

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

**Interim report**  
**For the half-year ended 31 December 2010**

**Interim report**

<b>Contents</b>	<b>Page</b>
Directors' report	3
Interim financial report	4
Financial statements	5
Directors' declaration	12

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 2010 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 2010.

### **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	Resigned effective February 11 <sup>th</sup> , 2011
Brett Sandercock	
Graham Titcombe	Resigned effective January 31 <sup>st</sup> , 2011

### **Review of operations**

The Group recorded a net loss of \$2,316,517 during the half-year ended 31 December 2010 (2009: loss of \$2,053,857).

The timing and treatment of the Murata payments coupled with the impact of a strengthening Australian dollar were the primary contributors to the decrease in the year on year operating profit performance. Product sales revenue continues to increase with volumes increasing 15 % and Average Selling Prices 4% on a year to year basis. Murata have commenced shipment of supercapacitors in January 2011 and we expect that volumes will begin to steadily increase.

### **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 2010.

### **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  
14<sup>th</sup> February 2011

# CAP-XX Limited

## Interim financial report

### 31 December 2010

Contents	Page
Financial statements	
Consolidated income statement	5
Consolidated balance sheet	6
Consolidated statement of changes in equity	7
Consolidated cash flow statement	8
Notes to the consolidated financial statements	9
Directors' declaration	12

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 14<sup>th</sup> February 2011. 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 2010**

	Notes	Consolidated	
		Half-year 2010	Half-year 2009
<b>Currency: Australian Dollars</b>		<b>\$ ' 000</b>	<b>\$ ' 000</b>
Revenue from sale of goods and services	3	1,466,526	2,617,349
Cost of sale of goods and services		(1,513,050)	(1,812,935)
<b>Gross margin (loss) on sale of goods and services</b>		<b>(46,524)</b>	<b>804,414</b>
Other income		157,000	12,712
Other revenue		58,995	0
General and administrative expenses		(1,179,636)	(1,135,562)
Process and engineering expenses		(150,531)	(354,314)
Selling and marketing expenses		(199,290)	(127,210)
Research and development expenses		(643,035)	(769,086)
Foreign exchange gains/(losses)		(302,524)	(454,353)
Other expenses		(10,972)	(30,458)
<b>(Loss) before income tax</b>		<b>(2,316,517)</b>	<b>(2,053,857)</b>
Income tax benefit/(expense)		-	-
<b>Net (loss) for the half year</b>		<b>(2,316,517)</b>	<b>(2,053,857)</b>
<b>(Loss) attributable to members of CAP-XX Limited</b>		<b>(2,316,517)</b>	<b>(2,053,857)</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		(3.4)	(3.3)
Diluted earnings per share		(3.4)	(3.3)

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

**CAP-XX Limited**  
**Balance sheet**  
**As at 31 December 2010**

	<b>Consolidated</b>		
	<b>31 December 2010</b>	<b>30 June 2010</b>	<b>31 December 2009</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	3,015,613	4,113,970	1,449,276
Receivables	289,401	368,906	444,477
Inventories	1,120,424	1,031,873	1,074,681
Other	149,503	58,448	312,625
<b>Total current assets</b>	<b>4,574,941</b>	<b>5,573,197</b>	<b>3,281,059</b>
<b>Non-current assets</b>			
Property, plant and equipment	993,122	981,230	1,321,306
Other	208,233	208,233	208,233
<b>Total non-current assets</b>	<b>1,201,355</b>	<b>1,189,463</b>	<b>1,529,539</b>
<b>Total assets</b>	<b>5,776,296</b>	<b>6,762,660</b>	<b>4,810,598</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	1,049,013	1,157,646	861,391
Other –deferred service revenue	-	-	1,315,552
Progress payments - Sale of Plant	713,316	1,149,653	699,405
Provisions	626,739	531,949	401,187
<b>Total current liabilities</b>	<b>2,389,068</b>	<b>2,839,248</b>	<b>3,277,535</b>
<b>Non-current liabilities</b>			
Provisions	65,529	119,441	176,943
Progress payments - Sale of Plant	1,426,632	-	-
<b>Total non-current liabilities</b>	<b>1,492,161</b>	<b>119,441</b>	<b>176,943</b>
<b>Total liabilities</b>	<b>3,881,229</b>	<b>2,958,689</b>	<b>3,454,478</b>
<b>Net assets</b>	<b>1,895,067</b>	<b>3,803,971</b>	<b>1,356,120</b>
<b>EQUITY</b>			
Contributed equity	81,878,750	81,878,750	78,906,340
Reserves	2,899,357	2,491,744	2,569,478
Accumulated losses	(82,883,040)	(80,566,523)	(80,119,698)
<b>TOTAL EQUITY</b>	<b>1,895,067</b>	<b>3,803,971</b>	<b>1,356,120</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 2010**

	Consolidated	
	Half-year 2010	Half-year 2009
<i>Currency: Australian Dollars</i>	\$ ' 000	\$ ' 000
<b>Total equity at the beginning of the half year</b>	<b>3,803,971</b>	<b>3,096,883</b>
Exchange differences on translation of foreign operations	179,613	103,611
<b>Net (loss) recognised directly in equity</b>	<b>179,613</b>	<b>103,611</b>
<b>(Loss) for the half year</b>	<b>(2,316,517)</b>	<b>(2,053,857)</b>
<b>Total recognised income and expenses for the half year</b>	<b>(2,136,904)</b>	<b>(1,950,246)</b>
Transactions with equity holders in their capacity as equity holders:		
Employee share options	228,000	209,483
Exercise of options	-	-
	<b>228,000</b>	<b>209,483</b>
<b>Total equity at the end of the half-year</b>	<b>1,895,067</b>	<b>1,356,120</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 2010**

	<b>Consolidated</b>	
	<b>Half-year 2010</b>	<b>Half-year 2009</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)	2,842,357	1,284,203
Payments to suppliers and employees (inclusive of goods and services tax)	(3,926,419)	(3,895,370)
	(1,084,062)	(2,611,167)
Interest received	58,995	12,712
<b>Net cash (outflow) inflow from operating activities</b>	<b>(1,025,067)</b>	<b>(2,598,455)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(73,290)	(12,510)
<b>Net cash (outflow) inflow from investing activities</b>	<b>(73,290)</b>	<b>(12,510)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	(1,098,357)	(2,610,965)
Cash and cash equivalents at the beginning of the half-year year	4,113,970	4,060,241
<b>Cash and cash equivalents at the end of the half-year year</b>	<b>3,015,613</b>	<b>1,449,276</b>

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



**CAP-XX Limited**  
**Notes to the interim financial statements**  
**Contents of the notes to the interim financial statements**

		<b>Page</b>
1	Significant accounting policies	10
2	Segment information	11
3	Revenue	11
4	Profit for the half-year	11
5	Contributed equity	11

**CAP-XX Limited**  
**Notes to the financial statements**  
**31 December 2010**

**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 2010 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 2010 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 2010, 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 ability of the Group to raise additional funds from its shareholders, new investors or from other funding sources.
- ii) 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 increase production and the shipment of finished product ;
- iii) 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;

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 2010

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2010.

**CAP-XX Limited**  
**Notes to the financial statements**  
**31 December 2010**

**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>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Sales revenue</b>		
Sale of Goods	1,116,648	1,038,686
Sale of Services	349,878	1,578,663
	<u>1,466,526</u>	<u>2,617,349</u>
<b>Other revenue</b>		
Interest	58,995	12,712
	<u>58,995</u>	<u>12,712</u>
<b>Total revenue</b>	<u><b>1,525,521</b></u>	<u><b>2,630,061</b></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:**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue price</b>	<b>\$ ' 000</b>
1 July 2009	Opening balance	<b>62,052,791</b>		<b>78,906,340</b>
<b>31 December 2009</b>	<b>Balance</b>	<u><b>62,052,791</b></u>		<u><b>78,906,340</b></u>
25 March 2010	Allotment of Shares	5,906,4923	\$0.54	3,197,937
25 March 2010	Share issuance costs			(225,527)
30 June 2010	<b>Balance</b>	<b>67,959,284</b>		<b>81,878,750</b>
<b>31 December 2010</b>	<b>Balance</b>	<b>67,959,284</b>		<b>81,878,750</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 2010 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 a stylized, cursive 'M' followed by a horizontal line extending to the right.

Michael Quinn  
Director

Sydney  
14<sup>th</sup> February, 2011