

27 February 2009

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 2008/09 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 2008.

Yours faithfully



Gavin E Tulloch
Managing Director Global

DYESOL LTD
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DYESOL LIMITED



Appendix 4D

Half Year Report Period Ended 31 December 2008

Results for announcement to the Market

	<u>Percentage Change</u>		<u>\$'000</u>
Revenue from ordinary activities	68% increase	to	1,891
Loss from ordinary activities after tax attributable to members	12% increase	to	(4,542)
Net loss for the period attributable to members	12% increase	to	(4,542)

Dividends

	<u>Amount per security</u>	<u>Percentage Franked</u>
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 2008	\$0.138
As at 31 December 2007	\$0.222

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

For personal use only



ACN 111 723 883

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2008

DYESOL LIMITED

ABN 92 111 723 883

Interim Report - 31 December 2008

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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 2008 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.

DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Dyesol Ltd and its controlled entities for the half-year ended 31 December 2008 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 <i>Non-Executive Chairman</i>	Director since 18 March 2005
Dr Gavin Tulloch <i>Managing Director</i>	Director since 27 March 2008
Mr Gordon Thompson <i>Non-Executive Director</i>	Director since 9 November 2004
Mr Ian Neal <i>Non-Executive Director</i>	Director since 8 September 2006
Mrs. Sylvia Tulloch <i>Alternate Director to Dr. Gavin Tulloch</i>	Alternate Director since 27 March 2008

2. Results

The consolidated loss of the Group for the half-year after allocating minority interests was \$4,541,853 (2007: \$4,068,225) after income tax benefit/ (expense) of \$ 36,123 (2007: (\$30)).

3. Review of Activities

During this period, Financial highlights included:

- Revenue and other income from operations increased 145% compared to 2007 half year to \$2,757,192.
- Recovery of total expense in revenue rose from 19.1% in 2007 half year to 36.4% this year.
- Significant changes in expenditure occurred in the expanded materials manufacturing laboratories where expense increased 147% to \$1,959,882. This reflected the expense associated with increasing capacity for materials manufacture by over ten-fold
- Business overheads, comprising corporate, marketing and administration expenses, remained virtually constant.
- Cash usage for operations in the period rose only 77.4% to \$4,449,726.
- The major change in cash usage entailed the completion of new facilities at Queanbeyan, St Asaph, and Shotton (latter 2 in North Wales) for which cash usage was \$2,672,331. This is reflected in the balance sheet with fixed assets increasing by \$2,045,041 (net of depreciation).
- During the period shareholders contributed \$1,904,842 through exercise of listed options.
- Total creditors of \$1,259,119 were more than balanced by debtors of \$1,763,035 - another positive signal about the strong fiscal management at Dyesol.
- At the end of the 6 months, cash at bank is \$ 7,980,534 being about 12 months cash cover.
- It follows that net assets totalled \$22,648,939, a minor reduction from June 2008 of 7%
- At balance date forward order cover, including contract deliveries under negotiation for delivery in the next six months is close to \$2M.

The highlights of investment by the Company have been:

- Establishment of a demonstration Dyesol Laboratory Solutions facility at our UK headquarters in St Asaph, North Wales. This facility is used not only to demonstrate to clients but also as our practical laboratory for R&D associated with the UK based development projects.

- On 7 October Dyesol opened the new Materials Manufacturing Facilities, Engineering Facilities and business offices in Queanbeyan. These are located in adjoining buildings in Queanbeyan. The Faunce St Materials Manufacturing unit represents Dyesol's confidence in the forthcoming demand for DSC materials. This is the first step to high volume DSC manufacture providing materials capacity to produce up to 200,000m² of DSC products per annum. The Engineering Facilities enable Dyesol to design, develop, assemble and trial our expanded range of laboratory and prototype equipment. The new business offices allow corporate, administration, finance and marketing to be allocated for the first time. The presentation and meeting room facilities were used successfully for the 2008 AGM, and are utilized for training of Dyesol and client personnel.
- On October 30, Corus and Dyesol opened our joint PV Accelerator on the Corus site in Shotton, North Wales. This is the site of the pilot line for production of DSC on strip steel via a coil coating line. Associated with the pilot line are laboratory facilities for trialling processes, a dry room for product assembly and electrolyte development, and long term testing facilities.
- Dyesol continues to expand its IP portfolio. Over \$124K was spent in the period prosecuting our patent portfolio and registering new patents in our selected jurisdictions. During the period three patents were granted and two new applications were entered.

Operations Highlights.

- The major project activity being carried out is the joint development with Corus of DSC integrated onto strip steel. During the six months, the team met the first two milestones of the funding contract from the Welsh Assembly Government. In this project WAG has committed approximately \$5M to assist the Dyesol development programme. Following the opening of the facilities at Shotton, Dyesol and Corus executives met and subsequently in December announced that, as a result of technical success and assessed high market demand, the project would be accelerated with first product to be manufactured from the pilot plant in the northern summer of 2009. Dyesol now employs 10 staff in UK and a further 5 scientists are involved in the project from Australia. The team is supported by Dyesol's R&D and materials laboratories in Australia, and by the personal involvement of the Managing Director. Since the balance date, commitment has been made to add 3 additional technologists to the UK team.
- In Italy Dyesol has strengthened our collaboration with CHOSE, the DSC development consortium led by University of Tor Vergata in Rome. In July, Dyesol completed delivery and installation of the prototype facilities for Tor Vergata. Facilities were opened by the President of the Lazio Region supported by the Australian Ambassador, Amanda Vanstone, in late July. In September, Dyesol and CHOSE announced that a consortium would be formed involving ERG Renew, the renewable energy company of ERG, a leading Italian oil company, and Permasteelisa, the world's leading façade company, based in north east Italy (and renowned for its original development of the façade for the Sydney Opera House). Since balance date, the parties have finalised agreement on the by-laws of the consortium and agreed to investment schedules for the development and manufacture of DSC facades in Italy. Dyesol's role, through Dyesol Italia, is to provide technical assistance, prototype equipment and DSC materials.
- Following successful completion of the project to develop a flexible camouflage DSC device for the Defence Science and Technology Organisation in Australia, the Dyesol team has refined the design to reduce cost, established a design pack and is prepared for the engineering development phase to commence once decision has been made by DOD on future involvement by Defence. The trademark for the commercial version of this product has been registered as SureVolt.
- In Korea, Dyesol and Timo Technologies announced in early September the finalisation of the terms of the joint venture to develop DSC products in Korea. Timo has sought government assistance for the project which will involve Dyesol in establishment of pilot production facilities for the JV in Korea. Training of the JV team was carried out in October in the new facilities in Queanbeyan. In parallel, Dyesol has continued to work with Acrosol to provide a capability to develop DSC façade products in Korea. The Acrosol facility design and training were completed in October, and Acrosol is now planning the next stage of the facilitation.
- In Taiwan, Dyesol has supplied the first and second stages of a prototyping facility and trained the Jintex scientists in Australia.
- Dyesol's in-house development of Gen2 glass products has met key milestones for conformance of the modules across the environmental specification. On-going long term testing has demonstrated that Dyesol's DSC technology will survive exposure for at least 20 years in Europe and to over 40 years in UK. These tests continue.
- Dyesol's titania nanoparticulate paste was used by EPFL in establishing a new world record performance for DSC of 11.3%. A collaborative program has commenced with a major German materials company to develop alternative low cost nanoparticulate titania material for DSC application.

- In Europe, Dyesol has commenced a collaborative project on new electrode development, joined an EU funded FP7 project (DEPHOTEX) and continues involvement in other FP7 activities and new FP7 initiatives with partners in Germany, Greece, Italy, Denmark, Spain, Switzerland and UK.

Marketing and Promotion

- In July, Dyesol sponsored the International Photochemical Conversion and Storage of Solar Energy (IPS 17) conference in Sydney. This led to new R&D collaborations as a number of delegates took the opportunity to visit Dyesol's laboratories during the period.
- In September, Dyesol mounted a major exhibition and presented at the associated conference of the 23rd EU PVSEC in Valencia, Spain. The exhibition resulted in new equipments and materials sales opportunities in Spain, Portugal and some silicon producers plus collaborative programs with multinational materials companies.
- Following the opening of the facilities in Shotton, the Chairman, Richard Caldwell and Dr Tulloch undertook a series of briefings for analysts in London, Zurich, Geneva, and Madrid. Sylvia Tulloch provided regular updates to analysts and funds in Australia, as well as being interviewed for a range of magazines and daily press.
- Dyesol has fared much better than most solar stocks during the recent half year, with share price being maintained at about 50% of the previous year peaks. In Germany Dyesol (D5I) has performed in the top 10 of solar stocks. This represents an awareness in the market place that the Dyesol initiatives have significant potential value in growth markets following the current recession.

Personnel

Significant personnel developments during the six months have included:

- Following the formation of Dyesol Australia Pty Limited to undertake the business operations at Queanbeyan, Ross MacDiarmid has been elevated from COO to CEO of this business
- Kian Niu joined Dyesol as Acting CFO following the resignation of Nathan Senthurnathan.
- In November, David Bundy was appointed Engineering Manager to add to his Systems Engineering and QA Systems development roles.
- At the same time, Ben Jausnik and Niall Howe accepted increased management responsibilities for the engineering function.
- Michael Bertoz relinquished control of the Glass Project to accept the role of Technical Manager with responsibility for all clients of Dyesol.
- Paul Murray accepted the promotion to lead the Glass Project
- Olivier Bellon has been appointed Metals Projects Manager, adding the SureVolt project to his responsibilities with the Corus project
- Vivitskaia Tulloch has added sales management to her responsibilities as Marketing Manager.
- Chris Moore, project manager at Shotton for the Corus/Dyesol project, has been appointed Manager, Wales covering both Dyesol sites.
- Damion Milliken has been promoted to Senior Scientist at Shotton

4. Auditor's independence declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2008.

Dated at Queanbeyan, New South Wales, this 27th day of February 2009.

Signed in accordance with a resolution of the directors:



Gavin Tulloch
Managing Director

**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 2008, 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
- 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 Kendalls

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Limited

Sydney, 27 February 2009

CONSOLIDATED INCOME STATEMENT
for the half-year ended 31 December 2008

	Note	Half-year
	31 December 2008 \$	31 December 2007 \$
Revenue from continuing operations	1,890,618	1,123,388
Cost of sales	(1,311,325)	(971,778)
Gross Profit	579,293	151,610
Interest revenue	300,417	681,332
Other income from continuing operations	866,574	-
Laboratory expenses	(1,959,882)	(794,293)
Administrative and corporate expenses	(2,870,974)	(2,511,035)
Marketing expenses	(1,364,252)	(1,520,440)
Intellectual property expenses	(128,014)	(74,052)
Borrowing costs	(1,273)	(1,305)
Loss before income tax	(4,578,111)	(4,068,183)
Income tax benefit/(expense)	36,123	(30)
Net loss for the period	(4,541,988)	(4,068,213)
(Loss)/Profit attributable to:		
Equity holders of Dyesol Ltd	(4,541,853)	(4,068,225)
Minority interest	(135)	12
	(4,541,988)	(4,068,213)
Basic and diluted earnings per share (cents)	(4.12)	(4.09)

The consolidated income statement is to be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
as at 31 December 2008

	Note	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		7,980,534	14,667,768
Trade and other receivables		3,176,606	1,979,102
Inventories		2,207,990	959,922
Other assets		95,381	272,872
Total Current Assets		13,460,511	17,879,664
NON CURRENT ASSETS			
Property, plant and equipment		5,720,238	3,675,197
Intangible assets		6,125,058	5,146,305
Total Non Current Assets		11,845,296	8,821,502
TOTAL ASSETS		25,305,807	26,701,166
CURRENT LIABILITIES			
Trade and other payables		1,259,119	967,540
Borrowings		26,445	31,376
Provisions		160,899	157,408
Total Current Liabilities		1,446,463	1,156,324
NON CURRENT LIABILITIES			
Provisions		350,682	336,273
Deferred tax liability		859,723	886,431
Total Non Current Liabilities		1,210,405	1,222,704
TOTAL LIABILITIES		2,656,868	2,379,028
NET ASSETS		22,648,939	24,322,138
EQUITY			
Issued capital	6	40,156,834	36,298,092
Reserves		1,870,802	2,860,755
Accumulated losses		(19,379,358)	(14,837,505)
Parent Interest		22,648,278	24,321,342
Minority Interest		661	796
		22,648,939	24,322,138

The consolidated balance sheet is to be read in conjunction with the accompanying notes.

CONSOLIDATED CASH-FLOW STATEMENT
for the half-year ended 31 December 2008

	Half-year	
	31 December 2008 \$	31 December 2007 \$
Cash flows from operating activities		
Cash receipts in the course of operations	2,946,815	1,306,734
Cash payments in the course of operations	(7,876,071)	(4,308,430)
Interest received	480,803	494,687
Interest paid	(1,273)	(1,305)
Net cash used in operating activities	(4,449,726)	(2,508,314)
Cash flows used in investing activities		
Payments for property, plant, equipment	(2,672,331)	(273,111)
Payment for product development cost	(300,393)	-
Loans to Related Parties	(1,400,625)	-
Net cash used in investing activities	(4,373,349)	(273,111)
Cash flows from financing activities		
Proceeds from issue of shares	1,904,842	23,975,214
Proceeds from borrowings	-	160,000
Transaction costs from issue of shares	-	(912,504)
Repayment of borrowings	(4,931)	(35,530)
Net cash provided by financing activities	1,899,911	23,187,180
Net (decrease)/ increase in cash and cash equivalents held	(6,923,164)	20,405,755
Cash and cash equivalents at the beginning of the period	14,667,768	1,526,341
Effect of exchange rates on cash holdings in foreign currencies	235,930	-
Cash and cash equivalents at the end of the period	7,980,534	21,932,096

The consolidated cash flow statement is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2008

Consolidated half-year	Issued Capital \$	Reserves \$	Accumulated Losses \$	Minority Interest \$	Total Equity \$
Balance as at 1 July 2008	36,298,092	2,860,755	(14,837,505)	796	24,322,138
Foreign Currency Translation	-	163,947	-	-	163,947
Amounts recognised directly in equity		163,947			163,947
Loss for the period	-	-	(4,541,853)	(135)	(4,541,988)
Proceeds from issue of shares	1,904,842	-	-	-	1,904,842
Shares issued as consideration for acquisitions	1,953,900	(1,153,900)	-	-	800,000
Balance as at 31 December 2008	40,156,834	1,870,802	(19,379,358)	661	22,648,939

Consolidated half-year	Issued Capital \$	Reserves \$	Accumulated Losses \$	Minority Interest \$	Total Equity \$
Balance as at 1 July 2007	11,274,951	3,093,184	(7,216,051)	509	7,152,593
Options issued as share based payments	-	1,251,169	-	-	1,251,169
Amounts recognised directly in equity		1,251,169			1,251,169
Loss for the period	-	-	(4,068,225)	12	(4,068,213)
Proceeds from issue of shares	23,975,215	-	-	-	23,975,215
Transaction costs from issue of shares	(912,504)	-	-	-	(912,504)
Shares issued as consideration for acquisitions	1,153,900	(1,153,900)	-	-	-
Option exercised	-	160,000	-	-	160,000
Transfer upon exercise of options	23,697	(23,697)	-	-	-
Balance as at 31 December 2007	35,515,259	3,326,756	(11,284,276)	521	27,558,260

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

Dyesol Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half-year ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "consolidated entity"). The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2008 is available upon request from the Company's registered office or may be viewed on the Company's website, www.dyesol.com.

2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. The consolidated interim financial report has been prepared on a historical cost basis.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2008. It is also recommended that the interim financial report be considered together with any public announcement made by Dyesol Ltd and its subsidiaries during the half year ended 31 December 2008 in accordance with the continuous disclosure requirements of the Corporation Act 2001.

This consolidated interim financial report was approved by the Board of Directors on 27 February 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2008.

During the half-year ended 31 December 2008, the Group has adopted the following accounting policy:

Interest in Joint Venture

Joint ventures are accounted for by means of the proportionate consolidation method whereby the Group's share of the assets, liabilities, income, expenses and cash flows of joint ventures are included on a line by line basis in the consolidated financial statements from the date on which joint control commences until the date on which joint control ceases.

4. SEGMENT REPORTING

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

Geographical Segments

The following table presents revenue and profit/(loss) information regarding geographical segments for the six months ended 31 December 2008 and 31 December 2007. Segments are based on the allocation of the assets generating revenues.

	Australia		Asia		Europe		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
External sales	1,192,766	1,111,755	-	-	697,853	11,633	-	-	1,890,619	1,123,388
Interest revenue	290,088	681,306	7,720	-	2,609	26	-	-	300,417	681,332
Other income	139,204	-	270	-	727,100	-	-	-	866,574	-
Inter-segment revenue	588,620	338,917	-	15,980	483,743	219,299	(1,072,363)	(574,196)	-	-
Total Segment revenue and other income	2,210,678	2,131,978	7,990	15,980	1,911,304	230,958	(1,072,363)	(574,196)	3,057,610	1,804,720
Result										
Segment profit/(loss) before income	(4,559,871)	(4,072,773)	(52,759)	1,576	34,519	3,014	-	-	(4,578,111)	(4,068,183)
Income tax benefit/(expense)									36,123	(30)
Net loss for the period									(4,541,988)	(4,068,213)

Assets and Liabilities										
Segment Assets	38,351,404	33,278,459	545,682	44,682	3,460,180	153,701	(17,051,459)	(4,791,685)	25,305,807	28,685,156
Segment Liabilities	11,282,861	1,220,471	31,945	40,437	3,070,621	80,453	(11,728,559)	(214,465)	2,656,868	1,126,896

Business Segments

The Group operates one business segment being the industrialisation and commercialisation of Dye Solar Cell (DSC) technology.

5. Investment in Joint Venture

Dyesol Ltd has entered into a joint venture agreement with Timo Technology Co. Ltd. on 30 July 2008, involving a jointly-controlled entity called Dyesol-Timo Co. Ltd., to commercialise Dye Solar Technology (DSC) in Korea. The parties have entered into a contractual agreement sharing control in Dyesol-Timo Co. Ltd. whereby the strategic financial and operating decisions relating to Dyesol-Timo activities require the unanimous consent of both parties.

Dyesol Ltd has 49% interest in the Joint Venture. The Group's interests in the assets, liabilities, revenues and expenses of the joint venture are included in the consolidated balance sheet in accordance with the accounting policy described in note 3 under the following classifications:

	31 December 2008 \$
Share of Assets and Liabilities	
Current Assets	
Cash and cash equivalents	520,068
Trade and other receivables	3,607
Non-Current Assets	
Property, plant and equipment	2,127
Current Liabilities	
Trade and other payables	(1,620)
Share of Capital Employed	<u>524,182</u>
Share of Revenue and Expenses	
Revenues	7,764
Expenses	(45,117)
Loss before income tax	(37,353)
Income tax expense	-
Loss after tax	<u>(37,353)</u>

Share of Joint Venture Commitments

There are no material commitments at balance date relating to the joint venture

Contingent liabilities relating to joint venture

There are no material contingent liabilities at balance date relating to the joint venture

6. ISSUED CAPITAL

The following movements in issued capital occurred during the half-year:

	Number of Shares	\$
Balance at 1 July 2008	107,807,141	36,298,092
Shares issued on acquisition of subsidiaries	2,000,000	1,953,900
Shares issued upon exercise of options	9,524,213	1,904,842
	<u>119,331,354</u>	<u>40,156,834</u>
Balance at 31 December 2008		

Options

The following options to subscribe for ordinary fully paid shares were granted during the half-year:

- 50,000 options exercisable at \$0.20 each on or before 30 November 2008.

7. RELATED PARTIES

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The following loans were issued to key management personnel during the half –year ended 31 December 2008.

Name of Key Management Personnel	Currency	Interest rate	Face value	Carrying Amount	Year of Maturity
Mr R Caldwell	AUD	7%	500,000	506,757	2009
Dr G Tulloch & Mrs S Tulloch	AUD	6.25%	435,000	437,989	2009
Mr G Thompson	AUD	6.25%	465,625	468,825	2009
			<u>1,400,625</u>	<u>1,413,571</u>	

The terms and conditions of the above loans were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The loan issued to R Caldwell has been fully settled in February 2009.

A further 2,000,000 ordinary shares have been issued to Tulloch Management Pty Ltd following the attainment of further performance milestones by Dyesol Industries Pty Ltd. (formerly Sustainable Technologies International Pty Limited) during the period 1 October 2005 to 31 December 2008 from technology involving DSC in connection with the acquisition of Dyesol Industries Pty Limited (formerly Sustainable Technologies International Pty Limited) as approved by shareholders at a meeting held on 31 July 2006. It is possible that one further share issue will occur under this milestone based agreement

Dyesol Ltd has incurred legal fees of \$259,665 during the half year in relation to a joint action on a legal dispute with a previous employee. The Board of Directors agreed that Dyesol Limited would pay all the costs and recover an equitable amount from Tulloch Management Pty Ltd. when the legal matter is settled.

Other arrangements with related parties continue to be in place and are consistent with those at 30 June 2008. For details of these arrangements, refer to the 30 June 2008 Annual Financial Report.

8. CONTINGENT LIABILITIES/ASSETS

There has been no change in contingent liabilities since the last annual reporting date. Since balance date Dyesol Ltd has lodged its application for the Research & Development Tax Rebate for the financial year ended June 2008 of \$359,587 and receipt is subject to finalisation of required documentation. This has not been recorded in the balance sheet of the half-year financial report.

9. SUBSEQUENT EVENTS

There are no events subsequent to balance date that would have a material financial effect on the financial statements for the half year period ended 31 December 2008.

Declaration by Directors

The directors of the company declare that:

1. the financial statements, comprising the Income Statement, Balance Sheet, Cash Flow Statement, 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 2008 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:



Gavin Tulloch
Managing Director

Dated at Queanbeyan, New South Wales, this 27th day of February 2009.

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 condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity 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 control 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 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 2008 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* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

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 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

BDO Kendalls

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Limited



Simon Coulton
Director

Sydney, 27th February 2009