

CAP-XX Limited
ABN 47 050 845 291

Interim report
For the half-year ended 31 December 2011

Interim report

Contents	Page
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 2011 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 2011.

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
Brett Sandercock	
Patrick Elliott	Appointed 17 th July, 2011

Review of operations

The Group recorded a net loss of \$1,608,410 during the half-year ended 31 December 2011 (2010: loss of \$2,316.517).

The improvement in product gross margin coupled with the recording of the R&D Tax receipt were the primary contributors to the decrease in the year on year operating loss. The year on year increase in gross margin is due to the sales volumes increasing 59% over last year and the improvement in product manufacturing yields. Although volumes have increased substantially, the average selling price is consistent with the prior year period.

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 2011.

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
27th February 2012

CAP-XX Limited

Interim financial report

31 December 2011

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 **27th February 2012**. 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 2011

	Notes	Consolidated	
		Half-year 2011	Half-year 2010
Currency: Australian Dollars		\$ ' 000	\$ ' 000
Revenue from sale of goods and services	3	1,629,543	1,466,526
Cost of sale of goods and services		(1,196,841)	(1,513,050)
Gross margin (loss) on sale of goods and services		432,702	(46,524)
Other income		81,835	157,000
Other revenue		39,860	58,995
General and administrative expenses		(1,139,041)	(1,179,636)
Process and engineering expenses		(181,450)	(150,531)
Selling and marketing expenses		(180,613)	(199,290)
Research and development expenses		(948,383)	(643,035)
Foreign exchange gains/(losses)		-	(302,524)
Other expenses		(32,306)	(10,972)
(Loss) before income tax		(1,927,396)	(2,316,517)
Income tax benefit/(expense)		318,986	-
Net (loss) for the half year		(1,608,410)	(2,316,517)
(Loss) attributable to members of CAP-XX Limited		(1,608,410)	(2,316,517)
Earnings (loss) per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic earnings per share		(2.5)	(3.4)
Diluted earnings per share		(2.5)	(3.4)

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

CAP-XX Limited
Balance sheet
As at 31 December 2011

	Consolidated		
	31 December 2011	30 June 2011	31 December 2010
<i>Currency: Australian Dollars</i>	\$ ' 000	\$ ' 000	\$ ' 000
ASSETS			
Current assets			
Cash and cash equivalents	1,209,711	3,073,481	3,015,613
Receivables	836,302	1,272,221	289,401
Inventories	1,348,565	1,466,257	1,120,424
Other	67,923	59,260	149,503
Total current assets	3,462,501	5,871,219	4,574,941
Non-current assets			
Property, plant and equipment	667,297	755,112	993,122
Other	236,507	208,233	208,233
Total non-current assets	903,804	963,344	1,201,355
Total assets	4,366,305	6,834,563	5,776,296
LIABILITIES			
Current liabilities			
Payables	646,667	1,247,073	1,049,013
Provisions	629,032	516,226	626,739
Progress payments - Sale of Plant	1,355,053	1,742,212	2,139,948
Total current liabilities	2,630,752	3,505,511	3,815,700
Non-current liabilities			
Provisions	76,140	164,264	65,529
Total non-current liabilities	76,140	164,264	65,529
Total liabilities	2,706,892	3,669,775	3,881,229
Net assets	1,659,413	3,164,788	1,895,067
EQUITY			
Contributed equity	83,979,118	83,979,118	81,878,750
Reserves	3,140,535	3,037,500	2,899,357
Accumulated losses	(85,460,240)	(83,851,830)	(82,883,040)
TOTAL EQUITY	1,659,413	3,164,788	1,895,067

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 2011

	Consolidated	
	Half-year 2011	Half-year 2010
<i>Currency: Australian Dollars</i>	\$ ' 000	\$ ' 000
Total equity at the beginning of the half year	3,164,788	3,803,971
Exchange differences on translation of foreign operations	(18,315)	179,613
Net income (loss) recognised directly in equity	(18,315)	179,613
(Loss) for the half year	(1,608,410)	(2,316,517)
Total recognised income and expenses for the half year	(1,626,723)	(2,136,904)
Transactions with equity holders in their capacity as equity holders:		
Employee share options	121,350	228,000
Exercise of options	-	-
	121,350	228,000
Total equity at the end of the half-year	1,659,413	1,895,067

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 2011

	Consolidated	
	Half-year 2011	Half-year 2010
<i>Currency: Australian Dollars</i>	\$ ' 000	\$ ' 000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,863,741	2,842,357
Payments to suppliers and employees (inclusive of goods and services tax)	(3,748,567)	(3,926,419)
	(1,884,826)	(1,084,062)
Grants received	47,199	-
Interest received	39,860	58,995
Net cash (outflow) inflow from operating activities	(1,797,767)	(1,025,067)
Cash flows from investing activities		
Payments for property, plant and equipment	(66,003)	(73,290)
Net cash (outflow) inflow from investing activities	(66,003)	(73,290)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Net cash inflow from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(1,863,770)	(1,098,357)
Cash and cash equivalents at the beginning of the half-year year	3,073,481	4,113,970
Cash and cash equivalents at the end of the half-year year	1,209,711	3,015,613

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

		Page
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 2011

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 2011 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 2011 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 2011, 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) Following the successful completion of the collaborative Research and Development study in the latter half of 2011, Murata's participation in subsequent negotiations, which may lead to additional funding for 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 2011

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2011.

CAP-XX Limited
Notes to the financial statements
31 December 2011

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	
	2011	2010
	\$	\$
Sales revenue		
Sale of Goods	1,607,332	1,116,648
Sale of Services	-	349,878
Royalty - Murata	22,211	-
	<u>1,629,543</u>	<u>1,466,526</u>
Other revenue		
Interest	39,860	58,995
	<u>39,860</u>	<u>58,995</u>
Total revenue	<u>1,669,403</u>	<u>1,525,521</u>

Note 4 Profit for the half-year

Profit for the half-year does include the benefits of the Australian Taxation Offices R&D cash offset incentive. The amount included in the December 2011 accounts is \$300k (2010: Nil). CAP-XX successfully lodged their initial claim for this incentive in relation to the FY2011 year and received \$694k in December 2011.

Note 5 Contributed equity

Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	\$ ' 000
1 July 2010	Opening balance	67,959,284		81,878,750
31 December 2010	Balance	<u>67,959,284</u>		<u>81,878,750</u>
6 June 2011	Allotment of Shares	9,072,813	\$0.24	2,215,246
6 June 2011	Share issuance costs			(114,878)
30 June 2011	Balance	77,032,097		83,979,118
31 December 2011	Balance	<u>77,032,097</u>		<u>83,979,118</u>

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 2011 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.

Michael Quinn
Director

Sydney
14th February, 2012