

CAP-XX Limited
ABN 47 050 845 291

Interim report
For the half-year ended 31 December 2017

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 2017 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 2017.

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 \$1,689,911 during the half-year ended 31 December 2017 (2016: loss of \$1,932,011).

The loss reduction was due to the increase in revenue from both the sale of supercapacitors and royalty payments and the Operating expenditures were kept at the same level as the prior year despite the investment in both research and development staff and resources which were employed to accelerate various product development and manufacturing initiatives.

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 2017.

Events occurring after the reporting period

The Group received the R&D rebate totalling \$1,551,838 (FY16: \$1,542,925) on Feb 5, 2018. The delay in the payment was a result of the Australian Taxation Office conducting a routine desk-top review of the Group's R&D submission.

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
5th March 2018

CAP-XX Limited

Interim financial report

31 December 2017

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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 5th March 2018. 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 2017

	Notes	Consolidated	
		Half-year 2017	Half-year 2016
Currency: Australian Dollars		\$	\$
Revenue from sale of goods and services	3	1,544,554	1,347,226
Cost of sale of goods and services		(1,123,455)	(1,121,004)
Gross margin (loss) on sale of goods and services		421,099	226,222
Other revenue	3	24,446	1,849
Other income		720,000	735,399
General and administrative expenses		(1,077,551)	(1,179,252)
Process and engineering expenses		(569,997)	(446,548)
Selling and marketing expenses		(358,159)	(345,207)
Research and development expenses		(781,754)	(794,698)
Other expenses		(67,994)	(129,776)
(Loss) before income tax		(1,689,910)	(1,932,011)
Income tax benefit/(expense)		-	-
Net loss after income tax for the half year		(1,689,910)	(1,932,011)
(Loss) attributable to members of CAP-XX Limited	4	(1,689,910)	(1,932,011)
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.57)	(0.72)
Diluted loss per share		(0.57)	(0.72)

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 2017

	Notes	Consolidated	
		2017 \$	2016 \$
Currency: Australian Dollars			
Loss for the half year		(1,689,910)	(1,932,011)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		2,411	(22,323)
Other comprehensive loss for the half year, net of tax		<u>2,411</u>	<u>(22,323)</u>
Total comprehensive loss for the half year attributable to owners of CAP-XX Limited		<u>(1,687,499)</u>	<u>(1,954,334)</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 2017

	Notes	31 December 2017	Consolidated 30 June 2017	31 December 2016
<i>Currency: Australian Dollars</i>		\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents		1,514,463	3,881,792	636,528
Receivables		264,839	419,146	280,245
Inventories		1,601,915	1,321,327	1,115,347
Other	5	2,430,706	1,676,618	835,850
Total current assets		5,811,923	7,298,883	2,867,970
Non-current assets				
Property, plant and equipment		420,745	369,779	359,837
Other		236,507	236,507	236,507
Total non-current assets		657,252	606,286	596,344
TOTAL ASSETS		6,469,175	7,905,169	3,464,314
LIABILITIES				
Current liabilities				
Payables		1,047,310	1,013,954	620,159
Provisions		708,167	682,962	668,056
Total current liabilities		1,755,477	1,696,916	1,288,215
Non-current liabilities				
Provisions		86,240	91,756	82,652
Total non-current liabilities		86,240	91,756	82,652
TOTAL LIABILITIES		1,841,717	1,788,672	1,370,867
NET ASSETS		4,627,458	6,116,497	2,093,447
EQUITY				
Contributed equity	6	98,389,390	98,343,719	94,603,260
Reserves		4,480,173	4,324,973	4,310,144
Accumulated losses		(98,242,105)	(96,552,195)	(96,819,957)
TOTAL EQUITY		4,627,458	6,116,497	2,093,447

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 2017

	Consolidated			
	Contributed Equity \$	Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2016	94,558,726	4,035,574	(94,887,946)	3,706,354
Loss for the period as reported in the 2017 financial statements	-		(1,664,249)	(1,664,249)
Other comprehensive loss	-	6,551	-	6,551
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	3,784,993			3,784,993
Employee share options - value of employee services	-	282,848	-	282,848
Balance at 30 June 2017	98,343,719	4,324,973	(96,552,195)	6,116,497
Profit for the period as reported in the 2017 interim financial statements	-	-	(1,689,910)	(1,689,910)
Other comprehensive income	-	2,411	-	2,411
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	45,671	-	-	45,671
Employee share options - value of employee services	-	152,789	-	152,789
Balance at 31 December 2017	98,389,390	4,480,173	(98,242,105)	4,627,458

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 2017

	Consolidated	
	Half-year 2017	Half-year 2016
Currency: Australian Dollars	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,853,316	3,371,096
Payments to suppliers and employees (inclusive of goods and services tax)	(4,163,655)	(3,553,937)
	(2,310,339)	(182,841)
Tax credit received	-	1,542,925
Interest received	24,446	1,849
Net cash (outflow) from operating activities	(2,285,893)	1,361,933
Cash flows from investing activities		
Payments for property, plant and equipment	(129,518)	(79,247)
Net cash (outflow) from investing activities	(129,518)	(79,247)
Cash flows from financing activities		
Proceeds from issue of shares	45,671	44,534
Proceeds from Loans	-	(1,000,000)
Net cash inflow from financing activities	45,671	(955,466)
Net (decrease) in cash and cash equivalents	(2,369,740)	327,220
Cash and cash equivalents at the beginning of the half-year	3,881,792	331,631
Effects of exchange rate changes on cash and cash equivalents	2,411	(22,323)
Cash and cash equivalents at the end of the half-year	1,514,463	636,528

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
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CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2017

Note 1 Significant accounting policies

a) Basis of preparation of half-year report

This interim financial report for the half-year ended 31 December 2017 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting.

The financial report covers the consolidated entity of CAP-XX Limited and its controlled entities. The financial report has been presented in Australian dollars, the group's presentation currency. The report consists of the financial statements, notes to the financial statements and the directors' declaration.

The 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 made by CAP-XX Limited for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies have been followed as those applied in the financial report for the year ended 30 June 2017.

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. The Group has sufficient cash to fund operations for more than one year based on anticipated levels of operational cash flow including committed License Fees and the receipt of Australian Tax Office R&D Rebate.

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2017.

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2017

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 2017				
Revenue	713,113	414,232	417,209	1,544,554
Cost of sales	(1,123,455)	-	-	(1,123,455)
Gross Profit/(Loss)	(410,342)	414,232	417,209	421,099
Interest revenue	24,446	-	-	24,446
Other income	720,000	-	-	720,000
General and administrative expenses	(1,077,551)	-	-	(1,077,551)
Process and engineering expenses	(569,997)	-	-	(569,997)
Selling and marketing expenses	(358,159)	-	-	(358,159)
Research and development expenses	(781,754)	-	-	(781,754)
Other expenses	(67,994)	-	-	(67,994)
Profit/ (Loss) before income tax	(2,521,351)	414,232	417,209	(1,689,910)
Income tax benefit				
Net profit/(loss) for the half year	(2,521,351)	414,232	417,209	(1,689,910)
Other comprehensive income				
Exchange differences arising in translation of foreign operations	2,411	-	-	2,411
Total comprehensive income/(loss), net of tax	(2,518,940)	414,232	417,209	(1,687,499)
Total assets	6,469,175	-	-	6,469,175
Total liabilities	1,841,717	-	-	1,841,717
Profit/(Loss) before income tax includes the following specific expenses:				
Interest expense	-	-	-	-
Depreciation	78,551	-	-	78,551
Share based payments	152,789	-	-	152,789

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2017

Note 2 Segment information (continued)

31 December 2016

	Geographical Segment			
	Asia Pacific \$	Europe \$	North America \$	Total \$
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 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, net of tax	(2,795,121)	494,746	346,041	(1,954,334)
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

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 2017

Note 3 Revenue

	Consolidated	
	2017	2016
	\$	\$
Sale of Goods	<u>1,544,554</u>	<u>1,347,226</u>
	1,544,554	1,347,226
Other revenue		
Interest	<u>24,446</u>	<u>1,849</u>
	24,446	1,849
Total revenue	<u>1,569,000</u>	<u>1,349,075</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 2017 accounts is \$720k (2016: \$735k). CAP-XX successfully lodged their claim for this incentive in relation to the FY2017 year and received \$1.5m in February 2018. (2016:\$1.5m)

Note 5 Other Assets

	Consolidated	
	2017	2016
	\$	\$
R&D Rebate – Australian Tax Office (FY17)	1,551,489	-
R&D Rebate – Australian Tax Office (FY18)	720,000	735,000
Royalty Payments – Accrual	90,000	46,000
Prepayments	53,472	44,021
Other	10,828	10,828
Total Other Assets	<u>2,430,706</u>	<u>835,850</u>

Note 6 Contributed equity

Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
1 July 2016	Opening balance	270,171,965		94,558,726
5 December 2016	Issue of Shares	532,868	\$0.08	44,534
19 January 2017	Issue of Shares	27,000,000	\$0.14	3,696,621
29 June 2017	Issue of Shares	301,222	\$0.15	43,838
30 June 2017	Balance	<u>298,006,055</u>		<u>99,343,719</u>
1 July 2017	Opening balance	298,006,055		99,343,719
12 December 2017	Issue of Shares	206,010	\$0.22	45,671
31st December 2017	Balance	<u>298,212,065</u>		<u>99,389,390</u>

CAP-XX Limited
31 December 2017

Directors' declaration

The directors of CAP-XX Limited declare that:

- (a) The financial statements and notes, as set out on pages x to xx are in accordance with the Corporations Act 2001 including that they:
 - (i) give a true and fair view of the financial position as at 31 December 2017 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory reporting requirements.
- (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.

This declaration is made in accordance with a resolution of the Board of Directors, and is signed for and on behalf of the directors;



Patrick Elliott
Director

Sydney
5th March, 2018