28 February 2011

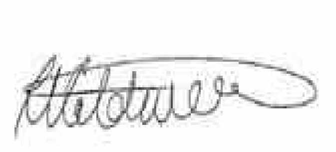
Company Announcements Office
Australian Stock Exchange
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir

Please find attached the Company's announcement of its interim results for the 2010/11 year, for immediate release to the market.

Included in this announcement are ASX Appendix 4D and the Half Yearly Report for the period to 31 December 2010.

Yours faithfully



Mr Richard Caldwell
Executive Chairman

DYESOL LTD
ACN 111 723 883
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DYESOL GROUP of COMPANIES Global Leaders in Dye Solar Cell Technology

DYESOL LIMITED

Appendix 4D

Half Year Report Period Ended 31 December 2010

Results for announcement to the Market

	Percentage Change		$'000
Revenue from continuing operations	42% decrease	to	968
Loss after income tax from continuing operations	38% increase	to	(8,609)
Net loss for the period attributable to owners	38% increase	to	(8,609)

Dividends

	Amount per security	Percentage Franked
Current period:		
Interim Dividend	Nil	N/A
Date the Dividend is Payable:		N/A
Record Date for determining entitlements to the Dividend:		N/A
Prior corresponding period:		
Interim Dividend	Nil	N/A

Net Tangible Assets per Security

As at 31 December 2010	$0.058
As at 31 December 2009	$0.100

This report is based on accounts which have been subject to review of which the review report is attached to the half year financial statements.

DYESOL™

ACN 111 723 883

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2010

DYESOL™

DYESOL LIMITED

ABN 92 111 723 883

Interim Report - 31 December 2010

Contents

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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 2010 and any public announcements made by Dyesol Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The directors present their report on the consolidated entity consisting of Dyesol Limited and its controlled entities for the half-year ended 31 December 2010 and the auditor's review report thereon:

1. DIRECTORS

The directors of the Company during the half-year and up to the date of this report are:

Name	Period of directorship
Mr Richard Caldwell *Executive Chairman*	Director since 18 March 2005
Dr Gavin Tulloch *Executive Director*	Director since 27 March 2008, resigned 21 May 2010. Reappointed 27 October 2010
Mr Gordon Thompson *Non-Executive Director*	Director since 9 November 2004
Mr Ian Neal *Non-Executive Director*	Director since 8 September 2006
Mrs.Sylvia Tulloch *Non-Executive Director*	Director since 20 October 2009

2. RESULTS

The consolidated loss of the Group for the half-year after allocating non-controlling interest was $ 8,608,438 (2009: $6,222,605) after income tax benefit of $ 716,561 (2009: $ 45,682).

3. REVIEW OF ACTIVITIES

Corporate and Operational Highlights

The future of Dyesol continues to be the success of its inventiveness and of the commercial partnerships through which these inventions are brought to market. Our two key partnerships with Tata and Pilkington have both achieved important milestones in this half year.

Dyesol/Tata Steel

- The project to bring DSC on coil coated steel to pilot plant stage and to demonstration has now only 6 months to run and this means that the past few months have seen the expansion of Dyesol's team at Shotton in preparation for the next stage of commercialisation and the commitment to demonstrator products made on the pilot line. Planning for scale-up to volume production is well advanced and we have been involved in detailed business case preparation for presentation to the boards of both companies. The business case deals with the manufacture of BIPV products for both the retrofit and new build markets. The confidence of the team and corporate management is high as the project is based on excellent technology, predominantly delivered by the Dyesol team, and strong commitment to cost competitiveness. In parallel to the business case, we have prepared a 5 year technology road map to deliver advanced, cheaper products with ever enhanced durability as is needed for the built environment. This expansion of the technology programme will run alongside the manufacturing establishment to assure that the product development continues to be the world leader. The Welsh government has once again demonstrated its commitment to the project through an offer of £2M to assist Dyesol with establishment of scaled up materials manufacture in Wales. The offer is the subject of conditional acceptance. The project scale-up is planned to commence on completion of the current project phase in mid 2011. As well as enhanced materials manufacturing facilities, Dyesol intends to expand its St Asaph based next generation R&D laboratories.

Dyesol/Pilkington NA

- In second quarter calendar 2011, DyeTec Solar will be commencing operations with receipt of its initial tranche of US state government funding – a US$950,000 grant offer from Ohio Third Frontier Fund. The project will have a similar trajectory to other major Dyesol JV projects. The principal focus of this stage is to develop the in-house capabilities, resources and designs for building a 300mm x 300mm prototype which will meet or exceed the expectations of the granting body and also meet the requirements of facades in the built environment. The project will receive its first Australian personnel in April, who will work alongside existing Dyesol Inc. and Pilkington staff.

The milestone based project plan involves several engineering steps and we are very pleased that DyeTec is leveraging existing R&D facilities and equipment to ensure a quick start at low cost. This project addresses the key requirement to produce large area DSC devices on glass and is based on Dyesol patents combined with Pilkington's vast experience in high volume glass processing. The outcome will be a technology platform that can be used by other Dyesol ventures and third parties. Dyesol will retain the right to supply the DSC materials to companies that acquire rights to apply the technology developed by DyeTec. The details of the commercialisation plan will be developed and announced by DyeTec and the joint venture partners at a later date as technical milestones are achieved.

Dyesol has also been taking strong steps towards taking its SureVolt technology to industrialisation. Plans have been completed for a product development and pilot plant that would lead to volume manufacture within three years once project support is obtained. Applications for this technology will include solar blinds for which there is an enormous market potential for the built environment and auto industry, flexible displays and motes.

Obviously, to supply the large quantities of materials forecast to be required by our partners for volume manufacturing, Dyesol has to assure supply from at least two sources. Hence, we continue to develop collaborations with substantial chemical manufacturers. As well as Merck and Umicore, with whom the company is continuing to negotiate technical and commercial agreements, there are several other partners and collaborators for specialist materials, including SEFAR in Switzerland with whom Dyesol has jointly developed a new transparent conductor that substantially reduces the cost of using plastic substrates.

There is an accelerating international push for DSC and more academic research and industrial organisations are entering the field every week. Dyesol's intention is to build on our over 700 person years of technological experience and expertise to stay ahead of the game. To do this we must have appropriate linkages internationally. In Europe, Dyesol is a partner in four FP7 projects with a total R&D budget of over €12M. These projects deal with virtually every aspect of DSC technology. As well as being recompensed for R&D effort, Dyesol will have the rights to exploit technology of interest to the company. Other external collaborations, where Dyesol has commercialisation rights, include those with CSIRO and NIMS of Japan. These collaborations are focussed on addressing key elements of the Technology Roadmap and are intended to contribute to the ongoing materials and design R&D objectives of higher efficiency at lower cost for mass-manufactured applications. Dyesol's R&D team plays a critical role as well in pursuing its own areas of scientific excellence and co-ordination of all R&D projects.

To gain the greatest benefit from these important but geographically dispersed projects, the company has addressed the need for an enhanced intra-company communication network. Consequently, while maintaining the same mission and strategy, the company undertook an organisational review, augmenting its regional focus with global product lines and management. In summary key operations centres are (1) Sales and Marketing (Materials and Equipment), (2) Steel Products, (3) Glass Products and (4) Flexibles and Materials Supply.

Importantly, the organisational review resulted in confirmation of the business model, where the key areas of value creation are (1) materials supply (2) investment in strategic partnerships addressing the global market, and (3) provision of next generation technology through technical services agreements and concentration on core R&D to maintain our leadership. Coordination of the worldwide activities involves an Executive Management Committee and a Technology Committee. We have made an important internal appointment of an R&D Manager to support the Director of Technology.

Implicitly, this means realising value from our investment in people and technology over the many years. Long-term value capture is, thus, key to shareholder value and the company continues to adopt business development and risk management practices to ensure this. Sometimes this has meant foregoing shorter paths to revenue to maximise expected medium to longer term returns. We are confident that partnering with global leaders to address the opportunity, especially for the built environment and the mobility sector, is the most responsible approach to commercialising the technology.

Financial Highlights

- Revenue from sales of goods and services almost halved on a year-on-year basis. Whilst disappointing, it represents a change in the business mix. Customers are seeking larger, one-off engineering solutions, the pipeline for equipment sales, in particular, appears strong for the coming year. Dyesol has appointed Meerkat, a subsidiary of Singapore Aerospace Manufacturing, to meet the increased production demand and quality control objectives.

- Technical expenses increased by A$1.4 million over the corresponding period. Contributing reasons include the significant vesting of share rights under the newly implemented Employee Share Ownership Plan during the period and a payment of A$460,000 to CSIRO as it achieved agreed milestones. The expensing of share rights as they vest is a non-cash item and consistent with current accounting practice. It is also noted that cost recovery on the WAG Project has declined as the Project approaches completion in this financial year.

- Administrative and corporate expenses also increased, but most can be significantly labelled as one-off aspects of the organisational restructure, particularly in relation to senior appointments and terminations. Going forward, some expensive duplication that occurred in this transition period will not reoccur. In addition, Dyesol spent A$342,000 on due diligence of a European acquisition. This opportunity was subsequently abandoned on the grounds of being too high a legal and financial risk. It is now agreed that the relevant capability can be alternatively addressed through the materials outsourcing strategy and astute IP management. The completion during the period of the acquisition (A$50,000) of an exclusive licence for a novel low temperature nano-conductor technology has enabled improved module performance.

- A fall in marketing expenses of A$220k is consistent with a reduced focus on new business development. However, the company continues to promote the technology through key international events such as the highly successful DSC-IC, which we again sponsored, this year in Colorado. These events are very effective in promoting Dyesol with government and key potential industrial partners.

- The company notes the increase in the rebate available from the Federal government in relation to R&D activities. The Company estimates the rebate will lead to an additional recovery in the order of A$332k in the current financial year compared to the previous financial year.

- The final area of significant variance is in foreign exchange losses. Dyesol has a policy of maintaining budgeted balances in the currencies in which it has forecast annual expenditure. Currently that means maintaining an approximate 50% balance in Australian dollars and 50% in foreign currency – notably GBP, USD and EUR. The rise of the Australian dollar against major currencies has affected the $A cost where $A have been utilised for development projects overseas and grants/earnings have been out of phase (normally, expense occurs some 3 to 6 months ahead of recovery). The implication of market-to-market treatment of foreign currency balances means there have been principally 'non-cash' losses.

- As a result of the reduced sales to the R&D community, forex valuation adjustments, reduced recovery on the mature WAG project, and substantial non-cash based expenses (e.g. share based expenses for staff), the loss for the period increased by 38% on previous year.

- Cash usage has risen by 18% on the same period last year. This is predominantly due to operational expenses which have risen by close to $1M reflecting the increased business activity of the company and some one-off management and contract costs.

- Current assets outstrip current liabilities by 260%. Dyesol's prudent accounting of non-current assets – in the form of equipment and IP, reduces the book value of total assets, but does not impact on the realisable value of our world leading IP.

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration by the lead auditor under section 307C is included on page 5 to these half-year financial statements.

Dated at Queanbeyan, New South Wales, this 28th day of February 2011.

Signed in accordance with a resolution of the directors:

Richard Caldwell
Executive Chairman

BDO

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Fax: +61 2 9286 5599
www.bdo.com.au

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Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
Australia

DECLARATION OF INDEPENDENCE BY SIMON COULTON TO THE DIRECTORS OF DYESOL LIMITED

As lead auditor for the review of Dyesol Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dyesol Limited and the entities it controlled during the period.

Simon Coulton

Director

BDO Audit (NSW-VIC) Pty Ltd

Sydney, 28 February 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Half-year	
		31 December 2010 $	**31 December 2009 $**
Revenue from sale of goods and services		852,137	1,562,746
Cost of sales		(625,421)	(1,209,646)
Gross profit		**226,716**	**353,100**
Interest revenue		115,907	99,384
Other income		620,399	1,019,067
Technical expenses		(3,760,085)	(2,343,538)
Administrative and corporate expenses		(4,899,321)	(3,574,550)
Marketing expenses		(1,355,846)	(1,575,217)
Intellectual property expenses		(261,592)	(246,067)
Borrowing costs		(11,593)	(1,104)
Loss before income tax benefit		(9,325,415)	(6,268,925)
Income tax benefit		716,561	45,682
Net loss for the half-year		(8,608,854)	(6,223,243)
Other comprehensive loss			
Foreign currency translation differences		(576,103)	(255,369)
Total comprehensive loss for the half-year		(9,184,957)	(6,478,612)
Loss for the half-year is attributable to:			
Owners of Dyesol Limited		(8,608,438)	(6,222,605)
Non-controlling interest		(416)	(638)
		(8,608,854)	(6,223,243)
Total comprehensive loss for the half-year is attributable to:			
Owners of Dyesol Limited		(9,184,516)	(6,478,096)
Non-controlling interest		(441)	(516)
		(9,184,957)	(6,478,612)
Basic and diluted loss per share (cents)		(6.01)	(4.79)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

DYESOL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	31 December 2010 $	30 June 2010 $
ASSETS			
Current assets			
Cash and cash equivalents		5,798,408	13,137,203
Trade and other receivables		1,754,121	1,812,122
Inventories		1,867,148	1,958,102
Other current assets		418,789	254,736
Total current assets		9,838,466	17,162,163
Non-current assets			
Property, plant and equipment		3,161,004	3,982,204
Intangible assets		8,296,449	7,985,300
Total non-current assets		11,457,453	11,967,504
Total assets		21,295,919	29,129,667
LIABILITIES			
Current liabilities			
Trade and other payables		2,532,784	2,940,000
Borrowings		7,625	11,076
Provisions		196,643	202,166
Total current liabilities		2,737,052	3,153,242
Non-current liabilities			
Borrowings	4	817,393	464,437
Provisions		355,209	343,653
Deferred tax liability		711,381	749,207
Total non-current liabilities		1,883,983	1,557,297
Total liabilities		4,621,035	4,710,539
Net assets		**16,674,884**	**24,419,128**
EQUITY			
Contributed equity	3	62,030,413	61,483,094
Reserves		2,376,914	2,059,598
Accumulated losses		(47,733,032)	(39,124,594)
Capital and reserves attributable to owners of Dyesol Ltd		**16,674,295**	**24,418,098**
Non-controlling Interest		589	1,030
Total equity		**16,674,884**	**24,419,128**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Half-year	
		31 December 2010 $	31 December 2009 $
Cash flows from operating activities			
Cash receipts from customers		929,069	1,365,935
Cash payments to suppliers and employees		(8,285,364)	(7,321,844)
Grant received		663,841	948,151
R&D tax rebate received		350,809	359,587
Interest received		139,589	86,271
Interest paid		(526)	(1,104)
Net cash outflow from operating activities		(6,202,582)	(4,563,004)
Cash flows from investing activities			
Payments to acquire financial assets		-	(144,432)
Payments for property, plant & equipment		(355,094)	(298,087)
Proceeds from disposal of plant & equipment		163	-
Payments for product development cost		(602,287)	(533,432)
Payments for Intellectual property		(50,000)	-
Loans to related parties		(20,287)	(300,000)
Net cash outflow from investing activities		(1,027,505)	(1,275,951)
Cash flows from financing activities			
Proceeds from borrowings		343,842	-
Repayment of borrowings		(5,930)	(4,941)
Share issue costs		(10,721)	-
Net cash inflow / (outflow) from financing activities		327,191	(4,941)
Net decrease in cash held		(6,902,896)	(5,843,896)
Effects of exchange rate changes on the balances of cash held in foreign currencies		(435,899)	(617,889)
Net cash at beginning of period		13,137,203	13,290,253
Net cash at end of period		**5,798,408**	**6,828,468**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

			Reserves				
	Contributed equity	Accumulated losses	Equity- settled benefit	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	$	$	$	$	$	$	$
At 1 July 2009	**49,125,087**	**(24,752,269)**	**1,706,855**	**(80,176)**	**25,999,497**	**812**	**26,000,309**
Total comprehensive income for the half-year							
Loss for the half-year	-	(6,222,605)	-	-	(6,222,605)	(638)	(6,223,243)
Other comprehensive income							
Foreign currency translation reserve differences	-	-	-	(255,491)	(255,491)	122	(255,369)
Total comprehensive income for the half-year	-	(6,222,605)	-	(255,491)	(6,478,096)	(516)	(6,478,612)
Transaction with owners, in their capacity as owners							
Share-based payment expenses	-	-	29,248	-	29,248	-	29,248
	-	-	29,248	-	29,248	-	29,248
At 31 December 2009	**49,125,087**	**(30,974,874)**	**1,736,103**	**(335,667)**	**19,550,649**	**296**	**19,550,945**
Total comprehensive income for the half-year							
Loss for the half-year	-	(8,149,720)	-	-	(8,149,720)	751	(8,148,969)
Other comprehensive income							
Foreign currency translation reserve differences	-	-	-	(124,967)	(124,967)	(17)	(124,984)
Total comprehensive income for the half-year	-	(8,149,720)	-	(124,967)	(8,274,687)	734	(8,273,953)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Contributed equity	Accumulated losses	Reserves: Equity- settled benefit	Reserves: Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	$	$	$	$	$	$	$
Transaction with owners, in their capacity as owners							
Contributions of equity, net of transaction costs	11,338,007	-	-	-	11,338,007	-	11,338,007
Shares issued as consideration for acquisitions	1,020,000	-	-	-	1,020,000	-	1,020,000
Share-based payment expenses	-	-	784,129	-	784,129	-	784,129
	12,358,007	-	784,129	-	13,142,136	-	13,142,136
At 30 June 2010	**61,483,094**	**(39,124,594)**	**2,520,232**	**(460,634)**	**24,418,098**	**1,030**	**24,419,128**
Total comprehensive income for the half-year							
Loss for the half-year	-	(8,608,438)	-	-	(8,608,438)	(416)	(8,608,854)
Other comprehensive income							
Foreign currency translation reserve differences	-	-	-	(576,078)	(576,078)	(25)	(576,103)
Total comprehensive income for the half-year		(8,608,438)		(576,078)	(9,184,516)	(441)	(9,184,957)
Transaction with owners, in their capacity as owners							
Shares issued on exercise of employee and consultant share rights and options	547,319	-	(490,447)	-	56,872	-	56,872
Share-based payment expenses	-	-	1,383,841	-	1,383,841	-	1,383,841
	547,319	-	893,394	-	1,440,713	-	1,440,713
At 31 December 2010	**62,030,413**	**(47,733,032)**	**3,413,626**	**(1,036,712)**	**16,674,295**	**589**	**16,674,884**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements 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 statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by Dyesol Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

These half-year financial statements were approved by the Board of Directors on 28 February 2011.

2. SEGMENT REPORTING

The segment information has been presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the board that makes strategic decision). The operating segments identified by management are based on the allocation of the assets generating revenues. This has changed from the last annual financial statements where the board monitors the business based on geographical factors, being where the customers are based, but is consistent with the basis used for the half year ended 31 December 2009. From 1 January 2011, the board has adopted a different business segment approach based on product factors, which aligned more closely to the Company business strategies.

The Company operates in four major geographical segments being Australia, Asia, Europe (including Switzerland, Italy, Germany and UK) and North America. All of these entities are involved in the industrialisation and commercialisation of Dye Solar Cell (DSC) technologies.

Segment information provided to the board for the half-year ended 31 December 2010 is as follows:

	Australia		Asia		Europe		North America		Total	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	$	$	$	$	$	$	$	$	$	$
Segment revenue										
Total segment revenue	869,826	1,979,448	19,634	10,573	345,065	364,093	-	-	1,234,525	2,354,114
Inter-segment revenue	(228,416)	(612,581)	-	(10,573)	(153,972)	(168,214)	-	-	(382,388)	(791,368)
Segment revenue from external customers	641,410	1,366,867	19,634	-	191,093	195,879	-	-	852,137	1,562,746
Net Loss	(4,447,432)	(2,721,397)	(352,478)	(147,723)	(449,841)	(427,264)	(328,113)	(191,074)	(5,577,864)	(3,487,458)

The executive management committee monitors segment performance based on net loss before income tax.

Net loss reconciles to loss before income tax as follows:

	31 Dec 2010	31 Dec 2009
	$	$
Total segment net loss	(5,577,864)	(3,487,458)
Inter-segment eliminations	539,496	251,683
Unallocated corporate income and expenses		
Employment cost	(1,282,363)	(632,853)
Marketing expenses	(677,533)	(1,070,324)
Foreign currency losses	(180,081)	2,074
Professional fees	(137,006)	(131,831)
Unrealised foreign exchange losses	(866,608)	(753,224)
Other	(1,143,456)	(446,992)
Total unallocated corporate income and expenses	(4,287,047)	(3,033,150)
Loss before income tax from continuing operations	(9,325,415)	(6,268,925)

Segment assets

Segment asset amounts provided to the executive management committee are comprised of cash and trade receivables.

3. EQUITY SECURITIES ISSUED

Issue of ordinary shares during the half-year:

	Number of Shares		$	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Issue of shares on exercise of rights and options	511,186	-	547,319	-

4. BORROWINGS

The following loans and borrowings were issued during the half-year ended 31 December 2010

	Currency	Interest rate	Face value	Carrying Amount	Year of Maturity
Convertible Note	AUD	5.02%	343,842	343,842	2012
			343,842	343,842	

CSIRO have provided funds to the value of $343,842 for the second stage of the project and in return Dyesol has issued a convertible note with a face value equal to the funds received of $343,842.

5. OPTIONS ISSUED TO KEY MANAGEMENT PERSONNEL

Share Options

The following options to subscribe for ordinary fully paid shares were granted during the half-year to Ian Neal and Gordon Thompson (non-executive directors) following approval by shareholders at the company's 2010 Annual General Meeting, and to Kian Niu (chief financial officer) in connection with his employment agreement with the company:

Mr Ian Neal

-1,000,000 options vesting on 29 November 2010 and exercisable at $1 each on or before 30 November 2013.

Mr Gordon Thompson

- 1,000,000 options vesting on 29 November 2010 and exercisable at $1 each on or before 30 November 2013.

Mr Kian Niu

-500,000 options vesting on 23 December 2010 and exercisable at $0.89 each on or before 22 December 2013.

This issue of options has been accounted for in accordance with AASB2 *Share-based payment.*

6. CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the end of the previous annual reporting period.

7. SUBSEQUENT EVENTS

DyeTec Solar Inc., a 50% joint venture with Pilkington N.A., involving Dyesol Inc, a wholly owned subsidiary of Dyesol Limited, announced on 31 January 2011 that it will receive a US$950,000 Ohio Third Frontier Commission grant to develop technology for mass manufacture of glass based BIPV (Building Integrated Photovoltaic), BAPV (Building Applied Photovoltaic) and AIPV (Automotive Integrated Photovoltaic) products. Both shareholders have committed patents and knowhow to DyeTec which, when combined with internally developed DTS IP, serves as the foundation for the company's technology and valuation. The shareholders will maintain exclusive material supply agreements with DyeTec and their customers, and will exclusively provide enhanced TCO and Dye Packages that will be optimized to work together to yield superior long term performance and efficiency.

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. the financial statements, comprising the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

   (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.

2. In the directors' opinion, 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 the resolution of the Board of Directors and is signed for and behalf of the directors by:

Richard Caldwell
Executive Chairman

Dated at Queanbeyan, New South Wales, this 28th day of February 2011.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DYESOL LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dyesol Limited, which comprises the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Dyesol Limited, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Dyesol Limited, would be in the same terms if given to the directors as at the time of this auditor's 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 half-year financial report of Dyesol Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO

BDO Audit (NSW-VIC) Pty Ltd

Simon Coulton

Director

Sydney, 28 February 2011