

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

**Interim report**  
**For the half-year ended 31 December 2015**

**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 2015 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 2015.

### **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 | Managing Director      |

### **Review of operations**

The Group recorded a net loss of \$1,330,838 during the half-year ended 31 December 2015 (2014: loss of \$873,104).

The increased loss was due to the increase in overhead resources which were committed to the development of large supercapacitor modules, licensing opportunities, improved performance from the existing product range, the evaluation of alternative raw materials and the commissioning of new production plant and machinery.

### **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 2015.

### **Events occurring after the reporting period**

CAP-XX announced that it has agreed terms for a worldwide non-exclusive licence agreement with AVX Corporation. Under the terms of the licence, CAP-XX expects to receive upfront licence fees over a three year period and a 5% royalty for the life of the patents, based on the volume of sales of supercapacitors sold by AVX covered by CAP-XX patents.

### **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 2016

# CAP-XX Limited

## Interim financial report

### 31 December 2015

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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 2015. 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**  
**Consolidated statement of profit or loss**  
**For the half-year ended 31 December 2015**

|  | Notes | Consolidated       |                  |
|--|-------|--------------------|------------------|
|  |       | Half-year 2015     | Half-year 2014   |
| <b>Currency: Australian Dollars</b>  |       | \$                 | \$               |
| Revenue from sale of goods and services  | 3     | 1,644,355          | 2,265,654        |
| Cost of sale of goods and services   |       | (1,014,929)        | (1,608,662)      |
| <b>Gross margin (loss) on sale of goods and services</b>                         |       | <b>629,426</b>     | <b>656,992</b>   |
| Other revenue  | 3     | 21,866             | 6,769            |
| Other income   |       | 690,221            | 573,996          |
| General and administrative expenses  |       | (1,117,635)        | (953,764)        |
| Process and engineering expenses   |       | (390,075)          | (299,873)        |
| Selling and marketing expenses   |       | (344,234)          | (254,982)        |
| Research and development expenses  |       | (779,058)          | (568,495)        |
| Other expenses   |       | (41,349)           | (33,747)         |
| <b>(Loss) before income tax</b>  |       | <b>(1,330,838)</b> | <b>(873,104)</b> |
| Income tax benefit/(expense)   |       | -                  | -                |
| <b>Net loss after income tax for the half year</b>                               |       | <b>(1,330,838)</b> | <b>(873,104)</b> |
| <b>(Loss) attributable to members of CAP-XX Limited</b>                          | 4     | <b>(1,330,838)</b> | <b>(873,104)</b> |
| <b>Loss per share attributable to the ordinary equity holders of the company</b> |       | <b>Cents</b>       | <b>Cents</b>     |
| Basic loss per share   |       | (0.49)             | (0.76)           |
| Diluted loss per share   |       | (0.49)             | (0.76)           |

*The above statement of profit or loss should be read in conjunction with the accompanying notes.*

**CAP-XX Limited**  
**Consolidated statement of comprehensive income**  
**For the half year ended 31 December 2015**

|  | Notes | Consolidated       |                  |
|--|-------|--------------------|------------------|
|  |       | 2015<br>\$         | 2014<br>\$       |
| <i>Currency: Australian Dollars</i>  |       |                    |                  |
| Loss for the half year   |       | (1,330,838)        | (873,104)        |
| Other comprehensive income   |       |                    |                  |
| Items that may be reclassified subsequently<br>to profit or loss                       |       |                    |                  |
| Exchange differences on translation of foreign<br>operations                           |       | (52,865)           | (85,432)         |
| Other comprehensive loss for the half year,<br>net of tax                              |       | <u>(52,865)</u>    | <u>(85,432)</u>  |
| Total comprehensive loss for the half year<br>attributable to owners of CAP-XX Limited |       | <u>(1,383,703)</u> | <u>(958,536)</u> |

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**CAP-XX Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2015**

|                                      | Notes | 31 December 2015 | Consolidated<br>30 June 2015 | 31 December 2014 |
|--------------------------------------|-------|------------------|------------------------------|------------------|
| <i>Currency: Australian Dollars</i>  |       | \$               | \$                           | \$               |
| <b>ASSETS</b>                        |       |                  |                              |                  |
| <b>Current assets</b>                |       |                  |                              |                  |
| Cash and cash equivalents            |       | 925,334          | 2,643,418                    | 546,466          |
| Receivables                          |       | 408,832          | 685,192                      | 594,730          |
| Inventories                          |       | 2,040,548        | 1,409,463                    | 934,914          |
| Other                                |       | 807,198          | 1,252,158                    | 531,821          |
| <b>Total current assets</b>          |       | <b>4,181,912</b> | <b>5,990,231</b>             | <b>2,607,931</b> |
| <b>Non-current assets</b>            |       |                  |                              |                  |
| Property, plant and equipment        |       | 389,012          | 301,272                      | 375,147          |
| Other                                |       | 236,507          | 236,507                      | 236,507          |
| <b>Total non-current assets</b>      |       | <b>625,519</b>   | <b>537,779</b>               | <b>611,654</b>   |
| <b>TOTAL ASSETS</b>                  |       | <b>4,807,431</b> | <b>6,528,010</b>             | <b>3,219,585</b> |
| <b>LIABILITIES</b>                   |       |                  |                              |                  |
| <b>Current liabilities</b>           |       |                  |                              |                  |
| Payables                             |       | 589,767          | 1,074,711                    | 785,684          |
| Provisions                           |       | 929,299          | 915,862                      | 923,679          |
| <b>Total current liabilities</b>     |       | <b>1,519,066</b> | <b>1,990,573</b>             | <b>1,709,363</b> |
| <b>Non-current liabilities</b>       |       |                  |                              |                  |
| Provisions                           |       | 55,767           | 42,487                       | 36,838           |
| <b>Total non-current liabilities</b> |       | <b>55,767</b>    | <b>42,487</b>                | <b>36,838</b>    |
| <b>TOTAL LIABILITIES</b>             |       | <b>1,574,833</b> | <b>2,033,060</b>             | <b>1,746,201</b> |
| <b>NET ASSETS</b>                    |       | <b>3,232,598</b> | <b>4,494,950</b>             | <b>1,473,384</b> |
| <b>EQUITY</b>                        |       |                  |                              |                  |
| Contributed equity                   | 5     | 94,477,373       | 94,426,347                   | 90,405,581       |
| Reserves                             |       | 3,681,757        | 3,664,297                    | 3,656,263        |
| Accumulated losses                   |       | (94,926,532)     | (93,595,694)                 | (92,588,460)     |
| <b>TOTAL EQUITY</b>                  |       | <b>3,232,598</b> | <b>4,494,950</b>             | <b>1,473,384</b> |

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**CAP-XX Limited**  
**Consolidated statements of changes in equity**  
**For the half-year ended 31 December 2015**

|   | Consolidated                |                  |                             |                  |
|---|-----------------------------|------------------|-----------------------------|------------------|
|   | Contributed<br>Equity<br>\$ | Reserve<br>\$    | Accumulated<br>losses<br>\$ | Total<br>\$      |
| <b>Balance at 1 July 2014</b>   | 90,293,839                  | 3,676,779        | (91,715,356)                | 2,255,262        |
| <b>Loss for the period as reported<br/>in the 2015 financial statements</b>               | -                           |                  | (1,880,338)                 | (1,880,338)      |
| <b>Other comprehensive loss</b>   | -                           | (139,539)        | -                           | (139,539)        |
| <b>Transactions with owners in<br/>their capacity as owners:</b>                          |                             |                  |                             |                  |
| Contributions of equity, net of<br>transaction costs and tax                              | 4,132,508                   |                  |                             | 4,132,508        |
| Employee share options - value of<br>employee services                                    | -                           | 127,057          | -                           | 127,057          |
|   | 4,132,508                   | 127,057          | -                           | 4,259,565        |
| <b>Balance at 30 June 2015</b>  | <b>94,426,347</b>           | <b>3,664,297</b> | <b>(93,595,694)</b>         | <b>4,494,950</b> |
| <b>Profit for the period as reported<br/>in the 2015 interim financial<br/>statements</b> | -                           | -                | (1,330,838)                 | (1,330,838)      |
| <b>Other comprehensive income</b>   | -                           | (52,865)         | -                           | (52,865)         |
| <b>Transactions with owners in<br/>their capacity as owners:</b>                          |                             |                  |                             |                  |
| Contributions of equity, net of<br>transaction costs and tax                              | 51,026                      | -                | -                           | 51,026           |
| Employee share options - value of<br>employee services                                    | -                           | 70,325           | -                           | 70,325           |
|   | 51,026                      | 70,325           | -                           | 70,325           |
| <b>Balance at 31 December 2015</b>  | <b>94,477,373</b>           | <b>3,681,757</b> | <b>(94,926,532)</b>         | <b>3,232,598</b> |

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**CAP-XX Limited**  
**Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2015**

|   | Consolidated       |                   |
|---|--------------------|-------------------|
|   | Half-year<br>2015  | Half-year<br>2014 |
| <i>Currency: Australian Dollars</i>                                       | \$                 | \$                |
| <b>Cash flows from operating activities</b>                               |                    |                   |
| Receipts from customers (inclusive of goods and services tax)             | 2,146,905          | 2,492,221         |
| Payments to suppliers and employees (inclusive of goods and services tax) | (4,827,785)        | (3,963,024)       |
|   | (2,680,880)        | (1,470,803)       |
| Tax credit received   | 1,127,272          | 1,172,447         |
| Interest received   | 21,866             | 6,769             |
| <b>Net cash (outflow) from operating activities</b>                       | <b>(1,531,742)</b> | <b>(291,587)</b>  |
| <b>Cash flows from investing activities</b>                               |                    |                   |
| Payments for property, plant and equipment                                | (184,503)          | (88,654)          |
| <b>Net cash (outflow) from investing activities</b>                       | <b>(184,503)</b>   | <b>(88,654)</b>   |
| <b>Cash flows from financing activities</b>                               |                    |                   |
| Proceeds from issue of shares   | 51,026             | 111,742           |
| <b>Net cash inflow from financing activities</b>                          | <b>51,026</b>      | <b>111,742</b>    |
| Net (decrease) in cash and cash equivalents                               | (1,665,219)        | (268,499)         |
| Cash and cash equivalents at the beginning of the half-year               | 2,643,418          | 900,397           |
| <b>Effects of exchange rate changes on cash and cash equivalents</b>      | <b>(52,865)</b>    | <b>(85,432)</b>   |
| <b>Cash and cash equivalents at the end of the half-year</b>              | <b>925,334</b>     | <b>546,466</b>    |

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

**CAP-XX Limited**  
**Notes to the Consolidated Interim Financial Statements**  
**Notes to the Consolidated Interim Financial Statements**  
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**CAP-XX Limited**  
**Notes to the Consolidated Interim Financial Statements**  
**31 December 2015**

**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 2015 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 2015 and any public announcements made by CAP-XX Limited during the interim reporting.

b) Continuation as a going concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Based on anticipated levels of operational cash flow, the Group has sufficient cash to fund operations for more than one year.

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2015.

**CAP-XX Limited**  
**Notes to the Consolidated Interim Financial Statements**  
**31 December 2015**

**Note 2 Segment information**

**Business segments – primary reporting**

Management has determined the operating segment based on the reports reviewed by the Board that are used to make strategic decisions. Management has identified one reportable segment which is the development, manufacture and sale of supercapacitors.

Although the Group is managed on a global basis, it generates revenue in 3 main geographical areas being Asia Pacific, North America and Europe. Segment revenues are allocated based on the country in which the user is located

|  | <b>Geographical Segment</b> |                |                      |                    |
|--|-----------------------------|----------------|----------------------|--------------------|
|  | <b>Asia Pacific</b>         | <b>Europe</b>  | <b>North America</b> | <b>Total</b>       |
|  | \$                          | \$             | \$                   | \$                 |
| <b>31 December 2015</b>  |                             |                |                      |                    |
| Revenue  | 1,036,385                   | 522,584        | 85,386               | 1,644,355          |
| Cost of sales  | (1,014,929)                 | -              | -                    | (1,014,929)        |
| <b>Gross Profit/(Loss)</b>   | <b>21,456</b>               | <b>522,584</b> | <b>85,386</b>        | <b>629,426</b>     |
| Interest revenue   | 21,866                      | -              | -                    | 21,866             |
| Other income   | 690,221                     | -              | -                    | 690,221            |
| General and administrative expenses  | (1,117,635)                 | -              | -                    | (1,117,635)        |
| Process and engineering expenses   | (390,075)                   | -              | -                    | (390,075)          |
| Selling and marketing expenses   | (344,234)                   | -              | -                    | (344,234)          |
| Research and development expenses  | (779,058)                   | -              | -                    | (779,058)          |
| Other expenses   | (41,349)                    | -              | -                    | (41,349)           |
| <b>Profit/ (Loss) before income tax</b>  | <b>(1,938,808)</b>          | <b>522,584</b> | <b>85,386</b>        | <b>(1,330,838)</b> |
| Income tax benefit   |                             |                |                      |                    |
| <b>Net profit/(loss) for the half year</b>                                       | <b>(1,938,808)</b>          | <b>522,584</b> | <b>85,386</b>        | <b>(1,330,838)</b> |
| <b>Other comprehensive income</b>  |                             |                |                      |                    |
| Exchange differences arising in translation of foreign operations                | (52,865)                    | -              | -                    | (52,865)           |
| <b>Total comprehensive income/(loss), net of tax</b>                             | <b>(1,991,673)</b>          | <b>522,584</b> | <b>85,386</b>        | <b>(1,383,703)</b> |
| <b>Total assets</b>  | <b>4,807,431</b>            | <b>-</b>       | <b>-</b>             | <b>4,807,431</b>   |
| <b>Total liabilities</b>   | <b>1,574,834</b>            | <b>-</b>       | <b>-</b>             | <b>1,574,834</b>   |
| <b>Profit/(Loss) before income tax includes the following specific expenses:</b> |                             |                |                      |                    |
| Interest expense   | -                           | -              | -                    | -                  |
| Depreciation   | 85,514                      | -              | -                    | 85,514             |
| Share based payments   | 96,763                      | -              | -                    | 96,763             |

**CAP-XX Limited**  
**Notes to the Consolidated Interim Financial Statements**  
**31 December 2015**

**Note 2 Segment information (continued)**

| 31 December 2014   | Geographical Segment |              |                        |             |
|--|----------------------|--------------|------------------------|-------------|
|  | Asia Pacific<br>\$   | Europe<br>\$ | North<br>America<br>\$ | Total<br>\$ |
| <b>Revenue</b>   | 538,219              | 1,601,192    | 126,243                | 2,265,654   |
| Cost of sales  | (1,608,663)          | -            | -                      | (1,608,662) |
| <b>Gross Profit/(Loss)</b>   | (1,070,444)          | 1,601,192    | 126,243                | 656,992     |
| Interest revenue   | 6,769                | -            | -                      | 6,769       |
| Other income   | 573,996              | -            | -                      | 573,996     |
| General and administrative expenses  | (953,764)            | -            | -                      | (953,764)   |
| Process and engineering expenses   | (299,873)            | -            | -                      | (299,873)   |
| Selling and marketing expenses   | (254,982)            | -            | -                      | (254,982)   |
| Research and development expenses  | (568,495)            | -            | -                      | (568,495)   |
| Other expenses   | (33,747)             | -            | -                      | (33,747)    |
| <b>Profit/ (Loss) before income tax</b>  | (2,600,540)          | 1,601,192    | 126,243                | (873,104)   |
| Income tax benefit   |                      |              |                        |             |
| <b>Net profit/(loss) for the year</b>  | (2,600,540)          | 1,601,192    | 126,243                | (873,104)   |
| <b>Other comprehensive income</b>  |                      |              |                        |             |
| Exchange differences arising in translation of foreign operations                | (85,432)             | -            | -                      | (85,432)    |
| <b>Total comprehensive income, net of tax</b>                                    | (2,685,972)          | 1,601,192    | 126,243                | (958,536)   |
| <b>Total assets</b>  | 3,219,585            | -            | -                      | 3,219,585   |
| <b>Total liabilities</b>   | 1,746,201            | -            | -                      | 1,746,201   |
| <b>Profit/(Loss) before income tax includes the following specific expenses:</b> |                      |              |                        |             |
| Interest expense   | -                    | -            | -                      | -           |
| Depreciation   | 85,514               | -            | -                      | 85,514      |
| Share based payments   | 64,916               | -            | -                      | 64,916      |

The consolidated entity operates in a single business segment which is the development, manufacture and sale of super capacitors.

**CAP-XX Limited**  
**Notes to the Consolidated Interim Financial Statements**  
**31 December 2015**

**Note 3 Revenue**

|                      | Consolidated     |                  |
|----------------------|------------------|------------------|
|                      | 2015             | 2014             |
|                      | \$               | \$               |
| <b>Sales revenue</b> |                  |                  |
| Sale of Goods        | 1,644,355        | 2,265,654        |
|                      | <u>1,644,355</u> | <u>2,265,654</u> |
| <b>Other revenue</b> |                  |                  |
| Interest             | 21,866           | 6,769            |
|                      | <u>21,866</u>    | <u>6,769</u>     |
| <b>Total revenue</b> | <u>1,666,221</u> | <u>2,272,423</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 2015 accounts is \$600k (2014: \$475k). CAP-XX successfully lodged their initial claim for this incentive in relation to the FY2015 year and received \$1.1m in October 2015. (2014:\$1.2m)

**Note 5 Contributed equity**

**Movement in ordinary share capital:**

| Date               | Details              | Number of shares   | Issue price | \$                |
|--------------------|----------------------|--------------------|-------------|-------------------|
| 1 July 2014        | Opening balance      | 114,459,249        |             | 90,293,839        |
| 5 November 2014    | Issue of Shares      | 1,768,116          | \$0.06      | 111,743           |
| 12 April 2015      | Issue of Shares      | 120,000,000        | \$0.02      | 2,327,503         |
| 12 April 2015      | Share Issuance Costs |                    |             | (206,956)         |
| 14 May 2015        | Issue of Shares      | 30,769,231         |             | 1,949,318         |
| 14 May 2015        | Share Issuance Costs |                    |             | (157,099)         |
| 9 June 2015        | Issue of Shares      | 1,657,081          |             | 107,999           |
| 30 June 2015       | Balance              | <u>268,653,677</u> |             | <u>94,426,346</u> |
| 1 July 2015        | Opening balance      | 268,653,677        |             | 94,426,347        |
| 7 December 2015    | Issue of Shares      | 385,536            | \$0.13      | 51,026            |
| 31st December 2015 | Balance              | <u>269,039,213</u> |             | <u>94,477,373</u> |

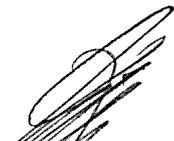
**CAP-XX Limited**  
**31 December 2015**

**Directors' declaration**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 14 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 2015 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, 2016

