



ASX Release

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Shareholder Update

6 May 2008

Xceed Capital Limited (ASX: XCD) today announces an update on its new strategic direction as foreshadowed at the AGM in December 2007 and the plans for its 64% owned subsidiary PolyNovo Biomaterials Ltd (PolyNovo) and 100% owned subsidiary Boron Molecular Pty Ltd (Boron).

PolyNovo Biomaterials Ltd

PolyNovo is actively pursuing alternative funding avenues to fund its next phase of growth including via direct investment of private equity.

The Xceed Board considers this to be the best approach to maximise the value of this investment to our shareholders. The previous proposal of a demerger and IPO of PolyNovo is no longer being actively pursued due to the changes in equity markets since the time of the original announcement of that proposal in July 2007.

PolyNovo has continued to make excellent progress towards the commercialisation of its NovoSorb™ technology, with the recent signing of a third major partnering deal with Smith and Nephew, Inc. (NYSE: SNN; LSE: SN). The signing of the partnering and licensing deals with three of the world's 'top ten' medical device companies over PolyNovo's NovoSorb™ technology validates the significant potential upside for this exciting platform technology.

Boron Molecular Pty Ltd

Boron has continued to make solid progress resulting in a strong cash position and the current manufacturing facility approaching full capacity.

Boron has built an excellent customer base over the past four years and key customers are increasingly expecting Boron to have the capability to manufacture custom orders at larger scales as they enter the next phase of development. This bodes well for the future of Boron's proprietary products and extensive catalogue sales.

As a result of the strong performance and the increasing demand, Boron plans to invest in a 630L reactor which will significantly increase its manufacturing capacity. Planning and installation will be undertaken and it is expected the expanded facility will be operational by 4th Quarter of 2008. This expansion will be funded from Boron's own capital resources together with a proposed appropriate lease financing facility.

Xceed Capital Limited

As a result of the decision by PolyNovo to commence discussions with alternative equity funders and the consequent decision not to pursue a demerger and IPO from Xceed, Xceed will review the best options to maximise the value of its investment in PolyNovo in conjunction with any third party proposal to provide further investment into PolyNovo.

Xceed will actively commence a strategy of seeking new investment opportunities to expand its portfolio of investments together with a review its ongoing capital requirements. Further details of the strategy review will be announced in the coming weeks.

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Further Information:

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Xceed Capital Limited

Xceed Capital Limited is an investment company based in Perth, Australia and is listed on the Australian Securities Exchange (ASX: XCD). Historically, Xceed has worked closely with CSIRO to successfully spin-off two companies. These companies, Boron Molecular Pty Ltd (100% owned) and PolyNovo Biomaterials Ltd (owned 64% by Xceed with the remaining 36% interest owned by CSIRO) both commenced with exclusively licensed or assigned core technologies developed by CSIRO.

For more information, please visit the company's website at www.xceedcapital.com.