

CAP-XX Limited
ABN 47 050 845 291

Interim report
For the half-year ended 31 December 2016

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 2016 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 2016.

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 \$1,932,011 during the half-year ended 31 December 2016 (2015: loss of \$1,330,838).

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 2016.


Events occurring after the reporting period

None 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
20th March 2017

CAP-XX Limited

Interim financial report

31 December 2016

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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 24th March 2016. 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
Consolidated statement of profit or loss
For the half-year ended 31 December 2016

	Notes	Consolidated	
		Half-year 2016	Half-year 2015
<i>Currency: Australian Dollars</i>		\$	\$
Revenue from sale of goods and services	3	1,347,226	1,644,355
Cost of sale of goods and services		(1,121,004)	(1,014,929)
Gross margin (loss) on sale of goods and services		226,222	629,426
Other revenue	3	1,849	21,866
Other income		735,399	690,221
General and administrative expenses		(1,179,252)	(1,117,635)
Process and engineering expenses		(446,548)	(390,075)
Selling and marketing expenses		(345,207)	(344,234)
Research and development expenses		(794,698)	(779,058)
Other expenses		(129,776)	(41,349)
(Loss) before income tax		(1,932,011)	(1,330,838)
Income tax benefit/(expense)		-	-
Net loss after income tax for the half year		(1,932,011)	(1,330,838)
(Loss) attributable to members of CAP-XX Limited	4	(1,932,011)	(1,330,838)
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.72)	(0.49)
Diluted loss per share		(0.72)	(0.49)

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 2016

	Notes	Consolidated	
		2016 \$	2015 \$
<i>Currency: Australian Dollars</i>			
Loss for the half year		(1,932,011)	(1,330,838)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(22,323)	(52,865)
Other comprehensive loss for the half year, net of tax		<u>(22,323)</u>	<u>(52,865)</u>
Total comprehensive loss for the half year attributable to owners of CAP-XX Limited		<u>(1,954,334)</u>	<u>(1,383,703)</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 2016	Consolidated 30 June 2016	31 December 2015
<i>Currency: Australian Dollars</i>		\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents		636,528	331,631	925,334
Receivables		280,245	2,078,941	408,832
Inventories		1,115,347	1,365,524	2,040,548
Other		835,850	1,700,147	807,198
Total current assets		2,867,970	5,476,243	4,181,912
Non-current assets				
Property, plant and equipment		359,837	364,695	389,012
Other		236,507	236,507	236,507
Total non-current assets		596,344	601,202	625,519
TOTAL ASSETS		3,464,314	6,077,445	4,807,431
LIABILITIES				
Current liabilities				
Payables		620,159	642,358	589,767
Provisions		668,056	663,069	929,299
Secured Loans		-	1,000,000	-
Total current liabilities		1,288,215	2,305,427	1,519,066
Non-current liabilities				
Provisions		82,652	65,664	55,767
Total non-current liabilities		82,652	65,664	55,767
TOTAL LIABILITIES		1,370,867	2,371,091	1,574,833
NET ASSETS		2,093,447	3,706,354	3,232,598
EQUITY				
Contributed equity	5	94,603,260	94,558,726	94,477,373
Reserves		4,310,144	4,035,574	3,681,757
Accumulated losses		(96,819,957)	(94,887,946)	(94,926,532)
TOTAL EQUITY		2,093,447	3,706,354	3,232,598

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 2016

	Consolidated			
	Contributed Equity \$	Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2015	94,426,347	3,664,297	(93,595,694)	4,494,950
Loss for the period as reported in the 2016 financial statements	-		(1,292,252)	(1,292,252)
Other comprehensive loss	-	(45,042)	-	(45,042)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	132,379			132,379
Employee share options - value of employee services	-	416,319	-	416,319
Balance at 30 June 2016	94,558,726	4,035,574	(94,887,946)	3,706,354
Profit for the period as reported in the 2016 interim financial statements	-	-	(1,932,011)	(1,931,702)
Other comprehensive income	-	(22,323)	-	(22,323)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	44,534	-	-	44,534
Employee share options - value of employee services	-	296,893	-	296,893
Balance at 31 December 2016	94,603,260	4,310,144	(96,819,957)	2,093,447

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 2016

	Consolidated	
	Half-year 2016	Half-year 2015
<i>Currency: Australian Dollars</i>	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	3,371,096	2,146,905
Payments to suppliers and employees (inclusive of goods and services tax)	(3,553,937)	(4,827,785)
	(182,841)	(2,680,880)
Tax credit received	1,542,925	1,127,272
Interest received	1,849	21,866
Net cash (outflow) from operating activities	1,361,933	(1,531,742)
Cash flows from investing activities		
Payments for property, plant and equipment	(79,247)	(184,503)
Net cash (outflow) from investing activities	(79,247)	(184,503)
Cash flows from financing activities		
Proceeds from issue of shares	44,534	51,026
Proceeds from Loans	(1,000,000)	
Net cash inflow from financing activities	(955,466)	51,026
Net (decrease) in cash and cash equivalents	327,220	(1,665,219)
Cash and cash equivalents at the beginning of the half-year	331,631	2,643,418
Effects of exchange rate changes on cash and cash equivalents	(22,323)	(52,865)
Cash and cash equivalents at the end of the half-year	636,528	925,334

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 2016

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 2016 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 2016 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 2016.

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2016

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

	Geographical Segment			
	Asia Pacific	Europe	North America	Total
	\$	\$	\$	\$
31 December 2016				
Revenue	506,439	494,746	346,041	1,347,226
Cost of sales	(1,121,004)	-	-	(1,121,004)
Gross Profit/(Loss)	(614,565)	494,746	346,041	226,222
Interest revenue	1,849	-	-	1,849
Other income	735,399	-	-	735,399
General and administrative expenses	(1,179,252)	-	-	(1,179,252)
Process and engineering expenses	(446,548)	-	-	(446,548)
Selling and marketing expenses	(345,207)	-	-	(345,207)
Research and development expenses	(794,698)	-	-	(794,698)
Other expenses	(129,776)	-	-	(129,776)
Profit/ (Loss) before income tax	(2,772,798)	494,746	346,041	(1,932,011)
Income tax benefit				
Net profit/(loss) for the half year	(2,772,798)	494,746	346,041	(1,932,011)
Other comprehensive income				
Exchange differences arising in translation of foreign operations	(22,323)	-	-	(22,323)
Total comprehensive income/(loss), net of tax	(2,795,121)	494,746	346,041	(1,932,011)
Total assets	3,464,314	-	-	3,464,314
Total liabilities	1,370,867	-	-	1,370,867

Profit/(Loss) before income tax includes the following specific expenses:

Interest expense	-	-	-	-
Depreciation	84,105	-	-	84,105
Share based payments	296,893	-	-	296,893

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2016

Note 2 Segment information (continued)

31 December 2015

	Geographical Segment			
	Asia Pacific \$	Europe \$	North America \$	Total \$
Revenue	1,036,385	522,584	85,386	1,644,355
Cost of sales	(1,014,929)	-	-	(1,014,929)
Gross Profit/(Loss)	21,456	522,584	85,386	629,426
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)
Profit/ (Loss) before income tax	(1,938,808)	522,584	85,386	(1,330,838)
Income tax benefit				
Net profit/(loss) for the year	(1,938,808)	522,584	85,386	(1,330,838)
Other comprehensive income				
Exchange differences arising in translation of foreign operations	(52,865)	-	-	(52,865)
Total comprehensive income, net of tax	(1,991,673)	522,584	85,386	(1,383,703)
Total assets	4,807,431	-	-	4,807,431
Total liabilities	1,574,833	-	-	1,574,833
Profit/(Loss) before income tax includes the following specific expenses:				
Interest expense	-	-	-	-
Depreciation	85,514	-	-	85,514
Share based payments	96,763	-	-	96,763

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 2016

Note 3 Revenue

	Consolidated	
	2016	2015
	\$	\$
Sales revenue		
Sale of Goods	1,347,226	1,644,355
	<u>1,347,226</u>	<u>1,644,355</u>
Other revenue		
Interest	1,849	21,866
	<u>1,849</u>	<u>21,866</u>
Total revenue	<u>1,349,075</u>	<u>1,666,221</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 2016 accounts is \$735k (2015: \$750k). CAP-XX successfully lodged their claim for this incentive in relation to the FY2016 year and received \$1.5m in October 2016. (2015:\$1.1m)

Note 5 Contributed equity

Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
1 July 2015	Opening balance	268,653,677		94,426,3469
7 December 2015	Issue of Shares	385,356	\$0.13	51,026
5 May 2016	Issue of Shares	1,132,932	\$0.07	81,353
30 June 2016	Balance	<u>270,171,965</u>		<u>94,558,726</u>
1 July 2016	Opening balance	270,171,965		94,558,726
8 December 2016	Issue of Shares	532,868	\$0.13	44,534
31st December 2016	Balance	<u>270,704,833</u>		<u>94,603,260</u>

CAP-XX Limited
31 December 2016

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 2016 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
20th March, 2017

