337	3,461,424	3,446,337
Accumulated losses		(90,235,771)	(89,044,081)	(88,158,770)
<b>TOTAL EQUITY</b>		<b>3,608,406</b>	<b>2,349,903</b>	<b>3,220,127</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 2013**

	<b>Consolidated</b>			
	<b>Contributed Equity \$</b>	<b>Reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2012</b>	87,932,560	3,306,477	(86,764,649)	4,474,388
<b>Total comprehensive income for the year as reported in the 2012 financial statements</b>	-	(57,501)	(2,279,432)	(2,336,933)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	-	-	-	-
Employee share options - value of employee services	-	212,448	-	212,448
	-	154,947	(2,279,432)	(2,124,485)
<b>Balance at 30 June 2013</b>	<b>87,932,560</b>	<b>3,461,424</b>	<b>(89,044,081)</b>	<b>2,349,903</b>
<b>Total comprehensive income for the year</b>	-	(25,531)	(1,191,690)	(1,217,221)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs and tax	2,361,280	-	-	2,361,280
Employee share options - value of employee services	-	114,444	-	114,444
	2,361,280	88,913	(1,190,690)	1,258,503
<b>Balance at 31 December 2013</b>	<b>90,293,840</b>	<b>3,550,337</b>	<b>(90,235,771)</b>	<b>3,608,406</b>

**CAP-XX Limited**  
**Cash flow statements**  
**For the half-year ended 31 December 2013**

	<b>Consolidated</b>	
	<b>Half-year 2013</b>	<b>Half-year 2012</b>
<b>Currency: Australian Dollars</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	2,087,948	1,946,088
Payments to suppliers and employees (inclusive of goods and services tax)	(3,804,513)	(3,862,787)
	(1,716,565)	(1,916,699)
Tax credit received	1,003,493	1,065,582
Grants received	-	12,500
Interest received	29,899	58,631
<b>Net cash (outflow) from operating activities</b>	<b>(683,173)</b>	<b>(779,986)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(28,504)	(111,753)
<b>Net cash (outflow) from investing activities</b>	<b>(28,504)</b>	<b>(111,753)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	2,361,280	-
<b>Net cash inflow from financing activities</b>	<b>2,361,280</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	1,649,603	(891,739)
Cash and cash equivalents at the beginning of the half-year year	1,105,523	3,816,979
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(25,531)</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the half-year year</b>	<b>2,729,595</b>	<b>2,925,240</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 2013**

**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 2013 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 2013 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 2013, 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 continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group being successful with respect to the following factors:

- i. The Company finalising technology license agreements from existing or new customers which will generate revenue and cash inflows. The Company has released prototype surface mountable device (SMD) supercapacitor for licensing evaluation and is ready to ship the prototype to potential licensees. The Company is also experiencing increasing interest from the US and India for its automotive supercapacitors and is currently in discussions with several interested parties on licensing;
- ii. Continued close and effective monitoring of the Company's operating expenditure, including the undertaking of operational cost saving initiatives as necessary. The Board approves an annual budget and regularly receives forecasts from management to monitor performance against budget and to consider longer term prospects;
- iii. The Company has successfully received over A\$1m of the R&D Tax concession claim for FY13. CAP-XX has a proven track record of successfully obtaining R&D incentives to cover the majority of its development expenditures. This is expected to continue in futures years. It is anticipated that the ongoing R&D Tax incentives for the year ended June 2014 can be lodged and processed successfully under the amended legislation and the Company has accrued A\$450k of the incentives for the half-year end of December 2013;
- iv. The sales pipeline continues to increase because of the growth from existing customers and new emerging markets. The company has invested in additional sales resources to manage the increase in demand with short-term benefits expected to be realised within the next six months.
- v. The ability of the Group to raise additional funds from shareholders and new investors. The Company has successfully conducted a number of small equity placements over the last five years.

As a result, there is some uncertainty with regards to the Group's ability to 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 statements.

**CAP-XX Limited**  
**Notes to the financial statements**  
**31 December 2013**

**Note 1 Significant accounting policies (Continues)**

However, the Directors believe that the Group will be successful in achieving favourable outcomes on the above matters and that it will have sufficient funds to pay its debts and meet its commitments for at least the next 12 months from the date of this financial report, 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 at 31 December 2013. As such, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or classification of liabilities that might be necessary should the Group not continue as a going concern.

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2013.

**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**

	<b>Consolidated</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Sales revenue</b>		
Sale of Goods	2,183,508	1,801,284
Sale of Services	-	-
Royalty - Murata	38,868	21,987
	<u>2,222,376</u>	<u>1,823,391</u>
<b>Other revenue</b>		
Interest	29,899	58,631
	<u>29,899</u>	<u>58,631</u>
<b>Total revenue</b>	<u><b>2,252,275</b></u>	<u><b>1,882,022</b></u>

**Note 4 Profit for the half-year**

Profit for the half-year includes the benefits of the Australian Taxation Offices R&D cash offset incentive. The amount included in the December 2013 accounts is \$450k (2012: \$385k). CAP-XX successfully lodged their initial claim for this incentive in relation to the FY2013 year and received \$1.00m in October 2013. (2012:\$1.07m)

**CAP-XX Limited**  
**Notes to the financial statements**  
**31 December 2013**

**Note 5 Contributed equity**

**Movement in ordinary share capital:**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue price</b>	<b>\$</b>
1 July 2012	Opening balance	<b>86,277,430</b>		<b>87,932,560</b>
<b>31 December 2012</b>	<b>Balance</b>	<b>86,277,430</b>		<b>87,932,560</b>
30 June 2013	Balance	86,277,430		87,932,560
30 August 2013	Allotment of Shares	28,181,819	\$0.09	2,560,713
30 August 2013	Share issuance costs			(199,433)
<b>31 December 2013</b>	<b>Balance</b>	<b>114,459,249</b>		<b>90,293,840</b>

## 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 2013 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.

Patrick Elliott  
Director

Sydney  
24<sup>th</sup> March, 2014