

Appendix 4D
Half-year Report
31 December 2007

XCEED CAPITAL LIMITED
(Formerly Xceed Biotechnology Limited)

ACN 009 181 006

Results for announcement to the market

Financial Results				December 2007 \$'000
Revenue from ordinary activities	UP	35%	to	2,383
Loss from ordinary activities after tax attributable to members	UP	12%	to	1,056
Net Loss for the period attributable to members	UP	12%	to	1,056

Dividends
It is not proposed that Xceed Capital Limited pay a dividend.

Net Tangible Asset Backing	Dec-07	Dec-06
Net Tangible Asset Backing per ordinary security	3.5 cents	4.1 cents

Other Explanatory Notes
Refer Review of Operations in the Directors Report in the attached Half Year Financial Report

This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the company.



XCEED CAPITAL LIMITED
(Formerly Xceed Biotechnology Limited)

ABN 79 009 181 006

CONDENSED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

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XCEED CAPITAL LIMITED

CORPORATE DIRECTORY

Directors

Mr Patrick O'Connor (Chairman)
Mr David Kenley (CEO)
Dr Ian Griffiths (Non-executive director)
Mr Peter Francis (Non-executive director)
Mr Tony Adcock (Non-executive director)
Mr George Cameron-Dow (Non-executive director)

Chief Financial Officer & Company Secretary

Ms Adela Richards

Registered Office

Level 9
105 St Georges Terrace
Perth, Western Australia, 6000
Telephone : (08) 9226 0329
Facsimile : (08) 9226 0327

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross Western Australia 6953
Telephone : (08) 9315 0933
Facsimile : (08) 9315 2233

Website

www.xceedbiotech.com

Auditors

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000

Bankers

National Australia Bank
50 St Georges Terrace
Perth Western Australia 6000

Stock Exchange

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
Perth Western Australia 6000

ASX Code

XCD - Shares
XCDO - Options

XCEED CAPITAL LIMITED

Directors' Report

Your directors submit their report for the half-year ended 31 December 2007.

DIRECTORS

The names of the Directors of Xceed Capital Limited ("Xceed") in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Mr Patrick O'Connor (Chairman)

Mr David Kenley (Chief Executive Officer)

Mr Peter Francis

Dr Ian Griffiths

Mr Tony Adcock (Appointed 29 October 2007)

Mr George Cameron-Dow (Appointed 29 October 2007)

REVIEW AND RESULTS OF OPERATIONS

Xceed's investee companies, PolyNovo Biomaterials Ltd ("PolyNovo") and Boron Molecular Pty Ltd ("Boron") have continued to make progress during the period under review. Details of this progress are contained below.

Xceed's consolidated net loss after income tax for the half year was \$1,056,000 (2006 half year: \$947,000). The loss is greater than that of the previous half year, primarily due to the costs incurred during the half year in preparation for the demerger and IPO of PolyNovo.

PolyNovo Biomaterials Ltd

Xceed announced in July 2007 that it would seek shareholder approval for the demerger of PolyNovo and that this was planned to occur in conjunction with an IPO of PolyNovo on the Australian Securities Exchange ("ASX"). Much work has been completed on the Prospectus in the period to 31 December 2007, however significant share market volatility has delayed the IPO progress. The Board is committed to the demerger of PolyNovo in the shortest possible timeframe whilst endeavouring to maximise the value of the investment to our shareholders, and every effort will be made to achieve this during 2008.

PolyNovo continued to commercialise its biodegradable polymer platform technology, NovoSorb™ during the period. Significant management time has been spent in exclusive negotiations with a 3rd major international medical device company on two proposed fields of application of NovoSorb™. Both applications focus on addressing large orthopedic markets.

In February 2007, PolyNovo signed an exclusive partnering and licensing agreement with Biomet, Inc. ("Biomet") for the development, supply and commercialisation of NovoSorb™ in the two orthopedic fields of cartilage repair applications and cranial and facial bone repair applications. Details of progress made with Biomet on both of these projects is subject to strict confidentiality provisions, however we can advise that progress has been made on both projects through 2007, with development scheduled to continue on both projects in 2008.

PolyNovo has continued to progress its collaboration with Medtronic, Inc. (NYSE: MDT) ("Medtronic") aimed at developing a biodegradable heart stent. This partnership encompasses the application of NovoSorb™ for the treatment of cardiac and vascular disease relating to the stent market. Details of progress of the co-development under the terms of the agreements with Medtronic are subject to strict confidentiality provisions, however we can advise we are pleased with the level of advancements made in partnership with Medtronic and development work is scheduled to continue on this project in 2008.

On the 23rd July 2007, PolyNovo entered into a joint venture agreement (titled NovoCosmetica) with the Principals of the Australian Plastic Surgery Associates to develop a range of innovative dermal filler and cosmetic surgery products using NovoSorb™. Whilst NovoCosmetica has commenced early work, the venture is awaiting funding to become available from the IPO capital raising, which will enable full resourcing of the project.

XCEED CAPITAL LIMITED

Directors' Report (continued)

Significant progress was also made by PolyNovo in the wounds management joint venture (NovoSkin) with Dr John Greenwood AM of Royal Adelaide Hospital. On the 21st December 2007, results of the first round pre-clinical studies in sheep of its Bioresorbable Temporising Matrix (BTM) were announced showing product efficacy in wound models. BTM has been developed for use in the treatment of severe burns, with the aim of developing a product that will stabilize the wound, deliver antibacterial agents and initiate healing while skin grafts or other treatments are prepared. The positive results of these first animal studies pave the way for an extended study to commence in mid 2008, leading onto an application for human trials and commercialisation of the first generation products.

Significant product development progress has also been made on NovoSkin's other product, Easy Application Synthetic Epidermis (EASE) aimed at superseding existing liquid or spray-on bandage products. EASE is expected to undergo its first human trial early in the second quarter of 2008.

PolyNovo's financial results for the six month period are summarised as follows:

	2007	2006
	\$000's	\$000's
Revenue - Interest	114	121
Revenue - Grants	-	93
Research and Development costs	(569)	(644)
Other Expenditure	(1,113)	(612)
Operating Loss for the period	(1,568)	(1,042)

Boron Molecular Pty Ltd

Boron's performance has continued to improve over the last 6 months. On a comparative basis, Boron has increased sales by 36% as compared to the 2006 year and has grown to in excess of \$2m. Boron has generated a profit for the period of \$420,000 compared with a profit of \$84,000 in the same period last year setting a very positive trend for the remainder of the financial year. Importantly, Boron generated positive operating cashflow of \$387,000 in the period.

The performance of Boron for the half year is summarised as follows:

	2007	2006
	\$000's	\$000's
Sales	2,228	1,633
Interest income	19	6
	2,247	1,639
Other Income	23	-
Operating Costs	(1,771)	(1,424)
EBITDA	499	215
Depreciation/Amortisation	(79)	(131)
Operating Profit for the period	420	84

Management and staff continue to focus on increasing the company's sales in the short to medium term by further developing the product range and growing the strong customer base.

XCEED CAPITAL LIMITED

Directors' Report (continued)

Xceed Capital Limited

Xceed announced in July 2007 that it would seek shareholder approval for the demerger of PolyNovo and that this was planned to occur in conjunction with an IPO of PolyNovo on the ASX. The Xceed Board believes that the demerger and IPO plan of PolyNovo will optimize the value of PolyNovo in the context of recent significant growth in PolyNovo's future business prospects and facilitate the provision of capital to fund that growth by giving PolyNovo direct access to the Australian capital markets. The Board is committed to the demerger of PolyNovo in the shortest possible timeframe whilst endeavouring to maximise the value of the investment to our shareholders, and every effort will be made to achieve this during 2008.

At the Annual General Meeting ("AGM") of shareholders on 30 November 2007, it was resolved that the name of the Company change to Xceed Capital Limited to reflect the expanded field of opportunities being sought by the Company outside the biotechnology sector to create value for shareholders. The change of name was registered by Australian Securities and Investments Commission on the 12th December 2007. In accordance with the change of name, the Company also changed its ASX code on the 4th February 2008 to XCD.

Following the AGM, steps have been taken to reduce the corporate overheads of Xceed through the implementation of a cost effective contract management arrangement.

Xceed's financial results for the six month period are summarised as follows:

	2007	2006
	\$000's	\$000's
Revenue - Interest	22	9
Less expenditure	(496)	(415)
Operating Loss for the period	(474)	(406)

Xceed's management continued to support the operations of its subsidiaries.

ROUNDING

The amounts contained in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

NON AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst and Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst and Young received or are due to receive the following amounts for the provision of non-audit services:

Assurance services in relation to the proposed Initial Public Offering for PolyNovo Biomaterials Ltd	<u>\$30,600</u>
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XCEED CAPITAL LIMITED

Directors' Report (continued)

AUDITOR INDEPENDENCE

Section 307C of the Corporations Act 2001 requires our auditors, Ernst and Young, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the Financial Report. The Directors received the following Independence Declaration for the period ended 31 December 2007:



■ Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

■ Tel 61 3 9288 8000
Fax 61 3 8650 7777

Auditor's Independence Declaration to the Directors of Xceed Capital Limited

In relation to our review of the financial report of Xceed Capital Limited for the half-year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Don Brumley
Partner
Melbourne
25 February 2008

Signed in accordance with a resolution of the Directors.

Mr Patrick O'Connor
Chairman
Dated: 25 February 2008

XCEED CAPITAL LIMITED

Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>2007</i>	<i>2006</i>
		<i>\$'000</i>	<i>\$'000</i>
Revenue	2	2,383	1,769
Cost of goods sold		(978)	(645)
Gross profit		1,405	1,124
Other Income	2	23	93
Other Expenses	2	(3,050)	(2,581)
Loss before income tax		(1,622)	(1,364)
Income tax expense		-	-
Net Loss for the period		(1,622)	(1,364)
Attributable to:			
Minority interest		(566)	(417)
Members of the parent		(1,056)	(947)
Earnings per share (cents per share)			
– basic for profit (loss) for the half-year		(1.0)	(1.1)
– diluted for profit (loss) for the half-year		(1.0)	(1.1)

XCEED CAPITAL LIMITED

Balance Sheet

AS AT 31 DECEMBER 2007

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>As at</i>	<i>As at</i>
		<i>31 December 2007</i>	<i>30 June 2007</i>
		<i>\$'000</i>	<i>\$'000</i>
ASSETS			
Current Assets			
Cash and cash equivalents	7	4,384	5,478
Trade and other receivables		584	680
Inventories		429	337
Other Current Assets		70	77
Total Current Assets		5,467	6,572
Non-current Assets			
Property, plant and equipment		887	950
Intangible assets		5,100	5,100
Total Non-current Assets		5,987	6,050
TOTAL ASSETS		11,454	12,622
LIABILITIES			
Current Liabilities			
Trade and other payables		1,032	832
Provisions		248	240
Total Current Liabilities		1,280	1,072
Non-current Liabilities			
Deferred tax liabilities		1,530	1,530
Total Non Current Liabilities		1,530	1,530
TOTAL LIABILITIES		2,810	2,602
NET ASSETS		8,644	10,020
EQUITY			
Equity attributable to members of the parent			
Contributed equity	3	17,888	17,716
Reserves		120	39
Accumulated losses		(11,622)	(10,546)
Parent interests		6,386	7,209
Minority interests		2,258	2,811
TOTAL EQUITY		8,644	10,020

XCEED CAPITAL LIMITED

Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>2007</i>	<i>2006</i>
		<i>\$'000</i>	<i>\$'000</i>
Cash flows from operating activities			
Receipts from customers		2,294	1,669
Payments to suppliers and employees		(3,567)	(3,467)
Receipt of government grants and tax refunds		91	327
Net cash flows from operating activities		(1,182)	(1,471)
Cash flows from investing activities			
Interest		151	124
Purchase of property, plant and equipment		(71)	(71)
Other		5	17
Net cash flows from investing activities		85	70
Cash flows related to financing activities			
Proceeds from exercise of options		172	60
Payment of share issue costs		(169)	-
Net cash flows from investing activities		3	60
Net increase/(decrease) in cash and cash equivalents		(1,094)	(1,341)
Cash and cash equivalents at beginning of period		5,478	5,177
Cash and cash equivalents at end of period	7	4,384	3,836

XCEED CAPITAL LIMITED

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED	<i>Attributable to equity holders of the parent</i>				<i>Total</i>	<i>Minority interest</i>	<i>Total equity</i>
	<i>Issued capital</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Other reserves</i>			
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
At 1 July 2006	14,930	-	(8,380)	145	6,695	3,150	9,845
Increase in share capital	60	-	-	-	60	-	60
Loss for the period	-	-	(947)	-	(947)	(417)	(1,364)
Cost of share-based payment	-	-	-	63	63	22	85
At 31 December 2006	14,990	-	(9,327)	208	5,871	2,755	8,626
At 1 July 2007	17,716	-	(10,546)	39	7,209	2,811	10,020
Issue of shares	172	-	-	-	172	-	172
Loss for the period	-	-	(1,056)	-	(1,056)	(566)	(1,622)
Cost of share-based payment	-	-	(20)	81	61	82	143
At 31 December 2007	17,888	-	(11,622)	120	6,386	2,327	8,713

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

On the 12th December 2007 Xceed Biotechnology Limited formally changed its name to Xceed Capital Limited.

The half-year financial report should be read in conjunction with the annual Financial Report of Xceed Capital Limited (formerly known as Xceed Biotechnology Limited) as at 30 June 2007.

It is also recommended that the half-year financial report be considered together with any public announcements made by Xceed Capital Limited and its controlled entities during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant Accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007.

2 REVENUE AND EXPENSES

(a) Specific Items

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	<i>CONSOLIDATED</i>	
	<i>2007</i>	<i>2006</i>
	<i>\$'000</i>	<i>\$'000</i>
	<u> </u>	<u> </u>
(i) Revenue		
Sale of goods	2,228	1,637
Interest Revenue	<u>155</u>	<u>132</u>
	<u>2,383</u>	<u>1,769</u>

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

2 REVENUE AND EXPENSES (Continued)

	<i>CONSOLIDATED</i>	
	<i>2007</i>	<i>2006</i>
	<i>\$'000</i>	<i>\$'000</i>
(a) Specific Items (Continued)		
(ii) Other income		
Government grants	-	93
Other income	23	-
	<u>23</u>	<u>93</u>
(iii) Expenses		
Operating lease payments	(266)	(259)
Employee Benefits Expense	(794)	(392)
Share Based Payments	(74)	(85)
Research & Development costs (including associated employee benefits expense)	(569)	(850)
Depreciation Expense	(137)	(183)
Corporate finance and administration expenses	(950)	(622)
Sales and marketing expenses	(260)	(190)
	<u>(3,050)</u>	<u>(2,581)</u>

(b) Seasonality of Operations

The Group is not subject to seasonal variations in revenue.

3 ISSUED CAPITAL

Ordinary shares

Issued and fully paid	17,888	14,990
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<i>Thousands</i>	<i>\$'000</i>
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Movements in ordinary shares on issue

At 1 July 2007	99,235	17,716
Exercise of 20 cent Options	861	172
	<u>100,096</u>	<u>17,888</u>

Movements in ordinary shares on issue

At 1 July 2006	85,171	14,930
Exercise of 20 cent Options	300	60
	<u>85,471</u>	<u>14,990</u>

During the period to 31st December 2007, no options were issued to directors and employees of the company.

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

4 SEGMENT REPORTING

Business segments

The following table presents the revenue and profit information regarding business segments for the half-year periods ended 31 December 2007 and 31 December 2006. All operations are continuing.

	<i>Continuing Operations</i>			
	<i>Research &</i>			<i>Total</i>
	<i>Chemical</i>	<i>Development</i>	<i>Unallocated</i>	
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
31 December 2007				
Segment revenue	2,247	114	22	2,383
Segment result	420	(1,568)	(474)	(1,622)
31 December 2006				
Segment revenue	1,639	121	9	1,769
Segment result	84	(1,042)	(406)	(1,364)

5 CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change in any contingent liabilities or contingent assets.

6 EVENTS AFTER THE BALANCE SHEET DATE

There has been no matter or circumstance that has arisen since the end of the financial period that has significantly affected or may affect the Company's operations in future financial years, the results of those operations or the Company's state of affairs in future financial years.

7 ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 31 December:

	<i>CONSOLIDATED</i>	
	<i>2007</i>	<i>2006</i>
	<i>\$'000</i>	<i>\$'000</i>
Cash at bank and in hand	507	374
Short-term deposits	3,877	3,462
	<u>4,384</u>	<u>3,836</u>

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

8 RELATED PARTY DISCLOSURES

(a) Ultimate parent

Xceed Capital Limited ('Xceed') is the Ultimate Australian parent company.

(b) Wholly owned group transactions

Payment for the following expenditure items:

- i. Company secretarial, financial reporting and registered office facilities.
- ii. Directors and officers Indemnity Insurance.

were made during the period on behalf of PolyNovo and Boron by Xceed and then recharged to the subsidiaries on normal commercial terms and conditions.

(c) Other

During the six month period to 31 December 2007 PolyNovo incurred a total of \$227,000 (2006 half year: \$298,000) of expenses from CSIRO for the provision of facilities and purchase of materials and consumables. CSIRO is a shareholder of PolyNovo. In each case the expenditure was negotiated on an arms length basis and reflect arms length commercial terms.

During the six months period to 31 December 2007 Boron Molecular accrued royalties to CSIRO totaling \$7,453 (2006 half year: \$45,518).

During the six months period to 31 December 2007 the consolidated entity incurred costs of \$159,016 (2006 half year: \$22,650) to Francis Abourizk Lightowlers of which Mr Peter Francis (a Director of the Company) is associated. These costs were incurred for the provision of legal services on normal commercial terms and conditions.

During the six months period to 31 December 2007 the consolidated entity incurred costs of \$16,667 to St George Capital Pty Ltd of which Mr Patrick O'Connor and Mr George Cameron-Dow (both Directors of the Company) are associated. These costs were incurred for the provision of financial management, company secretarial services and registered office facilities on normal commercial terms and conditions.

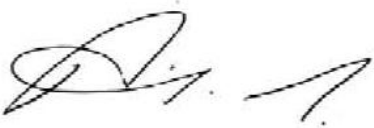
Directors' Declaration

In accordance with a resolution of the directors of Xceed Capital Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; 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.

On behalf of the Board



Patrick O'Connor
Director

25th February 2008

To the members of Xceed Capital Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Xceed Capital Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the six months ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Xceed Capital Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

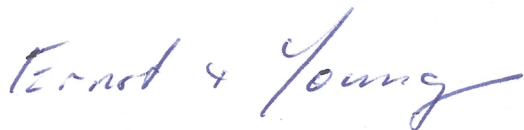
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is referred to in the Directors' Report and immediately follows this Review Report.

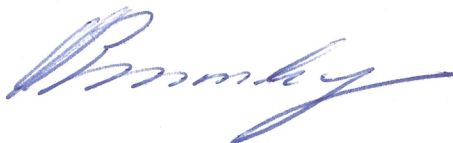
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Xceed Capital Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Don Brumley
Partner
Melbourne
25 February 2008