

CAP-XX Limited
ABN 47 050 845 291

Interim report
For the half-year ended 31 December 2012

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 2012 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 2012.

Directors

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

Michael Quinn	Resigned 31 st December 2012
Anthony Kongats	Chief Executive Officer
Patrick Elliott	
Bruce Grey	Appointed 24 th August, 2012

Review of operations

The Group recorded a net loss of \$1,396,447 during the half-year ended 31 December 2012 (2011: loss of \$1,608,410).

The year on year improvement is a direct result of the increase in gross margin which is due to increased sales volumes and improved operating performance at CAP-XX's contract manufacturers and an overall reduction in operating expenditure.

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 2012.

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
4th March 2013

CAP-XX Limited

Interim financial report

31 December 2012

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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 1st March 2013. 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 2012

	Notes	Consolidated Half-year 2012	Half-year 2011
<i>Currency: Australian Dollars</i>		\$	\$
Revenue from sale of goods and services	3	1,823,391	1,629,542
Cost of sale of goods and services		(1,310,313)	(1,196,843)
Gross margin (loss) on sale of goods and services		513,078	432,699
Other income		12,500	81,835
Other revenue		58,631	39,860
General and administrative expenses		(1,154,516)	(1,139,041)
Process and engineering expenses		(228,183)	(181,450)
Selling and marketing expenses		(202,999)	(180,613)
Research and development expenses		(743,379)	(948,383)
Foreign exchange gains/(losses)		(4,992)	-
Other expenses		(4,726)	(32,306)
(Loss) before income tax		(1,754,585)	(1,927,396)
Income tax benefit/(expense)		358,138	318,986
Net (loss) for the half year		(1,396,447)	(1,608,410)
(Loss) attributable to members of CAP-XX Limited	4	(1,396,447)	(1,608,410)
Earnings (loss) per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic earnings per share		(1.6)	(2.1)
Diluted earnings per share		(1.6)	(2.1)

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

CAP-XX Limited
Balance sheet
As at 31 December 2012

	Notes	31 December 2012	Consolidated 30 June 2012	31 December 2011
<i>Currency: Australian Dollars</i>				
		\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents		2,925,240	3,816,979	1,209,711
Receivables		873,705	1,709,390	836,302
Inventories		838,928	758,027	1,348,565
Other		87,220	81,677	67,923
Total current assets		4,725,093	6,366,073	3,462,501
Non-current assets				
Property, plant and equipment		465,725	515,716	667,297
Other		236,508	236,507	236,507
Total non-current assets		702,233	752,223	903,804
TOTAL ASSETS		5,427,326	7,118,296	4,366,305
LIABILITIES				
Current liabilities				
Payables		813,164	900,264	646,667
Provisions		664,771	740,382	629,032
Progress payments - Sale of Plant		580,737	772,650	1,355,053
Total current liabilities		2,058,672	2,413,296	2,630,752
Non-current liabilities				
Provisions		148,527	230,612	76,140
Total non-current liabilities		148,527	230,612	76,140
TOTAL LIABILITIES		2, 207,199	2,643,908	2, 706,892
NET ASSETS		3,220,127	4,474,388	1,659,413
EQUITY				
Contributed equity	5	87,932,560	87,932,560	83,979,118
Reserves		3,446,337	3,306,477	3,140,535
Accumulated losses		(88,158,770)	(86,764,649)	(85,460,240)
TOTAL EQUITY		3,220,127	4,474,388	1,659,413

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 2012

	Consolidated			
	Contributed Equity \$	Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2011	83,979,118	3,037,500	(83,851,830)	3,164,788
Total comprehensive income for the year as reported in the 2011 financial statements	-	(20,243)	(2,912,819)	(2,933,062)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,953,442	-	-	3,953,442
Employee share options - value of employee services	-	289,220	-	289,220
	3,953,442	289,220	-	4,242,662
Balance at 30 June 2012	87,932,560	3,306,477	(86,764,649)	4,474,388
Total comprehensive income for the year	-	5,746	(1,396,447)	(1,390,701)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	-	-	-	-
Employee share options - value of employee services	-	136,440	-	136,440
	-	142,186	(1,396,447)	(1,254,261)
Balance at 31 December 2012	87,932,560	3,448,663	(88,161,096)	3,220,127

CAP-XX Limited
Cash flow statements
For the half-year ended 31 December 2012

	Consolidated	
	Half-year 2012	Half-year 2011
<i>Currency: Australian Dollars</i>	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	2,121,748	1,863,741
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(2,972,865)</u>	<u>(3,748,567)</u>
	(851,117)	(1,884,826)
Grants received	12,500	47,199
Interest received	<u>58,631</u>	<u>39,860</u>
Net cash (outflow) inflow from operating activities	<u>(779,986)</u>	<u>(1,797,767)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	<u>(111,753)</u>	<u>(66,003)</u>
Net cash (outflow) inflow from investing activities	<u>(111,753)</u>	<u>(66,003)</u>
Cash flows from financing activities		
Proceeds from issue of shares	<u>-</u>	<u>-</u>
Net cash inflow from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(891,739)	(1,863,770)
Cash and cash equivalents at the beginning of the half-year year	<u>3,816,979</u>	<u>3,073,481</u>
Cash and cash equivalents at the end of the half-year year	<u>2,925,240</u>	<u>1,209,711</u>

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 2012

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 2012 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 2012 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 2012, 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 is currently in discussions with several interested parties;
- ii. It is expected that the revenue associated with the royalty arrangement between Murata and CAP-XX will grow as a result of sales of Murata supercapacitor product meeting forecast volumes;
- iii. The ongoing R&D Tax concession claim for the year ended June 2013 is lodged and processed successfully under the amended legislation;
- iv. 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 four years.
- v. Continued close and effective monitoring of the Company's operating expenditure, including the undertaking of appropriate 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.

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.

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 2012. 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 2012.

CAP-XX Limited
Notes to the financial statements
31 December 2012

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	
	2012	2011
	\$	\$
Sales revenue		
Sale of Goods	1,801,284	1,607,332
Sale of Services	-	-
Royalty - Murata	21,987	22,211
	<u>1,823,391</u>	<u>1,629,543</u>
Other revenue		
Interest	58,631	39,860
	<u>58,631</u>	<u>39,860</u>
Total revenue	<u>1,882,022</u>	<u>1,669,403</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 2012 accounts is \$385K (2011: \$300k). CAP-XX successfully lodged their initial claim for this incentive in relation to the FY2011 year and received \$1.07m in December 2012. (2011:\$692k)

Note 5 Contributed equity

Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
1 July 2011	Opening balance	77,032,097		83,979,118
31 December 2011	Balance	<u>77,032,097</u>		<u>83,979,118</u>
15 March 2012	Allotment of Shares	9,245,333	\$0.45	4,164,006
15 March 2012	Share issuance costs			(210,564)
30 June 2012	Balance	86,277,430		87,932,560
31 December 2012	Balance	<u>86,277,430</u>		<u>87,932,560</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 2012 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
4th March, 2013