DYESOL LIMITED

ACN 111 723 883

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2015

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Corporate Directory

Directors

Mr Ian Neal – Non-Executive Chairman
Mr Richard Caldwell – Managing Director
Mr Gordon Thompson – Non-Executive Director
Mrs Nicola Swift – Non-Executive Director
Ms Lynette McDonald – Non-Executive Director
Mr Robert McIntyre – Non-Executive Director
Mr Antoine Shirfan – Alternate Director

Company Secretary

Mr Kim Hogg

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Auditor

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Level 17, 383 Kent St.
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
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152-158 St George's Terrace
Perth Western Australia 6000

ASX Code: DYE

Chairman's Letter

In last year's annual report I was very clear on Dyesol's purpose and, as this is absolutely critical to what we are doing, it is worth restating this year - it provides the central guiding light from which we make all of our decisions. It is this purpose that our dedicated staff rally around and this powerful cause gives us our everyday focus.

"Dyesol's vision is to create a viable low cost source of electricity with the potential to disrupt the global energy supply chain and energy balance. Dyesol's solution uses low cost and readily available materials, proven non-toxic application methods and is cost-effective to manufacture. It also works in all light conditions including shade, pollution and cloud. This adds up to one simple proposition – lower cost electricity available at the point of generation at the lowest possible cost to the customer, for as long as the sun shines. The game is large and the prize is huge. It's about securing our energy future, now, and for generations to come."

In the past year, global conditions have continued to improve for us. There continues to be momentum driven by the USA and Germany, in particular, towards using more renewable energy with recently announced targets to reduce greenhouse gases substantially by 2025.

The only obvious laggard in the larger political world is our own country, which seems content to continue looking backwards with no discernable vision for the future which is any different to the past.

Our Managing Director will report in detail on our progress in the past year and I will focus on the continued evolution in this company's culture under his leadership.

It is well known in management circles that culture eats strategy for breakfast. When you look around the world over time you find that it is not the clever strategy alone that sets successful companies apart but the underpinning culture. Strategy is a mandatory part of it - however this is bigger.

How do you galvanise smart people to work hard in pursuit of a dream and move from dreaming to performance? My view is that it is all about creating winning ways. A clear aspiration which is shared by all the team, combined with hard work to defined milestones that are absolutely realistic and then holding people to the commitments that they make. It is not soft and fluffy, it is about performance. To succeed requires energy, discipline, leadership and courage. These are aspects that I have seen continue to emerge in this company in the past year. We have some significant way to go until we have an absolutely high performing team - however my message to shareholders is we are making significant progress and this progress is driving our outputs.

If we are to succeed in our bold quest it will be because our people are well led, they are committed individually and as a team and they work damned hard every day to surmount the challenges we face in bringing Perovskite Solar Cells to the market.

Building a successful enterprise is all about the people. They turn up every day with their minds turned on because they want to, not because they have to.

This year has also seen the company deepen its collaboration with Tasnee and I thank their two board representatives, Dr Rob McIntyre and Ms Lynette MacDonald for their significant contributions, especially in continuing to drive performance for the benefit of all shareholders.

I look forward to giving a further update at the company's AGM in November,

Yours faithfully,

Ian Neal
Chairman
Dyesol Limited

Operations Review

Summary

FY2015 was a very positive year for Dyesol with significant progress on the achievement of all formal technical milestones as the Company implements plans for scale-up and commercialisation. Perovskite Solar Cells (PSC) attracted enormous attention as a potentially disruptive and revolutionary technology and Dyesol continued to push the boundaries for higher conversion efficiency, lower cost and demonstrated stability. In a macro context, the environment for renewables and, in particular, solar also improved during the year as enlightened governments around the world increasingly responded to the challenge of climate-change. Leadership from China and the U.S.A. will be an important catalyst for wider acceptance of these goals. Australia, unfortunately, continues to be divided on political lines in its acceptance and response to climate-change.

Industry and Market Conditions

The dust has now settled after the sudden demise of the solar industry from 2011 through to 2013 and growth in installations is strong.

In 2014, cumulative photovoltaic capacity increased by 40.1 GW or 28% and reached at least 178 GW by the end of the year, sufficient to supply 1 percent of the world's total electricity consumption of currently 18,400 TWh. Although this represents a new all-time record in the history of global PV deployment, overall expectations had been higher as module shipments amounted to 44–46 GW and suggested higher overall installations. Annual installation for 2014 expanded slightly by 5% when compared to worldwide installation of 38.3 GW in 2013. Growth for 2015 is projected to be exceptional with a 37% increase expected. In decreasing magnitude, Germany, China, Japan, Italy and the United States were dominant globally in installed capacity.

Silicon and, to a significantly lesser extent, Cadmium Teluride were the incumbent technologies for new PV installations. CIGS has, by and large, been disappointing, and there is a growing expectation, as PSC satisfies its technical initiation, that PSC will be a true threat to the present incumbency. This is based on a low projected levelised cost of electricity and greater geographic and application versatility.

Market Highlights:

- In 2014, cumulative photovoltaic capacity increased by 40.1 GW or 28% and reached at least 178 GW by the end of the year, sufficient to supply 1 percent of the world's total electricity consumption of currently 18,400 TWh.
- Annual installation for 2014 expanded slightly by 5% when compared to worldwide installation of 38.3 GW in 2013.
- Growth for 2015 is projected to be exceptional with a 37% increase expected.

Arguments that the renewables sector cannot stand on its own two feet and will require subsidy for the foreseeable future are spurious and often fuelled by “shock jocks”, typically with a personal or political agenda. Where government can play a vital and substantial role is to assist in the early stage capital investment and risk bearing. There are jobs to be created where jobs are sacrificed yesterday’s industries in order to meet the challenges of clean and sustainable energy sources.

PSC Research and Development

There has been a rapid improvement of PSC technology during the year with its standard architecture of a metal oxide scaffold, organo metallic halide absorber and hole-transport-material. During the year, accredited spot or hero cell conversion efficiencies were taken to above 20%. Dyesol’s expertise is now transforming these into double-digit conversion efficiencies on larger devices. This is similar to efficiencies achieved by poly-crystalline silicon or cadmium telluride in the laboratory, but at lower projected cost per kilo watt hour and with far greater versatility. A good example of what we mean by this versatility is the ease of application of this ultra-thin technology to substrates like colorcoat or colorbond without affecting the underlying structural integrity of a building.

Stability and durability are key, however. In response, Dyesol and its academic partners, including EPFL and NTU, are focusing intensely on long-life materials and architectures, and long-life testing. IEC standards are based around a regime of performance testing at 85 °C heat for 1000 hours and light soaking at one sun for 1000 hours. Dyesol is developing technology to achieve this on larger, commercial devices as part of a rigorous risk-mitigation strategy as it scales towards mass manufacture. Stability tests performed by EPFL during the year in the harsh climate of Saudi Arabia on smaller devices demonstrated the exciting potential of this 3rd generation technology.

The structured acquisition of low temperature, laser assisted, glass-frit sealing technology from Efacec during the year was a key strategic move in our advancement towards PSC commercialisation. That has been further advanced early in FY2016 where the successful Horizon 2020 grant application (GOTSolar) will seek to extend the application of that technology into steel substrates, again collaborating closely with the University of Porto.

Intellectual Property

Dyesol’s intellectual property stems from its internal IP in the form of registered patent applications and non-registered trade secrets and knowhow.

The Company also benefits from IP access it gets from EPFL, being one of the pioneer licensees in the field of 3rd generation PV along with having access to licensed IP from Parelec and a joint patent application with Nanyang Technological University, Singapore.

Dyesol has in the last year also engaged a third party, Strategem IP, based in Oxford, UK to perform a freedom to operate study in the IP space for PSC to better understand the field it operates in and explore IP opportunities with the aim of strengthening market leadership. The study indicated that Dyesol and EPFL have a very strong position in which to commercially exploit their IP.

One EPFL patent under our licence was registered in the period - HOLE TRANSPORTING AND LIGHT ABSORBING MATERIAL FOR SOLID STATE SOLAR CELLS - priority 11/7/2014. Another strategically important inorganic hole conductor patent has passed the PCT examination without any major objections, indicating a smooth transition to grant following national phase examinations.

Full acquisition of Dyesol-Timo in Korea has also led to the acquisition of full suite of its IP to Dyesol.

Dyesol Industries & Dyesol Australia

Dyesol Industries is the principal employer in the Dyesol Group. Dyesol Australia currently engages in chemical production and materials scale-up (Faunce Street) and device scale-up (Aurora Avenue). Dominion Place, in close proximity to the other two centres of activity, conducts finance, administration and sales.

The Chief Technology Officer, Dr Damion Milliken, has global responsibility for all core R&D activity, including overseeing projects in Portugal, The Netherlands, Singapore and Switzerland. Dr Milliken reports directly to the Managing Director and is responsible for implementation of the Technology Development Plan and its regular review.

Chemical production is the responsibility of Dr Yanek Hebting, who has again done an excellent job this year in providing a new range of solid-state chemical products for both Dyesol's web-based sales and sales through our U.S.A. agent, Sigma Aldrich. Dyesol is currently exporting to 56 countries and its current customer base of over 600 includes blue-chip institutions such as CSIRO, EPFL, Fraunhofer, NREL, Cambridge University and Oxford University.

Mr Sung Il Lee is Global Head of Glass, responsible for the deployment of PSC on glass substrates and Mr Chris Moore, Global Head of Steel and based in Manchester, U.K., is the equivalent for steel or flexible substrates.

Dr Luca Sorbello co-ordinates global sales of materials and equipment from a small office in Rome. Sales are expected to grow strongly again during FY2016.

All R&D activity in Australia includes regular interaction with CSIRO, Australian National University, Wollongong University and Monash University.

Business and Corporate Development

During the year, Tasnee exercised the final tranche of its investment option by investing $6 million at $0.18 per share to take its overall equity holding to 33.5% after a total investment of $20 million. Tasnee now has 2 board appointments, Ms Lynette McDonald and Dr Rob McIntyre. This has strongly enhanced the level of collaboration between the 2 companies.

Dyesol has responded sensibly and positively in response to the changing business environment in the past 12 months. Multi-national corporations in the building materials industry have continued to remain highly risk averse, either because of tough trading conditions or, in some cases, because of unsuccessful ventures in new product development. There is no doubt, when companies like Nano Solar or Solyndra go into receivership there is inevitable collateral damage.

Dyesol can work effectively in this environment. A good example of which is moving from exclusive to non-exclusive relationships due to changes in partner strategic direction and to relative negotiating positions. During the period, Dyesol forged a distribution option with Tata Steel UK, a long-term collaborative partner. Dyesol is used to bearing risk and is structured to manage it through fiscal and legal discipline. Also, it is fair to say, that despite the policy uncertainty in Australia, the assistance of government, through long established financial schemes such as R&D rebate, is very supportive.

As we seek to develop and commercialise two principal substrates – glass and steel – it is clear what qualities are necessary to take the entire enterprise forward. Dyesol is strong in technology, but understandably weak in distribution and future relationships will recognise that. Increasingly, government is stepping in to fill the capital void created with MNCs retreating from new product development. That is Dyesol's experience in Turkey. In other countries similar outcomes are beginning to emerge.

One current area for keen attention is around prototyping and capital equipment for mass manufacture. The Major Area Demonstration project is, thus, leading to forming early-stage relationships with engineering and equipment companies that can deliver world-class engineering solutions. These companies are not necessarily household names as they typically have little interface with retail consumers, but effectively provide the engines of world production. Again, this is part of a quest for excellence and recognition of a need to use best of breed to be competitive in the world market place.

We are pleased to report that during the financial year that settlement was achieved with Dr Gavin Tulloch and Mrs Sylvia Tulloch on all outstanding legal issues, bringing to an end this distracting dispute. While the liquidation process for Tulloch Management Pty Ltd has not been finalised, the settlement achieved with the Tullochs make it extremely unlikely this will proceed any further.

Dyesol has received a notice from the National Institute for Materials Science (NIMS) that it intends to commence arbitration to recover the significant legal fees it incurred in the NIMS/Dyesol Collaboration Research Agreement Arbitration conducted by the International Court of Arbitration (ICC). We believe this claim is unwarranted and the likelihood of any payment is remote as the Sole Arbitrator appointed by the ICC for the original arbitration in his judgement saw no basis for NIMS to demand the recovery of legal fees and costs under the Agreement, even if an independent action for indemnification was brought separately. In this judgement he also determined that the parties shall each bear their own legal costs and expenses. If this matter proceeds to Arbitration it will be defended vigorously by Dyesol.

SPECIFIC

As part of its long term collaboration with SPECIFIC, Dyesol has been undertaking some materials characterisation work within the consortium in order to benchmark its perovskite cell materials and device architectures. The results were a positive confirmation that Dyesol's materials and architectures continue to be market leading, and further work in this area will help to optimise its materials and device architectures.

The SPECFIC partnership provides Dyesol with access to industrial, governmental and academic institutions enabling a broad range of collaborative and funding opportunities which have already been exploited to broaden Dyesol's UK and Europe wide network.

Solliance

Following detailed technical and commercial discussions, Dyesol signed a collaboration agreement with Solliance on 16 June 2015 to join a 3 year project to develop its steel based product platform by accessing world class facilities and capabilities within the partnership. Dyesol UK staff have already conducted cell fabrication and testing within the Solliance facilities and are planning device and process scale-up of its core technology in conjunction with Solliance staff and Dyesol's embedded resident, Olivier Bellon. The Solliance collaboration enables Dyesol to pursue a capital-light development strategy and provides the means for realisation of its Technology Development Plan pertaining to the steel roofing product form for BIPV applications.

The uniquely diverse and global nature of the Solliance network will enable Dyesol to undertake robust product and process validation to ensure the rigorous demands of the end-user requirements can be met with clearly defined routes to market. Such discussions have started and will continue throughout the project in order to establish the engineering, manufacturing and market entry partnerships necessary for successful commercialisation.

Dyesol-Timo

Dyesol's 100% subsidiary, Dyesol-Timo performs an important role in providing access to OEMs in Korea and, in particular, executing the Nesli DSC prototype contract in Turkey. However, its utility will continue to be regularly reviewed, as Dyesol continues to streamline its activities in order to minimise overhead and to maximise commercialisation opportunities.

Marketing and Promotion

Historically, Dyesol's market position has been very focused on DSC and it has, indeed, established a strong brand leadership in that space. The markets very quick transition to perovskite technology, however, has provided some interesting challenges in terms of market positioning and branding as DSC quickly loses its relevance as a leading 3rd generation solar technology. In the past twelve months, Dyesol has established its centrality in the perovskite world and improved its branding and positioning to an even stronger extent than before. Pivotal to this transition have been the release of new perovskite materials for sale that, on the one hand ensured growing revenue but, even more significantly, provided a strong positioning statement for the Company. The catalogue release timings have been well placed giving the Company, again, a dominant position in this environment. Some quite important work has also been performed to improve the existing distribution channels with very profitable agreements closed with TCI (Tokyo Chemical Industry) for the distribution of all the new materials and a modification of the existing Sigma Aldrich agreement to include the new material set.

IR Highlights:

- Implementation of a blog with weekly articles and of a monthly newsletter.
- Regular activity on Dyesol's social media accounts on Twitter @Dyesol (English), @DyesolLtd (German), and LinkedIN.
- Managing Director, Richard Caldwell, completed a UK and European Roadshow in June 2015.
- Dr Eva Reuter continues publishing articles and dedicated videos in German for Dyesol Shareholders on the SRI2 Capital Platform.

On the equipment side, a new equipment catalogue has been negotiated with the suppliers to reduce the costs of the existing machines and to provide the latest state of the art equipment to our customers. Another very relevant initiative has been the release of the first fully branded Dyesol LED solar simulator, developed with an external supplier at no cost for Dyesol. This is the first initiative where Dyesol moves in the equipment domain with a direct brand involvement since its ceasing of the direct equipment production. The central positioning of Dyesol in the PV industry has facilitated such an innovative agreement where the supplier provided all the R&D and Dyesol its brand and the distribution channels.

Operations Review

Dyesol has historically promoted its materials and brand mainly through the sponsorship of the HOPV conference and several other minor events. This year, as in the past, Dyesol sponsored the HOPV (Hybrid and Organic Photo Voltaic) conference as main sponsor, but a reorganisation of the promotion sector has been provided with the removal of marginal sponsorships and the addition of a significant sponsorship for the first PSCO (Perovskite Solar Cells and Optoelectronics) conference in Lausanne.

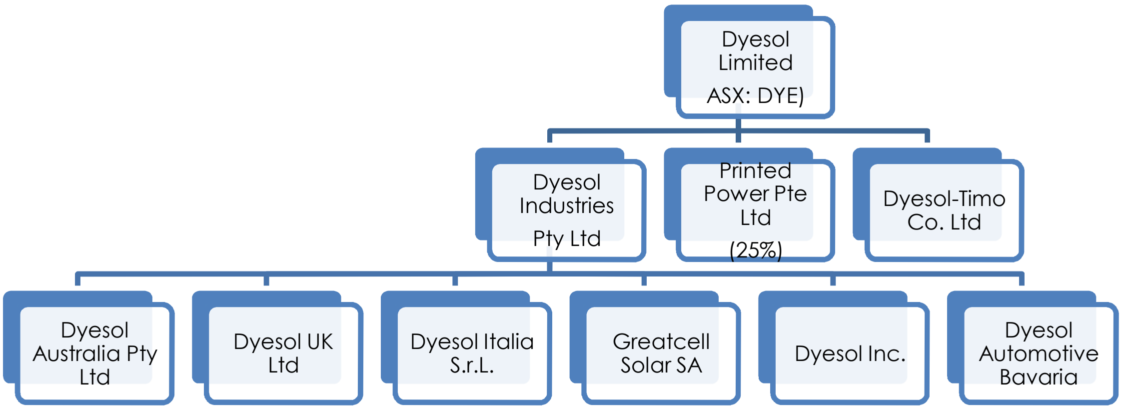
In addition to the conference sponsorship, advertising has been considered and, in order to assess it properly, the existing google analytics has been enhanced. New advertisements have been developed and will be run in September after the northern hemisphere vacation period in main chemical journals.

Also, all promotional materials have been redesigned with an improved web design, in particular for the catalogue listings, the materials catalogue and the equipment catalogue fully redesigned, both graphically and for their content, to be ready for the new contacts generated by the advertising.

HOPV15 Conference Highlights:
- Dyesol's was involved as a Platinum Sponsor of HOPV15
- Luca Sorbello, Dyesol's Global Sales and Marketing Manager promoted Dyesol's new range of materials to existing and prospective customers resulting in increased interest and sales.
- Leading institutions and organisations were represented including EPFL, Nanyang Technical University, Oxford University, University of Toronto, to name a few.

Corporate Structure

Dyesol is a global company and its structure is the result of careful planning to maximise opportunities, particularly in funding, recruitment, partnership and taxation, in the many different countries that it chooses to operate. During FY2015, Dyesol took legal steps to close Dyesol Automotive Bavaria and that is expected to occur imminently. Dyesol East Asia is also inactive as a corporate entity. All actions are taken to maximise future opportunities or eliminate cost where ongoing presence is not required. The board and senior management regularly review corporate structure to ensure it meets the Company's strategic needs.



In other jurisdictions, namely Italy, Switzerland and U.K., activity increased at the subsidiary level due to change of focus and availability of government R&D subsidies. The new roll-to-roll steel substrate activity at Solliance in Belgium, Germany and The Netherlands is being supervised out of the U.K.

Each company is incorporated within the country shown and is required to operate within the laws of the country of incorporation. Typically, employees enjoy the protection of the laws of the country in which they work. However, there is also an attempt to extend policies emanating from head-office across the entire Dyesol organisation where appropriate.

Dyesol Staff

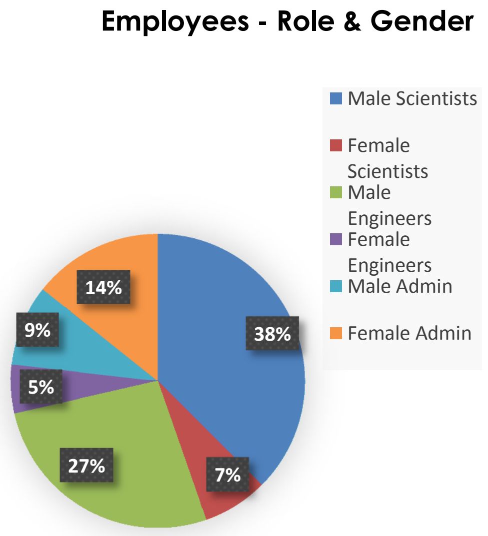
Dyesol strives to promote itself as an employer of choice. Staff are encouraged to undertake further tertiary study, participate in academic conferences and travel and communicate throughout its global reach. The board believes this translates into higher staff retention and higher levels of professional achievement. Dyesol is also registered with and currently employs under the Centrelink People with Disability Programme.

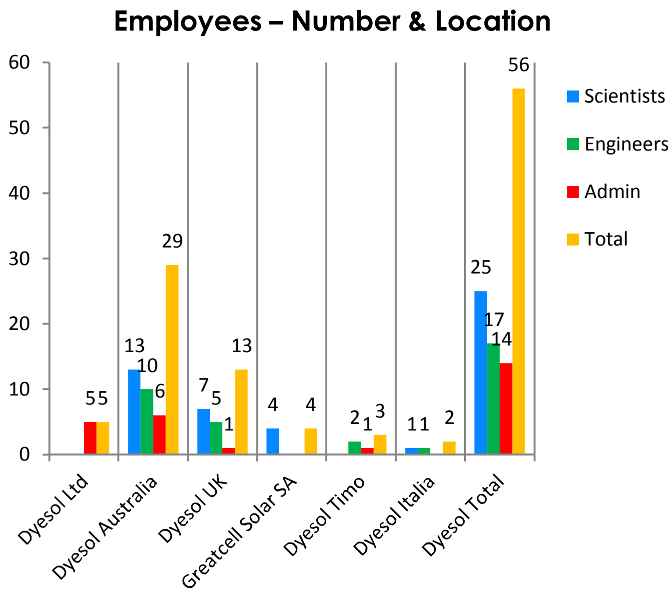
Dyesol reviews staff performance and salary levels annually and has a Performance Rights Plan to help attract, retain and motivate staff at all levels and in all locations.

The composition of staff reflects the requirements of both the Technical Development Plan and the Business Activity Plan. The Business Activity Plan has essentially two sub-sections, being the development of PSC on glass and on steel, as preferred substrates. Staffing during the past 12 months decreased modestly from 61 to 56 full-time equivalents. The 56 employees comprise 19 different nationalities working in 5 different countries. Where additional resources have been required, staff have often been redeployed from one country to another. This is part of a workplace philosophy to be better, not bigger, and maintain constancy of employment. This has translated into a high staff retention rate with approximately 50% of staff having worked for Dyesol for more than 5 years.

Dyesol also seeks to address any negative gender bias and consciously employs females in roles where possible.

The Executive Management team, reporting directly to the Managing Director, remains largely unchanged, with Ms Tracy Benillouz replacing Ms Catherine Denby during the period as Manager of Investor Relations. Mr Sung Lee from Dyesol-Timo in Korea has accepted the role as Global Head of Glass and has relocated to headquarters in Australia. Dyesol has a comprehensive Work, Health and Safety (WH&S) policy. WH&S compliance and reporting is currently supervised by Ms Judith Pritchard. Dyesol is proud of its excellent track record of employee safety and is pleased to report no major incidents during the past 12 months.





Sustainability at Dyesol

Dyesol is an Australian clean-tech company developing renewable energy solutions capable of fundamentally transforming the way energy is generated and consumed. It is fair to say that sustainability is at the heart of everything Dyesol does. Dyesol's commitment to sustainability has two key dimensions:

1. Develop and commercialise 3rd Generation PSC technology to secure our energy future.
2. Ensure business operations are conducted in an environmentally responsible and ethical way.

Dyesol's business objective is to provide clean, grid-competitive, renewable energy that is a sustainable, non-toxic alternative to carbon intensive energy generation. It will deliver on this objective by integrating the technology into glass and metal building materials, using low cost and readily available materials, and having a lower embodied energy in manufacture. This makes the technology a sustainable, cost-effective and efficient manufacturing proposition with the added benefit of producing energy from the sun, even in low-light conditions.

Sustainability, and corporate responsibility are inherent in the Dyesol mind-set and the organisation has continuously demonstrated this through responsible business practices. From recycling, energy efficiency initiatives, and responsible chemical disposal, to the installation of water tanks and implementing effective waste management and reduction practices – sustainability is a commitment Dyesol takes seriously.

During the year, Dyesol made financial contributions to the Save Solar Campaign and has also contributed to global disaster relief, particularly in lesser developed countries where it has a relationship because of its diverse employee base.

We are continually improving our operations and striving for excellence in this area – to be a good corporate citizen, demonstrate our social responsibility to the communities in which we operate, and provide evidence of our sustainability.

Financial Review

Financing and Equity (Refer to Consolidated Statement of Changes in Equity, Notes 18 and 25)

Dyesol commenced the year with 303,326,443 ordinary shares on issue and completed it with 339,033,459 shares on issue, an increase of 35,707,016 shares. As at June 30 2015, Dyesol had paid-up capital of $100,713,911 and a market capitalisation of $72,892,194 based on a closing price of 21.5 cents per share.

The increase in issued capital were for

- the issue of 33,333,333 shares to Tasnee for $6 million in respect of the final tranche of the Tasnee Subscription Agreement at 18 cents per share,
- the issue of 1,833,683 shares at 24.17 cents per share to repay CSIRO loan and
- the issue of 500,000 ordinary shares to acquire the remaining 49.9% minority interest in Dyesol-Timo Co. Ltd held by Neoarena.

Expenditure on Operations and Investments (Refer to Consolidated Statement of Cash Flows)

Net cash usage (outflows) from operating activities for 2015 financial year increased marginally by 7% to $7.6 million, mainly due to R&D expenditures as the Company continues to focus on its technology pathway to achieve successful commercialisation. In addition, we have also increased our sales and marketing campaign and investor relations activities. The net cash outflows usage was largely reduced with a significant increase of customer receipts by $777,589, as a result of the Company's growing material and equipment sales revenues. With the R&D rebates, the net cash usage in operating activities was $636,401 average per month compared to $590,656 per month last year.

Net cash reserves were $5.4 million at financial year end, principally as a result of an investment of $6 million from Tasnee.

Assets and Liabilities (Refer to Consolidated Statement of Financial Position and Notes 7 to 17 inclusive)

The Company's balance sheet finished the financial year with total net assets of $11.8 million, a decrease of $1.5 million (11%) from last year, mainly due to lower cash reserves at year-end of $5.4 million compared to previous year of $7.4 million. The cash reserves last year were higher due to the Tasnee's larger cash investment of $10 million compared to $6 million for the current year.

Trade and other receivables increased by 20% to $3.6 million due largely to the Company's expectation to receive a refundable research and development tax credit amounting to $3.2 million for the 2015 R&D Tax Incentive, which has been recognised as an asset at 30 June 2015.

The lease liabilities of $144,002 were for the purpose of funding the purchase of the Company's plant and machinery.

Profit and Loss (Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income, Notes 2 and 3)

This year's results showed a decrease in financial net loss after income tax to $8.6 million. This is a significant improvement compared to last year, a decrease in net loss by $4 million (32%). Excluding the one-off item of an impairment provision for metal strip product development costs from last year's results ($3.5 million), the current year financial loss compared to the adjusted last year's results showed instead a marginal loss decrease of 5.2%.

The major factors affecting the current year's results were:

- a significant 103% increase in the annual sales revenue to $1,440,438.
- an increase in the receivable for 2015 R&D rebate incentive claim by $723,807, from $2,476,193 in FY 2014 to $3.2 million.
- lower impairment provision (non-cash) of $66,732 for the Silver paste technology licence (2014: $3,510,920) . The Directors considered that the Silver paste technology to be less relevant to our latest preferred metal strip architecture design required for a commercial project deliverable. (see Note 12);
- the payment of $212,315 for EFACEC agreement to exploit proprietary, laser assisted, glass frit sealing technology in the manufacture of glass substrate, solid-state DSC (ssDSC) solar panels;
- the provision for the sign-on Agreement payment of $215,550 for the Solliance Peroskytes research programme. Solliance is a partnership of major Belgian, Dutch and Germany companies, research institutes and universities working in thin film photovoltaic solar energy.
- the amortisation of customer contracts (non-cash) of $440,650 (see Note 12);
- Dyesol Limited Performance Rights Plan share-based payment expense (non-cash) of $522,829 (see Note 3);
- legal fees of $499,042.

Excluding the three non-cash items, the adjusted financial net loss was reduced to $7.6 million.

The directors of Dyesol Limited present their report on the consolidated entity (Group), consisting of Dyesol Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2015.

1. DIRECTORS

The directors of the Company at any time during the year and to the date of this report are:

Mr Ian Neal (B Com, SF Fin)

Non-Executive Chairman *- appointed 5 May 2014, previously Non-Executive Director since 8 September 2006*

Mr Neal, aged 58, as the Non-Executive Chairman of the Board of Directors for Dyesol Limited, shares responsibility with the Board of Directors for developing corporate strategy, contributing to business and strategic planning, commercialisation projects and marketing programs.

In addition to his work with Dyesol, Mr Neal is a Chairman for The Executive Connection and works with CEOs and entrepreneurs to help them maximize the value of their businesses.

Mr Neal was a co–founder and Managing Director of Nanyang Ventures Pty Ltd, which had a total of $140 million under management, invested in 27 companies across a range of industries from high technology to advanced manufacturing. Companies backed by Nanyang ranged from start up to $50 million in revenue.

Mr Neal has a strong background in financial markets, moving up the ranks from equities analyst through various executive banking positions until establishing Nanyang Ventures in 1993 with his partners.

Mr Neal is a Life Member of the Financial Services Institute of Australasia and is a past National President of the former Securities Institute. Ian holds a Bachelor of Commerce with Merit from the University of NSW (double major in Business Finance and Accountancy) and a Diploma from the Securities Institute of Australia.

Mr Richard Caldwell (BEc, LLB, S Fin)

Managing Director **-** *appointed 5 May 2014, previously Executive Chairman since 18 March 2005*

Mr Caldwell, aged 53, was appointed as Managing Director of Dyesol Limited from 5 May 2014. Richard takes executive responsibility for business development, investor relations, capital raising and also assists with substantial contract negotiations. He chairs the Executive Committee consisting of the global senior executive. Prior to his change of role, Richard has held positions of Non-Executive and Executive Chairman since the Company's listing in 2005.

Richard has a strong background in advising many successful high-tech Australian companies and assisting with public listing – particularly in the technology, biotechnology, and telecommunications sectors.

Before joining Dyesol, Richard had a twenty-five year career in finance. He was Head of Corporate Finance and Equity Capital Markets at StoneBridge, Head of Equity Capital Markets at Burdett Buckeridge and Young, and held a number of senior management positions at Citibank in Sydney and JP Morgan in London.

Richard holds a Bachelor of Laws and a Bachelor of Economics from Sydney University. Until recently he was a Fellow of Macquarie University where he conceived and taught the masters subject of Equity Capital Markets. He also has a Post Graduate Diploma in Finance from Finsia. In 2012, he was appointed as chairman of the Ascham School Foundation, an unlisted public company.

Mr Gordon Thompson (BE (Hons), M.EngSc, FIE (Aust), MAICD)

Non-Executive Director *- appointed 9 November 2004*

Mr Thompson, aged 68, as a Non-Executive Director of Dyesol Limited, shares responsibility with the Board of Directors for developing corporate strategy, contributing to business and strategic planning, commercialisation projects and marketing programs. Gordon chairs the Audit Committee, is a member of the Risk Committee, is a Director of a number of Dyesol subsidiaries, and provides expert advice in commercial, operational activities and key relationship management.

Gordon brings an extensive background and experience in renewable energy and water resources sectors and international business development. He was the founding Managing Director of the United Nations sponsored International Centre for the Application of Solar Energy, the inaugural Chairman of the Sustainable Energy Industry Association of Australia, and previously was a Director of the Business Council for Sustainable Energy and Chairman of the Australian Indonesian Business Council (WA Chapter).

Mr Thompson assisted in the initial public listing of Dyesol and brings great depth of experience in business development, international business activities, business strategy and corporate management. He had an extensive and diverse leadership career at Melbourne Water Corporation, managing complex and large-scale water infrastructure projects and operations, and established a new business unit focussed on international operations. Gordon has a detailed knowledge of the Australian and international renewable energy market and an extensive national and international network in the government and private sector.

Gordon holds a Bachelor of Electrical Engineering (Honours) and a Master of Engineering Science from Monash University, completed the Advanced Managed Program of the (now) Melbourne University Business School, is a Fellow of the Institution of Engineers Australia and a Member of the Australian Institute of Company Directors.

Mrs Nicola Swift (CFA, BA (Mod) Legal Science, MA, MAICD)

Non-Executive Director *– appointed 6 September 2013*

Mrs Swift, aged 53, as Non-Executive Director of Dyesol Limited, shares responsibility with the Board of Directors for developing corporate strategy, contributing to business and strategic planning, commercialisation projects and marketing programs.

Mrs Swift has a deep interest and experience in business with over 15 years in the international investment management and securities industry. Her expertise is in rigorously analysing and investing in a range of both listed and private companies at varying stages of their development. She has held senior roles as a Fund Manager, Equity Analyst and Director of Global Research in a career divided between London, Sydney and Boston with global institutional investors Alliance Capital Management, AMP, and Independence Investment Associates.

Mrs Swift is a Chartered Financial Analyst, holds a Law Degree and a Master of Arts from Trinity College, Dublin and is a Member of the Australian Institute of Company Directors. She is an ex-Vice Chairman of the Board of Trustees of the Meadowbrook School in Massachusetts and is currently a Board Member of the Ascham School Foundation in Sydney.

Ms. Lynette McDonald (LLB (Hons))

Non-Executive Director *– appointed 7 April 2015, previously alternate director since 26 March 2015*

Ms McDonald, aged 39, holds a Bachelor of Laws and has worked in the field of corporate law and company management for fifteen years in law firms, public companies and in her own consulting company. She held the position of Company Secretary and Commercial Manager in the publicly listed Bemax Resources Limited from 2004 until its takeover by Cristal in 2008.

Since 2008, Ms McDonald has run her own legal and commercial consulting business for clients with a focus on mergers and acquisitions and commercial negotiations primarily in the Middle East and USA. She has extensive debt and equity raising experience both in the Australian and overseas markets.

Dr. Robert McIntyre (Ph.D. in Surface Electrochemistry)

Non-Executive Director *– appointed 13 March 2015*

Dr McIntyre aged 60, has a Ph.D in Fundamental Surface Electrochemistry which he obtained from the University of Newcastle-Upon-Tyne. He was then awarded a Max Planck Fellowship to Study under Professor Heinz Gerischer, Director of the Fritz-Haber Institute. He worked there as a group leader for 5 years on fundamental surface chemistry of semi-conductors and metals and for that work he was awarded the Tajima Prize for Electrochemistry, awarded annually by the International Society of Electrochemistry. He has since held management positions at Courtaulds Chemicals, now AKZO, ICI, Tioxide, now Huntsman, and most recently, Cristal Global, formerly Millennium Chemicals. Dr McIntyre has been a Director of Stainless Steel International (UK), Millennium Chemicals (UK), Cristal UK, and many other Cristal companies for the past 10 years. He has a wide range of publications and patents and in the last 15 years has directed teams which have been responsible for the scale-up of many of Cristal's major pigments and specialty products.

Mr Antoine Shirfan (M.Eng (Mech))

Non-Executive Director *– appointed 2 May 2014, ceased 26 March 2015; appointed alternate director 26 March 2015*

Mr Shirfan, aged 65, joined the Dyesol Board in May 2014. He received his initial Bachelors Degree in Engineering in Beirut at the American University before achieving his Masters in Engineering at Maine University in the United States. Mr Shirfan has a long history in successfully developing chemical and mining assets, including working with Cristal, a Tasnee subsidiary, in their global operations and as Managing Director of Bemax Resources, a mineral sands miner formerly listed on the Australian Securities Exchange. Mr Shirfan's appointment strengthens co-operation and communication with strategic investor, Tasnee.

Gerry Grove-White, BSc (Hons) Mechanical Engineering

Non-Executive Director *– appointed 10 August 2011, resigned 27 November 2014*

Mr Grove-White, aged 64, as a Non-Executive Director of Dyesol Limited, shares responsibility with the Board of Directors for developing corporate strategy, contributing to business and strategic planning, commercialisation projects and marketing programs.

Mr Grove-White brings over 40 years' international experience in power generation (gas, oil, coal, nuclear, wind, hydro and geothermal). His experience includes extensive project management and financing of IPPs, in addition to a wide range of operational engineering experience.

Mr Grove-White was the Managing Director of Geodynamics - an Australian geothermal company and has also held a number of senior management roles around the world, including Managing Director of Eraring Energy and COO of Tata Power (India's largest private generator). Mr Grove-White also worked for PowerGen for 12 years during which time he was Country Director for PowerGen's business in India.

Mr Grove-White resigned as a director during the year.

2. DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by directors of the Company during the three years immediately before the end of the year are as follows:

Director	Company	Period of directorship From	To
Mr I Neal	Prime Media Limited	June 2008	Present

3. COMPANY SECRETARY

Mr Kim Hogg (B Com), aged 56, was appointed to the position of company secretary in November 2004. He has worked in the private sector for more than twenty years as a principal of an accounting practice providing specialist services to clients seeking to raise capital and list on ASX. He has predominantly been involved in the preparation of prospectuses and in compliance work as company secretary for both listed and unlisted entities, and is currently secretary of several ASX-listed companies.

4. DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year ended 30 June 2015:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings +		Risk Committee Meetings +	
Director	A	B	A	B	A	B	A	B
Mr R Caldwell	11	11	-	-	4	4	-	-
Mr G Thompson	11	11	3	3	-	-	2	2
Mr I Neal	11	11	-	-	4	4	-	-
Mrs N Swift	11	11	3	3	4	4	-	-
Mr G Grove-White	-	-	-	-	2	2	2	2
Ms L McDonald	3	3	-	-	-	-	-	-
Mr Robert McIntyre	4	4	-	-	-	-	-	-
Mr A Shirfan	8	5	-	-	-	-	-	-

A - number of meetings held during the time the Director held office during the year

B - number of meetings attended

+ held adjunct to Board meetings

5. DIRECTORS' INTERESTS

The relevant interest of each Director held directly, indirectly or beneficially in the shares, options and rights issued by the Company at the date of this report is as follows:

Director	Ordinary Shares	Options	Rights
Mr R Caldwell	8,400,000	-	2,000,000
Mr G Thompson	2,330,058	-	-
Mr I Neal	200,000	-	-
Mrs N Swift	200,000	-	-
Mr R McIntyre	40,001	-	-

6. Principal Activities

During the year, the principal activities of the Company consisted of the up-scale and commercialisation of Perovskite Solar Cells (PSC), through the provision of a range of products and services including materials, consulting, R&D, collaborative product development, licensing, training, and turnkey manufacturing and laboratory facilities.

7. Results

The result of the consolidated entity for the year ended 30 June 2015 was a loss after income tax of $8,598,640 [2014: $12,578,057].

8. Operating and Financial Review

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations on pages 3 – 8 of this Annual Report.

9. Significant Changes in the State of Affairs

- On 3 March 2015, Dyesol issued an additional 33,333,333 shares to Tasnee for $6 million in respect of the final tranche of the share subscription at $0.18 per share. As a result, Tasnee's shareholding in Dyesol has increased to 33.5%.

10. Dividends

No dividend has been declared or paid by the Company to the date of this report.

11. Events Subsequent to the End of the Reporting Period

- On 21 August 2015, the Company has submitted the relevant application to AusIndustry for the approval for the registration of the research and development (R&D) activities of the Company for the accounting period from 1 July 2014 to 30 June 2015. In the 2015 tax year the Company has determined it incurred qualifying research and development expenditure that the Company expects will result in a refundable research and development tax credit amounting to approximately $3.2 million. The company expects to receive this amount prior to 30 September 2015 and therefore, has recognised this asset at 30 June 2015.

- Dyesol UK Limited is a member of a consortium that was awarded a substantial Horizon 2020 grant of approximately €3 million from the European Commission. Dyesol UK share of the grant is €650,000 or approximately A$1 million. The winning project named GOTSolar has a clear focus on the scale-up of Perovskite Solar Cells (PSC) and, in particular, addresses technical challenges associated with sealing glass and steel hybrid substrate based solar panels. Horizon 2020 is the biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over 7 years (2014 to 2020).

- Treasury shares are shares in Dyesol Limited that are held by "Dyesol EST Managers Pty Ltd." for the purpose of issuing shares under the Dyesol Limited Performance Rights Plan. During July 2015 and August 2015, the Company acquired 862,403 of its own shares at a cost of $190,904 for the purpose of making awards to employees under the Dyesol Limited Performance Right Plan ("Plan").

12. Likely Developments

Information about likely developments in the operations of the Company is contained in the Operations Review.

13. UNISSUED SHARES UNDER PERFORMANCE RIGHTS

At the date of this report, unissued ordinary shares of the Company under performance rights are:

Grant date	Exercise price	Vesting date	Number of rights
29 November 2013	-	29 November 2015	1,687,500
27 November 2014	-	05 May 2017	2,000,000
11 March 2015	-	25 November 2015	307,000
			3,994,500

14. SHARES ISSUED DURING OR SINCE THE END OF THE YEAR AS A RESULT OF EXERCISE

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of rights as follows (there were no amounts unpaid on the shares issued):

Date of issue of shares	Number of shares issued
01 December 2014	204,300

15. REMUNERATION REPORT - AUDITED

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001.

For the purposes of this report, Key Management Personnel of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL

The Key Management Personnel for the consolidated entity during the year were:

Executive Director

Mr R Caldwell	Managing Director (appointed 5 May 2014), prior as Executive Chairman and Acting CEO

Non- Executive Directors

Mr I Neal	Non-executive Chairman (appointed 5 May 2014), prior as non-executive Director
Mr G Thompson	Non-executive Director
Mr G Grove-White	Non-executive Director (resigned 27 November 2014)
Mrs N Swift	Non-executive Director (appointed 6 September 2013)
Ms L McDonald	Non-executive Director (appointed 26 March 2015)
Mr R McIntyre	Non-executive Director (appointed 13 March 2015)
Mr A Shirfan	Non-executive Director (appointed 2 May 2014, resigned 26 March 2015, appointed alternate director 26 March 2015)

Executives

Mr K L Niu	Chief Financial Officer
Dr A King	Director Dyesol UK Ltd
Mr C Moore	Manager, Steel
Dr D Milliken	Chief Technology Officer
Dr H Desilvestro	Chief Scientist
Mr K Hogg	Company Secretary

The Role of the Remuneration Committee

The Board maintains the authority and responsibility for oversight of the Company's remuneration policy and the principles and processes which underpin this policy. The Board has established a Remuneration Committee to provide advice and recommendations to the Board on remuneration and incentive policies and practices. The Remuneration Committee is responsible for:

- Reviewing and making recommendations to the Board on the specific structure and level of remuneration for the directors, senior executives and the company secretary; and
- Reviewing and making recommendations to the Board regarding the design of all executive incentive plans.

The Structure of the Remuneration Committee

In compliance with Recommendation 8 of ASX principles of Good Corporate Governance Recommendations, the Remuneration Committee has three members, the majority of whom are independent, non-executive directors. The Chair is held by an independent, non-executive director. The Remuneration Committee Charter is available on the company's website. Members and frequency of attendance at meetings is detailed on Page 11. Although the Managing Director is a member of the Remuneration Committee he is recused from involvement with his own remuneration at either the Remuneration Committee or Board level, except when invited to comment. When forming a recommendation to the Board on the structure and level of Managing Director remuneration the Remuneration Committee includes a third non-executive director.

15. REMUNERATION REPORT – AUDITED (continued)

Principles of Remuneration

Dyesol's remuneration strategy is designed to attract, retain and motivate appropriately qualified and experienced directors, executives, senior managers and employees. Key principles in developing the remuneration structure and levels include the creation of longer term shareholder value, alignment with shareholder interests, market competitiveness, recognition of individual performance and experience and divisional and group performance. The Remuneration Committee regularly reviews remuneration policies and practices in order to ensure that its recommendations to the Board are consistent with Dyesol's strategic goals and are designed to enhance corporate and individual performance.

Use of external advisors and remuneration consultants

As necessary, the Remuneration Committee obtains independent, external recommendations and advice from Boardroom Pty Limited Services and Crichton Associates Pty Ltd. on matters including:

- Executive remuneration, including short-term and long-term incentive plan design; and
- Non–executive directors' remuneration.

The Remuneration Committee did not receive remuneration recommendations from Boardroom Pty Limited and Crichton Associates Pty Ltd. during this time period as defined in section 9B of the Corporations Act 2001. Boardroom Pty Limited Services and Crichton Associates Pty Ltd. were paid $20,926 and $15,537 respectively for other services including management of the Dyesol Performance Rights Plan.

REMUNERATION STRUCTURE

The structure of remuneration is clearly distinguished between non-executive directors, the Managing Director and executives.

1. Non-executive directors remuneration

Dyesol has five non-executive directors and a non-executive Chairman. The remuneration of non–executive directors including the non-executive Chairman consists of director's fees. Each director receives a fixed annual fee as a non-executive director and a further fixed fee for membership of each Board sub-committee; Audit, Risk and Remuneration. Additional remuneration for Mr Gordon Thompson in his role as a consultant to Dyesol is set out in a separate business service agreement.

On the recommendation of the Remuneration Committee, the Board has approved a cash based, fixed fee structure inclusive of statutory superannuation for non-executive Directors as below. In considering its recommendation to the Board regarding the level of remuneration for non-executive directors, the Remuneration Committee considered industry survey data and other information about the level of fees and benefits being paid to non-executive directors within comparable companies both by industry and market capitalisation. The Board targets to set non-executive director fees at approximately the median of non-executive director fees within its peer group:

- Chairman of the Board: $90,000 per annum.
- Non-executive directors: $60,000 per annum.
- Membership including Chairmanship of each Board sub-committee: $5,000 per Committee per annum.
- No director fees are payable to the Managing Director.

Performance based compensation is not part of the remuneration structure offered to non-executive directors. No performance rights or options are held by any non-executive director. Non-executive directors do not receive retirement benefit.

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of members. Total remuneration for all non-executive directors, last voted upon by shareholders at the 2011 Annual General Meeting, is not to exceed $400,000 per annum. During the financial year ended 2015 total remuneration for non-executive directors, excluding consulting fees paid to Mr Gordon Thompson under a separate business services agreement for focused project work within Dyesol, was $319,337. Non-executive director remuneration is reviewed regularly by the Remuneration Committee and recommendations are made to the Board.

15. REMUNERATION REPORT – AUDITED (continued)

2. Managing Director Remuneration

On the recommendation of the Remuneration Committee, the Board approved a remuneration structure and level for Managing Director, Mr Richard Caldwell from 5 May 2014 as below. In considering the structure and level of remuneration for Mr Caldwell, the Remuneration Committee considered industry survey data and other information about the structure and level of fixed remuneration, short term incentives and long term incentives paid to Managing Directors within comparable companies both by industry and market capitalisation. The Board targets to set Managing Director Total Annual Remuneration (TAR) including both Total Fixed Remuneration (TFR) and performance based "at risk" remuneration (STI and LTI) at approximately the median of Managing Director Total Annual Remuneration (TAR) within its peer group. The Board recognises Dyesol's cash constraints and the need to incentivise and reward progress and the Board seeks to offer a remuneration structure which rewards Mr Caldwell for effective leadership and which aligns him with shareholders. The Board will seek annual shareholder approval for equity based "at risk" long term incentive remuneration which it believes has the additional benefit of aligning Mr Caldwell's interests with that of shareholders.

The Managing Director's total remuneration consists of the following components:

Total Fixed Remuneration: comprising of a base salary inclusive of statutory superannuation. Although reviewed annually, there is no provision for a guaranteed increase.

Performance Based or "At Risk" Remuneration: comprising of a:

Short Term Incentive (STI): The STI provides the Managing Director with the opportunity to receive an additional "at risk" cash payment inclusive of superannuation in each financial year, subject to meeting specific key performance indicators (KPIs) and various conditions over the 12 month financial period from 1 July to 30 June each year. On an annual basis, the Remuneration Committee, after consideration of performance against KPI's recommends to the Board an amount, if any, subject to a maximum of 30% of Total Fixed Remuneration, to be paid to the Managing Director, normally within 3 months of the end of the financial year. Once approved by the Board the annual STI is paid as a cash bonus. For seven months of the financial year ending 30 June 2015, Mr Caldwell agreed to a $60,000 per annum reduction in annual Total Fixed Remuneration (TFR) and a corresponding $60,000 per annum increase in the 2015 financial year end Short Term Incentive (STI) opportunity.

Long Term Incentive (LTI): On invitation, the LTI provides the Managing Director with the opportunity to receive performance rights in each financial year, or such other equity or cash alternative considered appropriate. The issue of performance rights under the Dyesol Performance Rights Plan administered by Boardroom Pty Limited is subject to shareholder approval under the listing rules of the ASX. The annual LTI opportunity or grant value subject to such approval is 70% of Total Fixed Remuneration or as otherwise agreed. The vesting period is 36 months from date of grant and vesting will be dependent on meeting relative and absolute Dyesol Total Shareholder Return (TSR) performance hurdles. In assessing whether the performance hurdles have been met Dyesol will receive independent data and advice. The Long Term Incentive is designed to:

- assist with the attraction and retention of Mr Caldwell;
- continue to motivate Mr Caldwell to perform and make a contribution to the long term sustainable performance of Dyesol; and
- strengthen the alignment between Mr Caldwell and shareholder interests.

The circumstances under which Mr Caldwell is entitled to retain these performance rights if he should leave the company before the vesting date is controlled by the terms of the Dyesol Performance Rights Plan and is at the discretion of the Board. Change of control clauses exist.

At the next AGM, the Board of Directors will seek approval for a grant of Performance Rights to Mr Caldwell under the Dyesol Performance Rights Plan, subject to certain terms and conditions. The number of Performance Rights for which approval is sought will be determined by the annual LTI opportunity or grant value of 70% of Total Fixed Remuneration (TFR).

15. REMUNERATION REPORT – AUDITED (continued)

3. Executive Remuneration

Executive total remuneration consists of the following components:

Total Fixed Remuneration: comprising of a base salary inclusive of statutory superannuation. Although reviewed annually, there is no provision for a guaranteed increase.

Performance Based or "At Risk" Remuneration:

This provides each Key Management Personnel (KMP) with the opportunity to receive Performance Rights under the Dyesol Performance Rights Plan, administered by Boardroom Pty Limited. The extent of the opportunity varies by KMP and is fixed at grant date. Vesting occurs over a number of tranches or time frames providing both a short term and medium term performance incentive. For all Key Management Personnel, 50% of vesting is dependent on meeting individual Key Performance Indicators (KPIs) in each time period and 50% is dependent on the Dyesol Total Shareholder Return (TSR) exceeding the return of the ASX Small Ordinaries Share Index in each time period.

See pages 22 to 23 for more details of value of rights issued, number of rights vested, value of rights vested and number of shares issued as a result to KMPs in 2015.

Performance based "At Risk" Remuneration is designed to:

- assist with the attraction and retention of Key Management Personnel;
- continue to motivate Key Management Personnel to perform and make a contribution to the sustainable performance of Dyesol; and
- strengthen the alignment between Key Management Personnel and shareholder interests.

The circumstances under which a Key Management Personnel is entitled to retain these performance rights if he or she should leave the company before the vesting date is controlled by the terms of the Dyesol Performance Rights Plan and is at the discretion of the Board. Change of control clauses exist.

EMPLOYMENT CONTRACTS

Of the Group's Key Management Personnel (listed earlier in this Report), Mr I Neal, Mr G Thompson, Mrs N Swift, Ms L McDonald and Mr R McIntyre are non-executive directors of the Company and derive fees for their role.

The additional services of Mr G Thompson are engaged through a business services agreement.

All other Key Management Personnel have entered into contracts of employment which outline the components of compensation paid to the Key Management Personnel. The agreements contain the usual terms and conditions found in such contracts. The contracts are usually reviewed on an annual basis.

Details of remuneration paid to each Key Management Personnel are shown on page 20 in this report. In addition to those remuneration details, the following additional comments are provided in relation to the respective engagements.

1. Executive Service Agreements

Managing Director

The Managing Director contract provides for an annual Total Fixed Remuneration (TFR) of $350,000 per annum inclusive of superannuation and other benefits. For seven months of the financial year ending 30 June 2015, Mr Caldwell agreed to a $60,000 per annum reduction in annual Total Fixed Remuneration (TFR) and a corresponding $60,000 per annum increase in the 2015 financial year end Short Term Incentive (STI) opportunity.

No additional Directors fees are payable. Fixed remuneration is reviewed annually but there is no provision for a guaranteed increase. Mr Caldwell's employment contract has no fixed term. Mr Caldwell sits on both the Remuneration Committee and Risk Committee.

Mr Caldwell is entitled to 6 weeks of paid annual leave (which exceeds the entitlement under the National Employment Standards). For each year of service with the Group, Mr Caldwell is entitled to 10 days paid personal/ carer's leave.

The Group may terminate Mr Caldwell's Agreement and his employment at any time with or without reason with 6 months' written notice. In the case of notice of termination by the Group, the Group may satisfy its obligations by payment in lieu of all or part of the notice period. In the event that payment in lieu of notice is made the payment will, subject to relevant legislation, be based on the amount of Total Fixed Remuneration less superannuation. Mr Caldwell's entitlement to redundancy pay will be determined in accordance with the National Employment Standards.

A Short Term Incentive (STI) payment inclusive of superannuation has been considered by the Board for the 2015 financial year end based on Mr Caldwell's performance against agreed individual key performance indicators for the financial period from 1 July 2014 to 30 June 2015. Although confidential in nature, reflecting the research and development Dyesol conducts in perovskite solar cell technology, KPI's for the financial year ending June 2015 related to developing and meeting technology milestones, business development and planning, successful financing of the business and organisational structure. The STI opportunity for the financial year ending 30 June 2015 is accounted as a bonus on an accruals basis in Table 15a. This figure is subject to change, as the Board has to yet approve the level of payment for the 2015 financial year-end.

15. REMUNERATION REPORT – AUDITED (CONTINUED)

A Long Term Incentive (LTI) was approved at the 2014 AGM, with shareholders approving a grant of 2 million Performance Rights to Mr Caldwell under The Dyesol Performance Rights Plan, subject to the following terms and conditions:

Up to 1,200,000 Performance Rights will vest on 5 May 2017 if Dyesol's Total Shareholder Return achieves the following percentile ranking against the companies within the S&P/ ASX Small Ordinaries Index over the measurement period of 5 May 2014 to 5 May 2017.

DYE TSR Ranking	Number of Performance Rights
Below the 55th percentile	Zero
At or above the 55th percentile	600,000 plus 30,000 for every percentile ranking above the 55th
At or above the 75th percentile	1,200,000 (maximum number)

Up to 800,000 Performance Rights will vest on 5 May 2017 if Dyesol's Total Shareholder Return (TSR) doubles over the measurement period 5 May 2014 to 5 May 2017. The DYE TSR will be set at 100 at 5 May 2014 and must equal or exceed 200 at the Vesting Date, that is, DYE TSR must increase by 100% over the Measurement Period for the Performance Rights in respect of this Tranche to vest.

Executives

The Group has entered into a service contract with its Chief Financial Officer, Mr Kian L. Niu that is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a base salary of $205,000 per annum plus superannuation, a performance bonus subject to meeting pre-determined conditions as set out in the contract, an annual performance review and a redundancy package of six months' salary if the position within the Group is made redundant.

The Group has entered into a service contract with its Chief Technology Officer, Mr Damion Milliken that is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a base salary of $136,986 per annum plus superannuation and an annual performance review.

The Group has entered into a service contract with its Chief Scientist, Mr Hans Desilvestro for 2 years from the commencement date of 1 February 2014. The contract is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a total net employment cost of CHF 155,580 per annum (less all amounts required to be deducted by Swiss Law) and an annual performance review.

The Group has entered into a service contract with the Dyesol UK Ltd Director, Mr Andrew King that is capable of termination on six months' notice. The Group has the right to terminate the contract immediately by paying six months' salary in lieu of such notice. The agreement provides GBP 90,000 per annum and other benefits and an annual performance review. The salary is based on Mr King working a minimum of 12 days per month. If Mr Andrew King works less than this, his salary will be adjusted accordingly.

The Group has entered into a service contract with its Manager Steel, Mr Chris Moore that is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a base salary of GBP 75,000 per annum plus employer pension contribution, and other benefits and an annual performance review.

2. Business Service Agreements

The Group has an existing business services agreement with Mr G Thompson. The agreement covers the provision of consulting services to the Group for a fee of $1,000 (excluding GST) per 8 hour day. In addition, Mr G Thompson receives fees of $70,000 (excluding GST) for his services as a non-executive director.

Voting and comments made at the Company's last Annual General Meeting

Dyesol Limited received more than 81% of votes cast in favour of the adoption of its Remuneration Report for the financial year ended 30 June 2014. At the 2014 Annual General Meeting, the Company received positive comment on the changes it had implemented to its remuneration practices since the previous year, notably with regard to the issue of performance based compensation for non-executive directors. Despite having reduced the Group's reliance on consulting services via business service agreements in 2015, it was noted that a service agreement with a director remained in place, and it was suggested that the Company consider revising the arrangement as part of the overall improvement in remuneration practices.

15. REMUNERATION REPORT – AUDITED (continued)

Consequences of performance on shareholder wealth

At this stage of the Group's development, the prime focus remains on the research and development of the Group's technology into perovskite solar cells with the aim of product commercialisation and expansion of activities to new markets and regions. As the Group is yet to reach profitability, the link between financial results and share price movements has yet to be established. Consequently, the policy towards equity based performance remuneration for the Managing Director and Key Management Personnel has not addressed criteria based on profitability, but rather focussed on alignment with shareholder interest through focus on Dyesol TSR hurdles and, additionally, in the case of Key Management Personnel, on outcomes under the control of the individual employee.

The following table sets out summary information about the Group's loss and movement in share price for the last 5 years:

	2010/11	2011/12	2012/13	2013/14	2014/15
Net Loss for the year	$17,284,551	$8,878,004	$9,396,196	$12,578,057	$8,598,640
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	($0.57)	($0.37)	$0.21	($0.10)	($0.05)
Share price at beginning of the period	$1.05	$0.48	$0.11	$0.32	$0.22
Share price at end of the period	$0.48	$0.11	$0.32	$0.22	$0.215
Loss per share	11.92 cents	4.83 cents	4.75 cents	4.95 cents	2.73 cents

15. REMUNERATION REPORT – AUDITED (continued)

(a) Details of remuneration***

Details of the nature and amount of each major element of remuneration for Directors and Key Management Personnel of the consolidated entity for the year are:

2015		Short-term employment benefits		Long-term benefits	Post-employment benefits	Share based payments		TOTAL	Proportion of remuneration that consists of rights or shares	Proportion of remuneration that is performance based
		Salary & fees $	Bonus $	Long Service Leave $	Superannuation benefits $	Rights # $	Shares # $	$	%	%
Executive Director										
Mr R Caldwell (1) Managing Director	2015	305,307	109,589*	-	37,729	77,478	-	530,103	15	37
	2014	350,382	91,533	-	40,266	-	-	482,181	-	21
Non-Executive Directors										
Mr I Neal (2) Non-Executive Chairman	2015	90,000	-	-	-	-	-	90,000	-	-
	2014	62,083	-	-	-	-	-	62,083	-	-
Mr G Thompson (3)	2015	138,000	-	-	-	-	-	138,000	-	-
	2014	186,750	-	-	-	-	-	186,750	-	-
Mr G Grove-White (4)	2015	29,165	-	-	-	-	-	29,165	-	-
	2014	59,080	-	-	-	13,180	-	72,260	18	18
Mrs N Swift (5)	2015	64,084	-	-	6,088	-	-	70,172	-	-
	2014	44,491	-	-	4,115	-	-	48,606	-	-
Mr A Shirfan (6)	2015	45,000						45,000	-	-
	2014	10,000	-	-	-	-	-	10,000	-	-
Ms L McDonald(7)	2015	15,000	-	-	-	-	-	15,000	-	-
Other Key Management Personnel										
Mr K L Niu Chief Financial Officer	2015	189,008	-	-	35,330	29,695	-	254,033	12	12
	2014	197,257	-	-	24,954	41,260	78,000	341,471	35	35
Dr A King Director Dyesol UK Ltd	2015	184,219	-	-	-	22,271	-	206,490	11	11
	2014	234,777	-	-	-	30,945	-	265,722	12	12
Mr C Moore Manager Steel	2015	153,516	-	-	-	25,983	-	179,499	14	14
	2014	166,013	-	-	-	36,102	-	202,115	18	18
Dr D Milliken Chief Technology Officer	2015	136,736	-	-	13,045	29,695	-	179,476	17	17
	2014	133,708	-	-	12,281	41,260	-	187,249	22	22
Dr H Desilvestro Chief Scientist	2015	194,905	-	-	25,266	25,983	-	246,154	11	11
	2014	170,428	-	-	-	36,102	-	206,530	17	17
Mr K Hogg Company Secretary	2015	48,000	-	-	-	-	-	48,000	-	-
	2014	48,000	-	-	-	-	-	48,000	-	-
2015 Total	**Total**	**1,592,940**	**109,589***	**-**	**117,458**	**211,105**	**-**	**2,031,092**	**-**	**-**
2014 Total	**Total**	**1,662,969**	**91,533**	**-**	**81,616**	**198,849**	**78,000**	**2,112,967**	**-**	**-**

Mr R McIntyre did not receive any remuneration during the year.

15. REMUNERATION REPORT – AUDITED (continued)

**** The Remuneration Report sets out the remuneration information pertaining to the Company's Directors and Senior Executives who are the Key Management Personnel of the consolidated entity for the purposes of the Corporations Act 2001 and the Corporations Regulations 2001.*

 # Refer to pages 22 - 23 for further details of the terms and conditions of rights and shares.

** The bonus is for the short term incentive (STI) accrued payment of $120,000 inclusive of superannuation as a result of Mr Caldwell meeting his individual key performance indicators for the financial period from 1 July 2014 to 30 June 2015. This is subject to the Remuneration Committee approval occurring during August 2015.*

Notes in relation to the table of remuneration:

1) Salary and bonus. The bonus for 2015 is on an accruals basis and is subject to Board approval. (2014: includes director fees, bonus and salary).
2) Director fees only.
3) Includes consultancy fees $68,000 (2014: $128,000).
4) Director fees only. Resigned 27 November 2014.
5) Director fees only.
6) Director fees only. Resigned 7 April 2015, appointed alternate director 7 April 2015.
7) Director fee only. Appointed 7 April 2015.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	At risk
Executive Director		
Mr R Caldwell	63 %	37 %
Non-Executive Directors		
Mr I Neal	100 %	-
Mr G Thompson	100 %	-
Mr G Grove-White	100 %	-
Mrs N Swift	100 %	-
Mr A Shirfan	100 %	-
Ms L McDonald	100 %	-
Other Key Management Personnel		
Mr K L Niu	88 %	12 %
Dr A King	89 %	11 %
Mr C Moore	86 %	14 %
Dr D Milliken	83 %	17 %
Dr H Desilvestro	89 %	11 %
Mr K Hogg	100 %	-

15. REMUNERATION REPORT – AUDITED (continued)

(b) Share-based remuneration

Details of the terms and conditions of performance rights and shares granted to Key Management Personnel and executives as compensation during the reporting period are as follows:

2015	No. of rights granted	No. of shares granted	Grant date	No. of rights vested	No. of shares	Fair value per right at grant date	Fair value per share at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable	% Vested in current year	% Forfeited/ lapsed in current year	% Available for vesting in future years	Value of rights/ shares at grant date $
Director: Performance rights															
Mr R Caldwell	1,200,000	-	27/11/14	-	-	$0.1819	-	-	-	4/06/17	5/05/17	-	-	100	218,280
	800,000	-	27/11/14	-	-	$0.1262	-	-	-	4/06/17	5/05/17	-	-	100	100,960

15. REMUNERATION REPORT – AUDITED (continued)

(b) Share-based remuneration (continued)

Details of the terms and conditions of performance rights and shares granted to Key Management Personnel and executives as compensation during the reporting period are as follows:

2014	No. of rights granted	No. of shares granted	Grant date	No. of rights vested	No. of shares	Fair value per right at grant date	Fair value per share at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable	% Vested in current year	% Forfeited/ lapsed in current year	% Available for vesting in future years	Value of rights/ shares at grant date $
Director: Performance rights															
Mr G Grove-White	200,000	-	21/11/11	200,000	-	$0.335	-	-	-	21/11/13	21/11/13	100	-	-	67,000
Mrs N Swift	525,000	-	28/11/13	-	-	$0.380	-	-	-	28/11/16	28/11/14 28/11/15 28/11/16	-	100	-	199,500
Other Key Management Personnel: Performance rights															
Mr K L Niu	240,000	200,000	29/11/13	48,000	200,000	$0.330	$0.390	-	-	29/11/15	29/11/13 29/11/14 29/11/15	20	-	80	157,200
Dr A King	180,000	-	29/11/13	36,000	-	$0.330	-	-	-	29/11/15	29/11/13 29/11/14 29/11/15	20	-	80	59,400
Mr C Moore	210,000	-	29/11/13	42,000	-	$0.330	-	-	-	29/11/15	29/11/13 29/11/14 29/11/15	20	-	80	69,300
Dr D Milliken	240,000	-	29/11/13	48,000	-	$0.330	-	-	-	29/11/15	29/11/13 29/11/14 29/11/15	20	-	80	79,200
Dr H Desilvestro	210,000	-	29/11/13	42,000	-	$0.330	-	-	-	29/11/15	29/11/13 29/11/14 29/11/15	20	-	80	69,300

15. REMUNERATION REPORT – AUDITED (continued)

(c) Equity instruments issued on exercise performance rights

Details of equity instruments issued during the period to Key Management Personnel and executives as a result of performance rights vested that had previously been granted as compensation are as follows:

Key management person	Number of shares issued on vesting of rights	Number of rights vested	Amount paid per share	Amount unpaid per share
Mr K L Niu	36,000	36,000	-	-
Dr A King	24,300	24,300	-	-
Mr C Moore	31,500	31,500	-	-
Dr D Milliken	36,000	36,000	-	-
Dr H Desilvestro	31,500	31,500	-	-

(d) Value of performance rights held by Key Management Personnel

Details of the value of rights granted, exercised, vested and lapsed during the year to Key Management Personnel as part of their remuneration are summarised below:

Key management person	Value of rights at grant date * $	Value of rights vested during the year ** $	Value of rights lapsed during the year*** $
Executives			
Mr K L Niu	23,760	8,820	11,880
Dr A King	17,820	5,954	9,801
Mr C Moore	20,790	7,718	10,395
Mr D Milliken	23,760	8,820	11,880
Dr H Desilvestro	20,790	7,718	10,395

In accordance with the company's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or Director.

** The value of performance rights granted during the period differs to the expense recognised as part of each key management persons' or executives' remuneration in (d) above because this value is the grant date fair value calculated in accordance with AASB 2 Share-based Payment.*

*** The value of rights vested has been determined as the intrinsic value of the rights at the date they vested, i.e. the excess of the market value at vesting date over the strike price of the right.*

**** Rights lapsed due to vesting conditions not being satisfied. The value of rights at date of lapse is determined assuming that the vesting condition has been satisfied.*

Other information

Performance rights holdings of Key Management Personnel

The movements during the year in the number of performance rights held directly, indirectly or beneficially by each key management person, including their personally-related entities, are as follows:

2015						
Key management person	**Held at 30 June 2014**	**Granted as remuneration**	**Rights lapsed**	**Rights exercised**	**Held at 30 June 2015**	**Total vested at 30 June 2015**
Mr R Caldwell	-	2,000,000	-	-	2,000,000	-
Mr K L Niu	192,000	-	36,000	36,000	120,000	84,000
Dr A King	144,000	-	29,700	24,300	90,000	60,300
Mr C Moore	168,000	-	31,500	31,500	105,000	73,500
Dr D Milliken	192,000	-	36,000	36,000	120,000	84,000
Dr H Desilvestro	168,000	-	31,500	31,500	105,000	73,500

15. REMUNERATION REPORT – AUDITED (continued)

Shareholdings of Key Management Personnel

The movements during the year in the number of ordinary shares held directly, indirectly or beneficially by each key management person, including their personally-related entities, are as follows:

2015 Key management person	Held at 30 June 2014	Granted as remuneration	Purchased	Rights converted into shares	Other #	Held at 30 June 2015
Mr R Caldwell	5,580,000	-	2,820,000	-	-	8,400,000
Mr G Thompson	2,330,058	-	-	-	-	2,330,058
Mr I Neal	200,000	-	-	-	-	200,000
Mr G Grove-White*	230,425	-	-	-	-	230,425
Ms N Swift	200,000	-	-	-	-	200,000
Mr R McIntyre	-	-	40,001	-	-	40,001
Mr K L Niu	264,043	-	-	36,000	-	300,043
Dr A King	36,000	-	-	24,300	-	60,300
Mr C Moore	126,388	-	-	31,500	-	157,888
Dr D Milliken	99,501	-	-	36,000	-	135,501
Dr H Desilvestro	42,000	-	-	31,500	-	73,500

 # Other represents sales, transfers and adjustments.
* *At resignation date.*

(e) Loans to Key Management Personnel

The following loan was issued to a Key Management Personnel during the year ended 30 June 2015:

2015 Key management person	Balance at 1 July 2014 $	Interest paid and payable on loan $	Interest not charged $	Amount loaned in year $	Loan repayment $	Balance at 30 June 2015 $
Mr K L Niu	-	225	-	50,000	2,308	47,917

The amounts shown for interest not charged in the table above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arm's-length basis.

For the loan issued to Mr K L Niu the highest amount owed in the current year was $47,917.

The loan has an interest rate payable at 5.65% per annum.

(f) Other transactions and balances with Key Management Personnel

There were no other transactions and balances with Key Management Personnel and their related parties during the year.

END OF AUDITED REMUNERATION REPORT

16. Environmental Regulation

The consolidated entity is subject to significant environmental regulation, in particular with respect to its manufacturing activities. The Board through its Executive Committee, monitors its environmental performance obligations. The consolidated entity has complied with all environmental regulations.

17. Work Safety and Health

Dyesol Australia Pty Ltd, the Dyesol subsidiary in which most manufacturing is undertaken, has established a Work, Health and Safety Committee. This Committee undertakes a range of activities to ensure we comply with the legislation and improve the awareness of our staff on health and safety issues.

18. Corporate Governance

The Company's Corporate Governance Report can be found at www.dyesol.com.

19. Indemnification and Insurance of Officers

Indemnification

The Company has agreed to indemnify current and former directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

Indemnification and insurance of auditors

During or since the end of the period, no indemnities have been given to, and no insurance premiums have been paid on behalf of, any person who is or has been an auditor of the Group.

Insurance Premiums

The Company paid a premium during the year in respect of a director and officer liability insurance policy, insuring the directors of the Company, the company secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer, to the extent permitted by the Corporations Act 2001. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts as such disclosure is prohibited under the terms of the contract.

20. Proceedings On Behalf Of The Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

21. NON-AUDIT SERVICES

During the year Grant Thornton Audit Pty Ltd, the Company's auditor has performed certain other services in addition to their statutory duties. The Board is satisfied that the provision of those non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. On the advice of the Audit Committee, the directors are satisfied that the provision of non-audit services as set out below did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the related practices of Grant Thornton Audit Pty Ltd for non-audit services provided during the year are set out below.

	2015 $	2014 $
Services other than statutory audit provided by an associated firm of Grant Thornton Audit Pty Ltd:		
- tax compliance	49,061	69,044

22. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 80.

Dated at Sydney, New South Wales this 27th day of August 2015.

Signed in accordance with a resolution of the directors:

Richard Caldwell
Managing Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

DYESOL LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Revenue from sale of goods and services	2	1,440,438	709,454
Cost of sales		(612,898)	(363,738)
Provision for slow moving & obsolete inventory	3	-	(440,751)
Gross profit/ (loss)		827,540	(95,035)
Interest revenue	2	138,594	193,777
Other income	2	477,341	691,094
Technical expenses	3	(6,814,703)	(5,317,775)
Administration and corporate expenses		(5,108,378)	(4,734,315)
Impairment of intangible assets	12	(66,732)	(3,510,920)
Marketing expenses		(1,065,511)	(911,179)
Borrowing costs	3	(74,886)	(764,719)
Intellectual property expenses		(383,639)	(413,957)
Share of losses of associate/ joint ventures		(9,312)	(178,445)
Loss before income tax benefit		(12,079,686)	(15,041,474)
Income tax benefit	5	3,481,046	2,463,417
Net loss for the year		**(8,598,640)**	**(12,578,057)**
Other comprehensive income *Items that may be reclassified subsequently to profit or loss*			
Exchange differences on translating foreign operations - Group		119,034	298,354
Exchange differences on translating foreign operations - joint ventures		-	(18,117)
Other comprehensive income for the period, net of tax		119,034	280,237
Total comprehensive loss for the year		**(8,479,606)**	**(12,297,820)**
Loss is attributable to:			
Owners of Dyesol Limited		(8,594,041)	(12,577,427)
Non-controlling interest		(4,599)	(630)
		(8,598,640)	**(12,578,057)**
Total comprehensive loss for the year is attributable to:			
Owners of Dyesol Limited		(8,475,782)	(12,297,439)
Non-controlling interest		(3,824)	(381)
		(8,479,606)	**(12,297,820)**
Basic and diluted loss per share	6	(2.7 cents)	(5.0 cents)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

DYESOL LIMITED AND ITS CONTROLLED ENTITIES AS AT 30 JUNE 2015

	Note	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	7	5,402,909	5,178,902
Term deposits		-	2,200,000
Trade and other receivables	8	3,648,014	3,028,561
Inventories	9	731,355	679,879
Other current assets	10	404,696	656,488
Total current assets		**10,186,974**	**11,743,830**
Non-current assets			
Property, plant and equipment	11	891,667	651,918
Intangible assets	12	4,919,758	5,015,250
Investment in associate/ joint ventures	13	117,162	126,474
Total non-current assets		**5,928,587**	**5,793,642**
Total assets		**16,115,561**	**17,537,472**
LIABILITIES			
Current liabilities			
Trade and other payables	14	2,072,710	1,914,705
Lease liabilities	15	107,404	-
Borrowings	16	853,617	443,272
Provisions	17	504,116	394,277
Total current liabilities		**3,537,847**	**2,752,254**
Non-current liabilities			
Other payables	14	86,934	-
Lease liabilities	15	36,598	-
Borrowings	16	-	807,841
Provisions	17	300,907	299,990
Deferred tax liability	5(e)	395,786	443,216
Total non-current liabilities		**820,225**	**1,551,047**
Total liabilities		**4,358,072**	**4,303,301**
Net assets		**11,757,489**	**13,234,171**
EQUITY			
Contributed equity	18	100,713,911	94,183,006
Reserves	19	6,900,934	6,310,656
Accumulated losses		(95,860,688)	(87,266,647)
Capital and reserves attributable to owners of Dyesol		**11,754,157**	**13,227,015**
Non-controlling interest	20	3,332	7,156
Total equity		**11,757,489**	**13,234,171**

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

Consolidated Statement of Cash Flows

DYESOL LIMITED AND ITS CONTROLLED ENTITIES AS AT 30 JUNE 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Cash receipts from customers		1,485,014	707,425
Cash payments to suppliers and employees		(12,150,192)	(10,775,202)
R&D tax rebate received		2,476,193	2,840,785
Interest received		197,450	113,180
Interest paid		(31,608)	-
Grants received		386,335	25,939
Net cash used in operating activities	23	**(7,636,808)**	**(7,087,873)**
Cash flows from investing activities			
Payments for plant and equipment		(367,643)	(376,548)
Payment for equity investment		-	(129,586)
Proceeds from disposal of plant and equipment		15,180	-
Loans to related parties		(50,000)	-
Loans repaid by related parties		2,083	-
Loans to joint venture interests		-	(100,000)
Proceeds on maturity of/ (investment in) term deposits		2,200,000	(2,200,000)
Net cash used in investing activities		**1,799,620**	**(2,806,134)**
Cash flows from financing activities			
Proceeds from borrowings		244,946	-
Repayment of borrowings		(89,605)	-
Purchase of Treasury shares		(45,963)	(111,214)
Proceeds from the issue of shares		6,000,000	10,000,000
Net cash provided by financing activities		**6,109,378**	**9,888,786**
Net increase/(decrease) in cash and cash equivalents held		272,190	(5,221)
Cash and cash equivalents at the beginning of the financial year		5,178,902	5,102,421
Effect of exchange rates on cash holdings in foreign currencies		(48,183)	81,702
Cash and cash equivalents at end of period	7	**5,402,909**	**5,178,902**

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

Consolidated Statement of Changes in Equity

DYESOL LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2015

	Contributed equity $	Accumulated losses $	Reserves: Equity-settled benefit $	Reserves: Foreign currency translation reserve $	Reserves: Other reserve $	Total $	Non-controlling interest $	Total equity $
Balance at 1 July 2013	**80,079,832**	**(74,689,220)**	**5,079,859**	**(553,087)**	**798,887**	**10,716,271**	**7,537**	**10,723,808**
Total comprehensive income for the year								
Loss for the year	-	(12,577,427)	-	-	-	(12,577,427)	(630)	(12,578,057)
Other comprehensive income								
Foreign currency translation reserve differences	-	-	-	279,988	-	279,988	249	280,237
Total comprehensive income for the year	-	(12,577,427)	-	279,988	-	(12,297,439)	(381)	(12,297,820)
Transaction with owners, in their capacity as owners								
Contributions of equity, net of transaction costs	14,120,498	-	-	-	-	14,120,498	-	14,120,498
Share-based payment expense	-	-	798,899	-	-	798,899	-	798,899
Treasury shares purchase (Note 18)	(111,214)	-	-	-	-	(111,214)	-	(111,214)
Allocation of Treasury shares (Note 18)	93,890	-	(93,890)	-	-	-	-	-
Total transactions with owners	14,103,174	-	705,009	-	-	14,808,183	-	14,808,183
Balance at 30 June 2014	**94,183,006**	**(87,266,647)**	**5,784,868**	**(273,099)**	**798,887**	**13,227,015**	**7,156**	**13,234,171**
Total comprehensive income for the year								
Loss for the year	-	(8,594,041)	-	-	-	(8,594,041)	(4,599)	(8,598,640)
Other comprehensive income								
Foreign currency translation reserve differences	-	-	-	118,259	-	118,259	775	119,034
Total comprehensive income for the year	-	(8,594,041)	-	118,259	-	(8,475,782)	(3,824)	(8,479,606)
Transaction with owners, in their capacity as owners								
Contributions of equity, net of transaction costs	6,513,581	-	-	-	-	6,513,581	-	6,513,581
Share-based payment expense	-	-	522,829	-	-	522,829	-	522,829
Treasury shares purchase (Note 18)	(45,963)	-	-	-	-	(45,963)	-	(45,963)
Allocation of Treasury shares (Note 18)	63,287	-	(50,810)	-	-	12,477	-	12,477
Total transactions with owners	6,530,905	-	472,019	-	-	7,002,924	-	7,002,924
Balance at 30 June 2015	**100,713,911**	**(95,860,688)**	**6,256,887**	**(154,840)**	**798,887**	**11,754,157**	**3,332**	**11,757,489**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial statements of Dyesol Limited for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 27 August 2015 and covers the consolidated entity consisting of Dyesol Limited and its subsidiaries as required by the Corporations Act 2001. Dyesol Limited is a for-profit entity for the purpose of preparing the financial statements.

Dyesol Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The accounting policies applied by the consolidated entity in this year's financial statements are the same as those applied in its financial statements as at and for the year ended 30 June 2014.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1 (y).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised, or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Group. The following Accounting Standards and Interpretations are most relevant to the Group:

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities.*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.*
- AASB 2014-1 *Amendments to Australian Accounting Standards* (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).

Going Concern

The financial statements have been prepared on a going concern basis.

The Group incurred an operating loss after income tax for the year of $8,598,640 (2014: $12,578,057) and an operating net cash outflow of $7,636,808 (2014: $7,087,873) for the year ended 30 June 2015. Cash held at bank as at 30 June 2015 was $5,402,909 (30 June 2014: $5,178,902) and term deposits as at 30 June 2015 were nil (30 June 2014: $2,200,000).

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. In order for Dyesol to continue as a going concern and further progress the development of its technology and intellectual property, and in particular the accelerated development of solid-state DSC for scale up activities, additional capital will be required. Dyesol has previously raised capital when required and the Directors anticipate that the company will be successful in raising the required additional capital in future.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Directors have initiated the following strategies to secure the going concern status and have determined that these accounts should be prepared on a going concern basis as these strategies are anticipated to be successful:

(i) Research and Development Tax Credit

The Company expects to receive a refundable research and development tax credit amounting to $3.2 million prior to 30 September 2015 and has recognised this asset at 30 June 2015.

On 21 August 2015, the Company has submitted the relevant application to AusIndustry for the approval for the registration of the research and development (R&D) activities of the Company for the accounting period from 1 July 2014 to 30 June 2015. In the 2015 tax year the Company has determined it incurred qualifying research and development expenditure that the Company expects will result in a refundable research and development tax credit amounting to approximately $3.2 million. The company expects to receive this amount prior to 30 September 2015 and therefore, has recognised this asset at 30 June 2015.

(ii) Other funding support

The Company submitted an application for Australian Government funding to enable Dyesol to remain at the forefront of commercialising perovskite solar cell (PSC) technology in Australia.

In addition to the initiatives set out in (i) and (ii) above, the Directors continue to look at various sources of funding support and other long term investment options to provide the working capital required to implement Dyesol's Technology Development Plan, successful completion of which, the Directors believe, will create a pathway to achieve successful commercialisation and business development. Until this is achieved additional funding will continue to be required and the Board will select the most appropriate strategic investment options.

Based on the factors above, the Directors have prepared the financial report on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

Accounting Policies

(a) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of the Company gains control until the date when the Company ceases to control the subsidiary.

A list of subsidiaries is contained in Note 27 to the financial statements. All subsidiaries have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation unless the transactions provide evidence of the impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies, to the extent possible given compliance with local regulations, with those policies applied by the parent entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively. Total comprehensive income is attributable to owners of Dyesol Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly controlled entities

Jointly controlled entities are accounted for by means of the equity method of accounting ("equity method") for the investments in associate and joint ventures whereby the investments are initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the investor's share of the net assets of the investee. The profit and loss statement reflects the investor's share of the profit or loss of the investee.

Details of the jointly controlled entities are set out in Note 13.

Changes in ownership interest

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Income tax

The charge for current income tax expense is based on the profit or loss for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at the end of the reporting period.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in jointly controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity respectively.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Company applies for registration of R&D expenses which meet R&D Tax Concession requirements with AusIndustry, and calculates the R&D tax credit owing based on that registration when it submits the annual tax return. Although the $3.2 million R&D Tax Incentive for financial year ending 30 June 2015 was not received during the year, it was included in the reporting period in accordance with accounting standards. The cash rebate is recognised as R&D tax rebate in income tax expense/ benefit (refer Note 5).

Dyesol Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 20 August 2006.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The tax consolidated group has entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the tax payable of the tax consolidated group.

The members of the tax-consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax funding agreement is considered remote.

The stand-alone taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group.

(c) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically feasible, the Group has sufficient resources to complete development and the Group is able to demonstrate how the product or process will generate future economic benefits.

Expenditure which may be capitalised includes the cost of materials, direct labour, subcontract expenditure and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The carrying amounts of the capitalised development expenditure are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policies 1(e) and 1(y)).

Goodwill

Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intellectual Property & Patents

Intellectual Property and Patents that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy 1(e)).

Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date that they are available for use, not from the date of generation or acquisition.

Class of Intellectual Property & Patents	*Expected useful life*	*Remaining Life*
EPFL Licences	13 years	5 years
Technologies and Process	13 years	5 years
Flexible Cells Process	19 Months	Nil
Paralec Licences	5 to 8 years	2 to 3 years

Business Combination	*Expected useful life*	*Remaining Life*
Customer Contracts	1 year	2 months

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(d) Property, plant and equipment

Property, plant and equipment, are recognised initially at cost or fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is charged in profit or loss on a straight-line basis over the estimated useful life of the asset or in the case of leasehold improvements, the shorter lease term as follows:

Class of Fixed Asset	*Expected useful life*
Plant and factory equipment	5 years
Office equipment	3 years
Computer software	3 years
Furniture & fittings	5 years
Leasehold improvements	lease term

Motor vehicles are depreciated at 22.5% per annum using a diminishing balance method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Impairment

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For intangible assets that are not yet available for use, the recoverable amount is estimated annually. Recoverable amount is calculated using fair value less costs to sell.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal in other comprehensive income to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of the cash-generating unit (which is the business as a whole), are first allocated to reduce the carrying amount of goodwill and then to reduce the carrying amount of other assets.

(f) Fair values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period.

If the fair value of financial instruments is not available from an active market, the Group establishes its fair value using valuation techniques. Assumptions used are based on observable market prices and rates at the end of the reporting period. Other financial instruments are calculated based on the present value of future principal and interest cash flow, discounted at the market rate of interest at the end of the reporting period. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt. Objective evidence of impairment includes financial difficulties of a debtor, default payments or debts more than 90 days overdue. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

(h) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest rate method.

The fair value of a liability portion of a convertible note is determined using a market rate of interest for an equivalent non-convertible note and stated on an amortised cost basis until conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and is shown as equity. Issue costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(k) Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. For service warranties, the likelihood that an outflow will be required to settle the obligation is determined by considering the class of obligations as a whole. Provisions are not recognised for future operating losses.

(m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of Dyesol Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(o) Employee Benefits

Wages, salaries, annual leave and non-monetary benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees up to the end of the reporting period. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 1 year have been measured at the present value (using the national government bond rate) of the estimated future cash outflows to be made for those benefits.

Long service leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payment transactions

An expense is recognised for all equity-based remuneration, including shares and options issued to employees and directors. The fair value of securities granted is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The fair value of options granted is measured using a generally accepted valuation model, taking into account the terms and conditions upon which the options were granted. The fair value of shares and options issued to employees is based on the fair value of the equity instruments issued.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments

Recognition

Financial instruments are initially measured at fair value on trade date, plus transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are stated at amortised cost, comprising original debt less principal payments and amortisation.

Compound financial instruments

Compound financial instruments issued by the Group comprise of convertible notes that can be converted to share capital at the option of both the issuer and holder, and the number of shares to be issued is equal to the fair value of the notes.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instruments as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity compound in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not measured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss.

(q) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(r) Revenue recognition

Revenue from the sale of goods is recognised upon the dispatch of goods to customers.

Revenue from the rendering of services is recognised upon the delivery of the services to the customers.

Revenue from the sale of equipment is recognised when the legal title to the equipment passes, which is usually upon delivery or installation and acceptance.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(s) Government grants

Grants from the government are recognised at their fair value, where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Unconditional grants are recognised in profit or loss as other income, when the grant becomes receivable. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in current liabilities as deferred income and credited to profit or loss on a straight line basis over the expected lives of the related assets.

(t) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(u) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of transaction. Foreign currency monetary items are translated at the exchange rate at the end of the reporting period. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on translation are recognised in profit or loss.

Group Companies

At the end of the reporting period, the assets and liabilities of overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the end of the reporting period, and income and expenses are translated at the average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve).

On consolidation, exchange differences arising from the translation of any net investment in any foreign entities are taken to other comprehensive income (foreign currency translation reserve). When a foreign operation is sold or borrowings repaid, a proportionate share of the foreign currency translation reserve is recognised in profit or loss as part of the gain or loss on sale or repayment.

(v) Segment reporting

The Group reviewed segment information 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 (executive management committee that makes strategic decisions). The operating segments results are reviewed regularly by the executive management committee to make decisions about resources to allocate the segments and assess its performance.

During the year the committee monitors the business based on product and services factors and has identified three major product and services segments. These are as follows:

- Glass and Equipment
- Metal Strip
- R&D Materials

In addition, the committee monitors the business based on geographic factors and has identified four major geographical segments. These are as follows:

- Australia
- Asia
- Europe
- North America

All of these entities are involved in the industrialisation and commercialisation of solid-state DSC (ssDSC) technologies.

(w) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date, unless in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity and transaction costs arising on the issue of debt as part of the consideration are accounted for in accordance with Note 1(k).

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rates.

(x) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(y) Key Estimates and Judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgement and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Key Estimates

Impairment of non-current assets AASB 136: Impairment of Assets requires an assessment of impairment at least annually for indefinite lived intangibles and Goodwill.

Recoverable amount in accordance with AASB 136 is defined as the higher of the asset (or cash generating unit's) fair value less costs of disposal and its value in use.

The directors have assessed there is only the one cash generating unit which is in relation to the DSC technology which Dyesol is in the process of developing. It is the underlying value of the DSC technology that the share price and therefore, the market capitalisation represents.

The directors have assessed the recoverable amount of the Cash generating unit by reference to fair value less cost of disposal, with reference to the company's market capitalisation and recent capital raise activity.

At year-end the consolidated entity has non-current assets amounting to $5,811,425 consisting of the consolidated entity's intellectual property, patents and goodwill, and property, plant and equipment amounting to $891,667. The directors have performed their impairment assessment using the fair value less costs of disposal approach with reference to the Tasnee investment of $20 million to date representing 33.5% of the equity of the consolidated entity. The investment by Tasnee equates to a total value of the consolidated entity of $59.7 million which the Directors consider supports the carrying value of the consolidated entity's intangible assets and property, plant and equipment. The Directors note that the fair value of the consolidated entity would adequately cover the carrying value of the non-current assets and any costs of disposal.

It is considered that the Silver paste technology appears to be less relevant to our latest preferred metal strip architecture design required for a commercial project deliverable. Therefore the Directors consider it prudent to fully impair this intangible asset during the year with an impairment charge of $66,732 recognised in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R&D Tax Incentive

Dyesol's R&D Tax Incentive claim of $3.2 million for the year ended 30 June 2015 was calculated in accordance with the requirements of the scheme framework which focuses on R&D carried out using a rigorous scientific method.

As part of obtaining an Advance Finding granting approval for claim of R&D expenses incurred overseas, which is an AusIndustry requirement, Dyesol demonstrated via provision of technical reports, research and development plans, site tours of facilities, and discussions with personnel, that both its Australian and overseas R&D satisfy the requirements of the scheme.

The financial data leading to the figures provided to the ATO in the company tax return was compiled using the government preferred methodology for primarily R&D enterprises, of subtracting out non-R&D related costs and methodically apportioning related supporting overhead costs. This financial apportionment was facilitated by Dyesol's comprehensive project financial management systems, which clearly delineate R&D and non-R&D related costs in a fully transparent manner.

The Directors believe that the Company has satisfied the criteria to be eligible for R&D tax refunds in the current and prior years, however the Company's tax positions remain open to review by the ATO.

Provision for Impairment of Receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management (see Note 21).

Share options

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using the Black-Scholes formula and Monte Carlo Simulation valuation methodology, taking into account the terms and conditions upon which the instruments were granted, estimates of volatility and interest rates (see Note 25).

Amortisation of intangible assets

As described at Note 1 (c), the various classes of licences have estimated useful lives from 5 to 13 years and the customer contracts have estimated useful lives of 1 year. Amortisation is charged to profit or loss on a straight line basis over the estimated useful lives. The Group reviews the estimated useful lives at the end of each reporting period.

Key Judgments

Recovery of deferred tax assets

Deferred tax assets arising from tax losses are not recognised as their recovery is dependent upon the generation of sufficient future taxable profits. The Group is currently loss making. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Long Service Leave

Management's estimate of the long service leave is based on a number of critical underlying assumptions such as probability of staff remaining with the company for a period of 10 years, standard rates of inflation, discount rate and anticipation of future salary increases. Estimation uncertainties exist particularly with regard to the assumed probabilities of staff remaining with the group. Variation in these assumptions may significantly impact the long service leave amount and the annual long service leave expenses.

(z) Accounting standards issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Title of standard	Nature of change	Mandatory application date/ Date of adoption by group	Impact
AABS 9 *Financial Instruments (December 2014)*	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. The requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: a) Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains or losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d) Financial assets can be designed and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains or losses on them, on different bases. e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI') • the remaining change is presented in profit or los If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities. AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial	1 January 2018	When adopted, the standard will not have any significant impact as on the financial statements unless the Company acquires financial assets and liabilities. There will be no impact on the group's accounting for financial assets, as the new requirements only affect the accounting for available-for-sale financial assets and the group does not have any such assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. There will be no impact on hedge account or disclosures as the forward contracts do not qualify as hedge accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Title of standard	Nature of change	Mandatory application date/ Date of adoption by group	Impact
	statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.		
AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*	The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 *Business Combinations,* should: • apply all the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e., the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and • provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.	1 January 2016	The entity is yet to undertake a detailed assessment of the impact of AASB 2014-3. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2017.
AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*	The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances: i) The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or ii) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.	1 January 2016	The entity is yet to undertake a detailed assessment of the impact of AASB 2014-4. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2017.
AASB 2014-9 *Amendments to Australian Accounting*	The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate	1 January 2016	The entity is yet to undertake a detailed assessment of the impact of AASB 2014-9. However, based on

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Title of standard	Nature of change	Mandatory application date/ Date of adoption by group	Impact
Standards – Equity Method in Separate Financial Statements	financial statements.		the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2017.
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in *AASB 3 Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business. This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128 (2011).	1 January 2016	The entity is yet to undertake a detailed assessment of the impact of AASB 2014-10. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2017.
AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*	The amendments: • clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information • clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated • add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position • clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order • remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.	1 January 2016	The entity is yet to undertake a detailed assessment of the impact of AASB 2015-2. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2017.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. REVENUE AND OTHER INCOME	2015 $	2014 $
Rendering of services	229,465	43,948
Sale of goods	1,210,973	665,506
Revenue from sale of goods and services	1,440,438	709,454
Interest received	138,594	193,777
Other income		
Government grants	99,201	600,573
Gain on obtaining control of Dyesol-Timo Co. Ltd	105,423	-
Gain on foreign exchange	220,041	-
Other income	52,676	90,521
Total other income	477,341	691,094

3. EXPENSES		
Loss before income tax includes the following expenses:		
Depreciation and amortisation		
Amortisation of intangible assets	716,174	273,287
Depreciation expense	538,574	526,508
	1,254,748	799,795
Share-based payments		
Share based payments to company employees/directors	522,829	671,399
Share based payments to consultant	-	127,500
	522,829	798,899
Technical expenses (including R&D expenses)		
Wages and salaries	3,762,869	3,081,464
Materials	917,358	644,407
Consultants	1,081,187	905,927
Travel	220,388	94,177
Other overheads	832,901	1,032,551
	6,814,703	5,317,775
Total employee benefits expense		
Wages and salaries	4,726,405	4,226,549
Superannuation	294,417	246,123
Redundancy payments	11,772	77,706
Increase in liability for annual leave	109,839	40,438
Increase in liability for long service leave	50,917	63,634
Share based payments to company employees/directors	522,829	671,399
	5,716,179	5,325,849

3. EXPENSES (continued)	**2015 $**	**2014 $**
Loss before income tax includes the following expenses:		
Borrowing costs		
Interest expenses	74,886	764,719
Rental expenses on operating lease		
Minimum lease payments	687,594	675,896
Foreign currency translation		
Net foreign exchange loss	-	153,201
Impairment provision – inventory		
Inventory provision for slow moving & obsolescence	-	440,751
Impairment		
Impairment of intangible assets (Note 12)	66,732	3,510,920

4. AUDITORS' REMUNERATION		
(a) Amount paid or due and payable to Grant Thornton Audit Pty Ltd for:		
- An audit and review of the financial statements of the entity and any other entity in the Group	113,000	106,000
- Tax compliance provided by related practice of the auditors	49,061	69,044
(b) Amount paid or due and payable to non-Grant Thornton Audit Pty Ltd network firms for:		
- Other services in relation to the entity and any other entity in the consolidated entity	57,682	54,568
	219,743	**229,612**

		2015 $	2014 $
5.	**INCOME TAX**		
(a)	***Income tax benefit***		
	R&D tax rebate	(3,274,982)	(2,389,548)
	Deferred tax	(206,064)	(73,869)
		(3,481,046)	**(2,463,417)**
(b)	***Numerical reconciliation between tax benefit and pre-tax net loss***		
	Loss before income tax	(12,079,686)	(15,041,474)
	Income tax benefit calculated at 30% (2014: 30%)	(3,623,906)	(4,512,442)
	Tax effect of amounts which are not tax deductible:		
	• Share based payments	156,849	239,669
	• Impairment of intangible assets	20,020	1,053,276
	• Sundry amounts	1,320	1,505
	• Impact of foreign tax rate differential	158,271	327,038
	Net deferred tax assets not recognised	3,081,382	2,817,085
	R&D tax rebate	(3,274,982)	(2,389,548)
	Income tax benefit	**(3,481,046)**	**(2,463,417)**
(c)	***Tax losses***		
	Unused tax losses for which no deferred tax asset has been recognised (as recovery is currently not probable)		
	Tax effected (at 30%)	**26,997,079**	**24,011,588**
(d)	***Unrecognised temporary differences***		
	Temporary differences for which deferred tax assets have not been recognised (at 30%)		
	• Employee benefits provision	130,196	98,797
	• Capital raising costs	62,272	95,565
	• IP costs	401,003	402,319
	• Other	115,362	69,750
	Unrecognised deferred tax assets relating to the above temporary differences (at 30%)	**708,833**	**666,431**

		2015 $	2014 $
5.	**INCOME TAX (continued)**		
	Temporary differences for which deferred tax liabilities have not been recognised (at 30%)		
	• Prepayments	65,394	118,882
	Temporary differences in relation to other comprehensive income for which deferred tax assets have not been recognised (at 30%)		
	• Foreign currency translation reserves (relating to investments in subsidiaries)	46,452	81,930

A deferred tax asset has not been recognised in respect of the temporary difference on the foreign currency translation reserve of $154,840 (2014: $273,099) arising from translating the financial statements of the overseas subsidiaries because the deferred tax asset will only arise on disposal of the subsidiaries, which is not expected in the foreseeable future.

		2015 $	2014 $
(e)	***Recognised temporary differences***		
	Deferred tax liability on intangibles recognised in a business combination (at 30%)	395,786	443,216

(f) Tax rates

The consolidated entity operates in a multi-jurisdictional tax environment, which makes meaningful comparison of weighted average effective tax rates difficult. The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits/(losses) under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. Corporate tax rates in jurisdictions where the Company has subsidiaries and joint ventures are Singapore 17%, United Kingdom 22%, Italy 31%, Switzerland 13-20%, Republic of Korea 11%, Germany 30% and USA 35%.

(g) Income tax loss

Deferred tax assets arising from tax losses of the Group not brought to account at the end of the reporting period as realisation of the benefit is not regarded as probable is $26,997,079 (2014: $24,011,588).

The benefit for tax losses will only be obtained if:

(i) the Company derives future assessable income of a nature and amount sufficient to enable the benefit from the tax losses to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) there are no adverse changes in tax legislation.

(h) Tax consolidation

Dyesol Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation with effect from 20 August 2006. The accounting policy in relation to this legislation is set out in Note 1(b).

The members of the tax-consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(i) Franking credits

There are no franking credits available as income tax has not been paid in Australia.

6. EARNINGS PER SHARE	2015 $	2014 $
Reconciliation of earnings to profit or loss		
Loss attributable to owners of Dyesol Limited used to calculate earnings per share	**(8,594,041)**	**(12,577,427)**

The calculation of basic loss per share at 30 June 2015 was based on the loss attributable to owners of Dyesol Limited of $8,594,041 (2014: $12,577,427) and a weighted average number (W.A.N.) of ordinary shares outstanding during the financial year ended 30 June 2015 of 315,114,046 (2014: 254,017,488) calculated as follows:

	2015		2014	
	Actual No.	**W.A.N.**	**Actual No.**	**W.A.N.**
Issued ordinary shares at beginning of year	303,326,443	303,326,443	221,361,987	221,361,987
Effect of shares issued pursuant to placement	35,167,016	11,364,583	80,629,456	32,180,786
Effect of shares issued pursuant to business combination	500,000	402,740	-	-
Effect of issue of shares as a share based payment	-	-	1,375,000	549,999
	338,993,459	315,093,766	303,366,443	254,092,772
Effect of Treasury shares issued	40,000	20,280	(40,000)	(75,284)
Issued ordinary shares at end of year	**339,033,459**	**315,114,046**	**303,326,443**	**254,017,488**

Diluted loss per share, calculated by taking into account 3,994,500 performance rights (2014: 2,700,000) and convertible notes, does not show an inferior view of the earnings performance of the Company than is shown by basic loss per share and is not disclosed for this reason.

7. CASH AND CASH EQUIVALENTS	2015 $	2014 $
Cash at bank and in hand	**5,402,909**	**5,178,902**

Cash at bank and in hand has interest bearing accounts which earn interest at rates from 0.00% pa to 3.11% pa. The Company has a bank guarantee of $110,000 towards a leasing facility for plant and machinery purchases.

8. TRADE AND OTHER RECEIVABLES		
Trade receivables, gross	55,758	97,396
Trade receivables	55,758	97,396
Loans, gross	54,518	381,982
Allowance for doubtful debts	-	(381,982)
Loans	54,518	-
R & D tax rebate receivable	3,200,000	2,389,548
Interest receivable	12,927	58,739
Other receivables	324,811	482,878
	3,648,014	**3,028,561**

8. TRADE AND OTHER RECEIVABLES (continued)

Provision for doubtful debts

Trade receivables are non-interest bearing and are generally on 30 to 90 day payment terms. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts.

Past due but not considered doubtful

At 30 June 2015 trade receivables of $19,231 (2014: $70,048) were past due. The balance was not considered to be doubtful. The balance of trade receivables relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 $	2014 $
Not past due	36,527	27,348
1 to 30 days past due	16,275	13,269
31 – 60 days past due	-	6,238
Over 60 days past due	2,956	50,541
Balance at end of year	**55,758**	**97,396**

Receivable balances which are neither overdue nor impaired are expected to be received when due, as they relate to long standing customers with good payment history or government entities which typically have long payment delays.

9. INVENTORIES

At net realisable value		
Finished goods	356,905	347,536
Raw materials	283,161	244,523
Work in progress	91,289	87,820
	731,355	**679,879**

Included in the above net realisable value is a provision for slow moving inventory in relation to equipment and materials on hand of a total of $745,120 (2014: $858,916) that were recorded mainly in relation to liquid DSC technology.

10. OTHER CURRENT ASSETS

Prepaid expenses	318,635	488,968
GST receivable	86,061	167,520
	404,696	**656,488**

	2015 $	2014 $
11. PROPERTY, PLANT AND EQUIPMENT		
Office furniture and equipment, at cost	838,813	827,831
Less: Accumulated depreciation	(767,949)	(753,130)
	70,864	74,701
Plant and equipment, at cost	7,638,268	5,360,482
Less: Accumulated depreciation	(6,883,527)	(4,851,569)
	754,741	508,913
Motor vehicles, at cost	128,584	53,947
Less: Accumulated depreciation	(95,155)	(43,704)
	33,429	10,243
Computer software, at cost	376,153	375,594
Less: Accumulated depreciation	(343,520)	(317,533)
	32,633	58,061
Leasehold improvements, at cost	2,356,592	2,356,592
Less: Accumulated depreciation	(2,356,592)	(2,356,592)
	-	-
Total property, plant and equipment	**891,667**	**651,918**

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	2015 $	2014 $
Office furniture and equipment		
Balance at beginning of year	74,701	31,492
Effect of movement in foreign exchange	2,073	555
Effect of Dyesol-Timo Co. Ltd business combination (Note 12a)	1,712	-
Additions	25,061	70,744
Write off	-	(123)
Depreciation	(32,683)	(27,967)
Balance at end of year	**70,864**	**74,701**
Plant and equipment		
Balance at beginning of year	508,913	862,896
Effect of movement in foreign exchange	2,572	10,847
Effect of Dyesol-Timo Co. Ltd business combination (Note 12a)	22,319	-
Additions	680,836	95,964
Depreciation	(459,899)	(460,794)
Balance at end of year	**754,741**	**508,913**

	2015 $	2014 $
11. PROPERTY, PLANT AND EQUIPMENT (continued)		
Motor vehicles		
Balance at beginning of year	10,243	12,862
Effect of movement in foreign exchange	695	582
Effect of Dyesol-Timo Co. Ltd business combination (Note 12a)	48,288	-
Disposals	(5,791)	-
Depreciation	(20,006)	(3,201)
Balance at end of year	**33,429**	**10,243**
Leasehold improvements		
Balance at beginning of year	-	16,207
Depreciation	-	(16,207)
Balance at end of year	**-**	**-**
Computer software		
Balance at beginning of year	58,061	33,287
Effect of movement in foreign exchange	(1)	5
Additions	559	43,108
Depreciation	(25,986)	(18,339)
Balance at end of year	**32,633**	**58,061**
12. INTANGIBLE ASSETS		
Intellectual property and patents, at cost	3,791,610	3,791,610
Less: Accumulated amortisation	(2,560,456)	(2,218,200)
	1,231,154	1,573,410
Customer contracts	528,780	-
Less: Accumulated amortisation	(440,650)	-
	88,130	-
Goodwill at cost	3,600,474	3,441,840
Total intangible assets	**4,919,758**	**5,015,250**
Reconciliations		
Reconciliations of the carrying amounts for each class of intangible asset are set out below:		
Patents		
Balance at beginning of year	1,573,410	1,802,109
Additions	-	44,588
Impairment loss	(66,732)*	-
Amortisation	(275,524)	(273,287)
Balance at end of year	**1,231,154**	**1,573,410**

* The Directors consider that the Silver paste technology to be less relevant to the Company's latest metal strip architectural design required for a commercial project deliverable and hence an impairment provision was made for the silver technology licence.

12. INTANGIBLE ASSETS (continued)	2015 $	2014 $
Product development costs		
Balance at beginning of year	-	3,039,840
Effect of movement in foreign exchange	-	471,080
Impairment loss	-	(3,510,920)
Balance at end of year	**-**	**-**
Customer contracts		
Balance at beginning of year	-	-
Effect of Dyesol-Timo Co. Ltd business combination (Note 12a)	528,780	-
Amortisation	(440,650)	-
Balance at end of year	**88,130**	**-**
Goodwill		
Balance at beginning of year	3,441,840	3,441,840
Deferred tax liability on intangibles recognised in business combination	158,634	-
Balance at end of year	**3,600,474**	**3,441,840**

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in profit or loss.

The directors have assessed that there is only the one cash generating unit which is in relation to the DSC technology which Dyesol is in the process of developing. It is the underlying value of the DSC technology that the share price and therefore, the market capitalisation represents.

The directors have assessed the recoverable amount of the total assets of the consolidated entity by reference to fair value less cost of disposal.

At year-end the consolidated entity has non-current assets amounting to $5,811,425 consisting of the consolidated entity's intellectual property, patents and goodwill, and property, plant and equipment amounting to $891,667. The directors have performed their impairment assessment using the fair value less costs of disposal approach with reference to Tasnee investment of $20 million to date representing 33.5% of the equity of the consolidated entity. The investment by Tasnee equates to a total value of the consolidated entity of $59.7 million which the Directors consider supports the carrying value of the consolidated entity's intangible assets and property, plant and equipment.

Management also reviews whether there are any impairment indicators with reference to the Company's market capitalisation listed on the Australian Stock Exchange. As at 30 June 2015, the Company had 339,033,459 shares on issue and the market price per share was $0.215. Market capitalisation was $72,892,194 compared with net assets of $11,757,489.

(a) Business Combination

On 10th September 2014, the Group acquired 49.9% of the issued share capital and voting rights of Dyesol-Timo Co. Ltd held by Neoarena (formerly Timo Technology), thus becoming a 100% wholly owned subsidiary of the Group. 500,000 Dyesol shares were issued to Neoarena as consideration for the transaction – 250,000 shares will be escrowed for 6 months and 250,000 for 12 months. The goodwill that arose on the combination is in relation to a deferred tax liability that was recognised on the customer contracts acquired. The strategic role of all subsidiaries including Dyesol-Timo Co. Ltd continues to be regularly reviewed, as Dyesol continues to streamline its activities in order to minimise overhead and to maximise commercialisation opportunities.

12. INTANGIBLE ASSETS (continued)

Details of the business combination are as follows:

	Note	$
Fair value of consideration transferred		
Amount settled in shares		105,000
Fair value of previously held ownership interest		105,421
Total		210,421
Recognised amounts of identifiable net assets		
Property, plant and equipment		66,188
Intangible assets - license		72,332
Intangible assets – customer contracts	12	528,780
Total non-current assets		**667,300**
Inventories		3,877
Trade and other receivables		4,481
Cash and cash equivalents		293
Total current assets		**8,651**
Trade and other payables		465,530
Total current liabilities		**465,530**
Identifiable net assets		**210,421**

(i) Consideration transferred

Acquisition-related costs are minimal and are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of other expenses.

(ii) Identifiable net assets

With the exception of the customer contracts, the fair value of all other identifiable net assets has been determined as of the acquisition date to be not materially different from the carrying book values.

(iii) Dyesol-Timo Co. Ltd's contribution to the Group results

Dyesol-Timo Co. Ltd contributed $371,180 net loss to the Group consolidated losses for the ten months from 1 September 2014 to 30 June 2015. If Dyesol-Timo Co. Ltd business combination had occurred on 1 July 2014, revenue of the Group for 2015 financial year-end would have been increased by $4,310.

13. INVESTMENT IN ASSOCIATE/ JOINT VENTURES

The consolidated financial statements include the financial statements of Dyesol Limited and the investment in associate and joint ventures listed in the following table:

			% Ownership interest		Investment $	
Name	**Venturer**	**Country of incorporation**	**2015**	**2014**	**2015**	**2014**
Printed Power Pte Ltd.	Dyesol Limited	Singapore	25	25	117,162	129,586

Printed Power Pte Ltd.

Dyesol Limited holds a 25% equity stake through a strategic investment of $117,162 in Printed Power Pte Ltd, a spinoff company out of Nanyang Technological University (NTU). Printed Power is initially focussing on the integration of Dye Solar Cell (DSC) technology with printed storage and power management systems to create fully integrated Combined Energy Generation and Storage devices. The aim is to be at the forefront of fully printed and self-sustaining Combined Energy Generation and Storage (CEGS) solutions globally. CEGS devices have a range of applications including sensor networks and smart building applications, thereby opening up a wide range of commercial opportunities.

13. INVESTMENT IN ASSOCIATE/ JOINT VENTURES (continued)

The movement in investment in associate and investments in joint ventures during the year is as follows:

	Joint ventures				Associate		Total	
	Dyesol-Timo Co. Ltd*		Dye Tec Solar Inc.		Printed Power Pte Ltd			
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Deemed cost of investment at the beginning of year	-	96,562	(3,112)	(3,112)	129,586	-	126,474	93,450
Loss during year	-	(178,445)	3,112	-	(12,424)	-	(9,312)	(178,445)
Forex translation movement during year	-	(18,117)	-	-	-	-	-	(18,117)
Loan to joint venture	-	100,000	-	-	-	-	-	100,000
Cost of acquisition/ investment	-	-	-	-	-	129,586	-	129,586
Deemed cost of investment at end of period	**-**	**-**	**-**	**(3,112)**	**117,162**	**129,586**	**117,162**	**126,474**

* During the year, the Group acquired 49.9% of the issued share capital and voting rights of Dyesol-Timo Co. Ltd held by Neoarena (formerly Timo Technology), thus becoming 100% of wholly owned subsidiary of the Group.

	2015 $	2014 $
13. INVESTMENT IN ASSOCIATE/ JOINT VENTURES (continued)		
Share of associate's and joint ventures' commitments		
Lease commitment	-	25,852
Summarised financial information in respect of the Group's joint ventures and associates as set out below:		
Financial position of associate/ joint ventures		
Total assets	19,133	341,156
Total liabilities	13,081	362,305
Net assets	6,052	(21,149)
Financial performance of associate/ joint ventures		
Total revenue and grant income	22,611	81,214
Total loss for the year	(9,312)	(150,124)

Contingent liabilities relating to associate/ joint ventures

There are no material contingent liabilities relating to the associate/ joint ventures at the end of the reporting period.

Share of associate/ joint ventures commitments

The associate/ joint ventures have no material commitments at the end of the reporting period.

14. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Unsecured liabilities – current		
Trade creditors	464,814	664,520
Other creditors and accruals	808,588	749,411
Unearned income	442,364	275,783
Other payables (non-trade)	356,944	224,991
	2,072,710	**1,914,705**
Unsecured liabilities – non-current		
Other payables (non-trade)	86,934	-
	86,934	**-**

15. LEASE LIABILITIES

	2015 $	2014 $
Secured lease liabilities		
Current	107,404	-
Non-current	36,598	-
	144,002	**-**

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased assets recognised in the balance sheet revert to the lessor in the event of default. A bank guarantee $110,000 was effected for the lease facility used for the purpose of plant and machinery purchases.

16. BORROWINGS	2015 $	2014 $
Current		
Convertible note – unsecured	853,617	443,272
	853,617	**443,272**
Non-Current		
Convertible note – unsecured	-	807,841
	-	**807,841**

**** Convertible note – unsecured***

The convertible notes issued in previous financial years, pursuant to the funding agreement with CSIRO to carry out a research and development project, amount to $853,617. CSIRO has provided funds to the value of $1,172,698 in three separate instalments and in return the Company has issued convertible notes with a face value equal to the funds received of $1,172,698. The remaining term of repayments is $864,110 due on 1 December 2015. The Funding Agreement and the Deed of Amendment between the Company and CSIRO governs the terms and circumstances of redemption or conversion to satisfy the indebtedness of this note, and the granting of a licence. The option to convert into ordinary shares equal to the face value of the note or redeem for cash is with the Company. The Company has exercised its right to take up an exclusive licence under the Project IP set out in the CSIRO Licence Agreement.

17. PROVISIONS	2015 $	2014 $
Current		
Employee benefit provision	349,116	239,277
Make good provision	155,000	155,000
	504,116	**394,277**
Non-Current		
Employee benefit provision	205,907	154,990
Make good provision	95,000	145,000
	300,907	**299,990**

Make good provision

The Group is required under the terms of its lease to restore the leased premises at the end of the lease to its original condition. A provision has been recognised for the present value of the estimated expenditure required to demolish any leasehold improvements at the end of the lease. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets. Some of the leases are due to expire during the next financial year and the Company is presently evaluating the options for favourable renewal terms that will meet the Company's requirements.

18. CONTRIBUTED EQUITY		
Issued and paid-up capital		
Fully paid ordinary shares 339,033,459 (2014: 303,366,443)	100,713,911	94,200,330
Treasury shares: Nil (2014: (40,000))	-	(17,324)
Contributed equity	100,713,911	94,183,006

18. CONTRIBUTED EQUITY (continued)

Ordinary Shares

The movements in ordinary shares throughout the year were as follows:

	Number	$
Balance at 1 July 2013	**221,361,987**	**80,079,832**
Issue of shares on exercise of rights	675,000	-
Issue of shares on conversion of Tasnee's Convertible Note @$0.166 per share#	24,698,795	4,100,000
Issue of shares to CSIRO as repayment @$0.3574 per share	375,105	134,063
Issue of 200,000 shares to employee as agreed contractual terms	200,000	-
Issue of shares to Tasnee following shareholder approval @$0.18 per share#	55,555,556	10,000,000
Issue of 500,000 shares to investor relations consultant	500,000	-
Transaction costs of share issues	-	(113,565)
	303,366,443	**94,200,330**
123,000 Treasury shares purchase @$0.3421 per share*	(123,000)	(42,089)
200,000 Treasury shares purchase @$0.3456 per share*	(200,000)	(69,125)
Issue of 200,000 Treasury shares @$0.33 per share*	200,000	66,000
Issue of 33,000 Treasury shares @$0.33 per share*	33,000	10,890
Issue of 50,000 Treasury shares @$0.3271 per share*	50,000	17,000
Balance at 30 June 2014	**303,326,443**	**94,183,006**
Issue of shares to CSIRO as repayment @$0.2417 per share	1,833,683	443,201
Issue of shares to Tasnee following shareholder approval @$0.18 per share#	33,333,333	6,000,000
Acquisition of the 49.9% minority interest in Dyesol-Timo Co. Ltd held by Neoarena	500,000	105,000
Transaction costs of share issues	-	(30,984)
	338,993,459	**100,700,223**
106,225 Treasury shares purchase @$0.2450 per share*	(106,225)	(26,025)
58,075 Treasury shares purchase @$0.2400 per share*	(58,075)	(13,938)
27,272 Treasury shares purchase @$0.2200 per share*	(27,272)	(6,000)
Issue of 40,000 Treasury shares @$0.3421 per share*	40,000	13,688
Issue of 106,225 Treasury shares @$0.2450 per share*	106,225	26,025
Issue of 58,075 Treasury shares @$0.2400 per share*	58,075	13,938
Issue of 27,272 Treasury shares @$0.2200 per share*	27,272	6,000
Balance at 30 June 2015	**339,033,459**	**100,713,911**

18. CONTRIBUTED EQUITY (continued)

On 28 February 2013, Dyesol announced that it had entered into a subscription agreement with The National Industrialisation Company of Saudi Arabia (Tasnee). Under the Subscription Agreement, Tasnee issued a convertible loan note with a face value of $4 million. The convertible note allowed Tasnee to elect to convert all or part of $4.1 million (being the $4 million face value of the convertible loan note plus a $100,000 service fee) into Dyesol shares at an issue price of $0.166 per share. On 18 November 2013, Dyesol issued 24,698,795 shares to Tasnee in respect of the conversion of the convertible note.

In addition, under the Subscription Agreement, Dyesol also granted to Tasnee the option to subscribe for up to a maximum of $16 million of shares at $0.18 per share.

On 13 March 2014, Dyesol issued 55,555,556 shares to Tasnee for $10 million in respect of the first tranche of the share subscription at $0.18 per share. Following the issue of the first tranche, Tasnee holds (and has relevant interest) in a total of 80,254,351 Dyesol shares and the voting power of Tasnee and its associates in Dyesol is 26.5%.

On 10 March 2015, Dyesol issued 33,333,333 shares to Tasnee for $6 million in respect of the final tranche of the share subscription at $0.18 per share. Following the issue of the final tranche, Tasnee holds (and has relevant interest) in a total of 113,587,684 Dyesol shares and the voting power of Tasnee and its associates in Dyesol is 33.50%.

* Treasury shares are shares in Dyesol Limited that are held by “Dyesol EST Managers Pty Ltd.” for the purpose of issuing shares under the Dyesol Limited Performance Rights Plan. During the period, the Company acquired 191,572 of its own shares at a cost of $45,963 for the purpose of making awards under the Dyesol Limited Employee Performance Rights Plan (“Plan”) and these shares have been classified in the balance sheet as treasury shares within equity. All treasury shares have now been fully allotted to various employees upon vesting of their performance rights during the period.

Share Options

The following movements in the number of options occurred during the year:

	2015 Number	2014 Number
Balance at the beginning of the year	3,000,000	6,500,000
Options lapsed during the year	(3,000,000)	(3,500,000)
Balance at the end of the year	**-**	**3,000,000**

No options were issued or exercised during the year.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Performance Rights

The performance rights issued under the Dyesol Limited Performance Rights Plan for ordinary fully paid shares outstanding as at the end of the reporting period was 3,994,500 (2014: 2,700,000).

19. RESERVES	2015 $	2014 $
Equity-settled benefit (a)	6,256,887	5,784,868
Foreign currency translation reserve	(154,840)	(273,099)
Equity component on convertible note	798,887	798,887
	6,900,934	**6,310,656**

(a) Equity-settled benefit

The equity-settled benefit reserve is used to record the value of options, share rights and shares issued as share-based payments provided to employees, including key management personnel and consultants as part of remuneration.

Movement in reserve during the year:

	2015 $	2014 $
Balance at the beginning of the year	5,784,868	5,079,859
Share rights granted to employees/directors	522,829	671,399
Shares issued to consultant	-	127,500
Issue of Treasury shares	(50,810)	(93,890)
	6,256,887	**5,784,868**

20. NON-CONTROLLING INTEREST

Non-controlling interest in controlled entities comprise:

	2015 $	2014 $
Interest in share capital	2,758	2,758
Interest in reserve	(1,063)	(1,838)
Retained earnings	1,637	6,236
Total non-controlling interest	**3,332**	**7,156**

21. FINANCIAL INSTRUMENTS DISCLOSURE

Overview

The consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them, and the management of capital. Further quantitative information in respect of these risks is presented throughout these financial statements.

The consolidated entity has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Committee, which is responsible for overseeing how management monitors compliance with the consolidated entity's risk management policies and procedures and reviewing the adequacy of the risk management framework in relation to the risks faced by the consolidated entity. In addition, a Senior Management Committee that comprises management from various disciplines reviews and monitors in detail the risk management framework and reports its findings regularly to the Board.

Risk management policies and procedures are established to identify and analyse the risks faced by the consolidated entity to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

21. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company however has no financial instruments by levels 1, 2 or 3 at the end of the financial year reporting period.

(b) Fair values of other financial assets and financial liabilities

The Group also has a number of financial instruments which are not measured using the fair value hierarchy in the Statement of Financial Position.

	2015 Carrying amount $	**2014 Carrying amount $**
Dyesol holds the following financial instruments:		
Financial assets		
Cash and cash equivalents	5,402,909	5,178,902
Short term deposits	-	2,200,000
Loans and receivables	329,922	271,403
Total financial assets	**5,732,831**	**7,650,305**
Financial liabilities at amortised cost		
Trade and other payables	1,567,708	1,457,291
Borrowings	853,617	1,251,113
Total financial liabilities at amortised cost	**2,421,325**	**2,708,404**
Total financial liabilities	**2,421,325**	**2,708,404**

Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Cash and term deposits

The consolidated entity places its cash deposits with high credit quality financial institutions and uses a number of institutions. 87% of cash are held with St George Bank in Australia. The remaining cash is held at reputable financial institutions in various geographical locations.

21. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Trade and other receivables

The credit risk on financial assets of the consolidated entity is the carrying amount of receivables, net of provisions for impairment loss against doubtful debts. The consolidated entity minimises its concentrations of this credit risk by undertaking transactions with customers and counterparties in various countries. As at 30 June 2015, the majority of exposure to trade receivables is in Rest of Asia and USA.

The consolidated entity has established a credit policy under which each new customer is first encouraged to use on line ordering and credit card payment. If the customer contacts Dyesol requesting other arrangements, the customer is analysed individually for creditworthiness before appropriate payment and delivery terms and conditions are offered. The consolidated entity's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and approved per authority levels outlined in the credit policy. These limits are reviewed in accordance with the credit policy frequency guidelines. Customers that fail to meet the consolidated entity's benchmark creditworthiness may transact with the consolidated entity only on a prepayment or cash only basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as 'high risk' are placed on a restricted customer list, and future sales are made on a prepayment or cash only basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the consolidated entity may have a secured claim. In certain circumstances the consolidated entity requires collateral or bank guarantees in respect of trade and other receivables.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	2015 Carrying amount $	2014 Carrying amount $
Cash and cash equivalents	5,402,909	5,178,902
Short term deposits	-	2,200,000
Loans and receivables	329,922	271,403
Total	**5,732,831**	**7,650,305**

	2015 $	2014 $
The consolidated entity's maximum exposure to credit risk for loans and receivables and cash and cash equivalents at the end of the reporting period by geographic region was:		
Country		
Australia	4,768,363	7,148,616
UK	208,198	134,151
Italy	519,812	122,534
Switzerland	192,057	149,201
Germany	17,693	3,206
USA	(28)	24,907
Rest of Americas	5,682	-
Japan	2,928	11,839
Republic of Korea	9,448	47,353
Rest of Asia	8,678	8,498
	5,732,831	**7,650,305**

Included in loans and receivables is the consolidated entity's most significant customer, located in Rest of Asia and owing $6,690 which accounts for 12% of trade receivables at 30 June 2015.

21. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

Typically the consolidated entity ensures that it has sufficient cash available on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Maturity analysis

The following are the Contractual Maturities of Financial Liabilities:

Consolidated 2015	**Carrying amount $**	**Contractual cash flow $**	**6 Months or less $**	**6-12 Months $**	**1- 2 Years $**	**2- 3 Years $**
Financial liabilities at amortised cost						
Borrowings	853,617	853,617	853,617	-	-	-
Trade and other payables	1,567,708	1,567,708	1,460,304	70,806	36,598	-
Total financial liabilities	**2,421,325**	**2,421,325**	**2,313,921**	**70,806**	**36,598**	**-**

Consolidated 2014	**Carrying amount $**	**Contractual cash flow $**	**6 Months or less $**	**6-12 Months $**	**1- 2 Years $**	**2- 3 Years $**
Financial liabilities at amortised cost						
Borrowings	1,251,113	1,251,113	443,272	-	807,841	-
Trade and other payables	1,457,291	1,457,291	1,457,291	-	-	-
Total financial liabilities	**2,708,404**	**2,708,404**	**1,900,563**	**-**	**807,841**	**-**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The consolidated entity is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the parent company. The major functional currencies of the group entities are the Australian dollar (AUD), the Euro (EUR), the Pound Sterling (GBP), the Yen (JPY), the US Dollar (USD), the Republic of Korea Won (KRW) and the Swiss Franc (CHF). Primarily the transactions undertaken by the group entities are denominated in their functional currency.

Accounts payable and borrowings, which include amounts payable in foreign currencies, are shown in their Australian dollar equivalents.

In respect of other monetary assets and liabilities denominated in foreign currencies and to provide cash for forecast commitments in other jurisdictions, the consolidated entity ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The consolidated entity does not enter into forward or other contracts to hedge currency risk.

21. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

The consolidated entity's exposure to foreign currency risk at the end of the reporting period was as follows:

	2015 $	2014 $
GBP Denominated		
Financial assets		
Cash and cash equivalents	181,133	214,800
Loans and receivables	11,510	5,210
Total financial assets	192,643	220,010
Financial liabilities		
Trade and other payables	87,901	135,498
Total financial liabilities	87,901	135,498
Net exposure	**104,742**	**84,512**
Euro Denominated		
Financial assets		
Cash and cash equivalents	628,148	94,163
Loans and receivables	47,996	80,776
Total financial assets	676,144	174,939
Financial liabilities		
Trade and other payables	384,083	160,697
Total financial liabilities	384,083	160,697
Net exposure	**292,061**	**14,242**
CHF Denominated		
Financial assets		
Cash and cash equivalents	91,001	165,334
Loans and receivables	156,862	67,902
Total financial assets	247,863	233,236
Financial liabilities		
Trade and other payables	38,121	36,048
Total financial liabilities	38,121	36,048
Net exposure	**209,742**	**197,188**
JPY Denominated		
Financial assets		
Cash and cash equivalents	427	102
Total financial assets	427	102
Financial liabilities		
Trade and other payables	-	135,441
Total financial liabilities	-	135,441
Net exposure	**427**	**(135,339)**

21. FINANCIAL INSTRUMENTS DISCLOSURE (continued)	2015 $	2014 $
USD Denominated		
Financial assets		
Cash and cash equivalents	235,177	116,255
Loans and receivables	7,259	420
Total financial assets	242,436	116,675
Net exposure	**242,436**	**116,675**
KRW Denominated		
Financial assets		
Cash and cash equivalents	7,258	-
Loans and receivables	2,190	-
Total financial assets	9,448	-
Financial liabilities		
Trade and other payables	343,813	-
Total financial liabilities	343,813	-
Net exposure	**(334,365)**	**-**

Sensitivity analysis

A 10% strengthening or weakening of the Australian Dollar against other foreign currencies at 30 June 2015 would have increased/ (decreased) profit and equity by the amounts below. Analysis assumes that all other variables, in particular interest rates, remain constant.

Judgements of reasonably possible movements:

	Post Tax Profits and Equity Higher/(Lower)	
	2015 $	**2014 $**
GBP Denominated		
+10% (AUD/GBP)	(10,474)	(8,451)
-10% (AUD/GBP)	10,474	8,451
Euro Denominated		
+10% (AUD/EUR)	(29,206)	(1,424)
-10% (AUD/EUR)	29,206	1,424
CHF Denominated		
+10% (AUD/CHF)	(20,974)	(19,719)
-10% (AUD/CHF)	20,974	19,719
JPY Denominated		
+10% (AUD/JPY)	(43)	13,534
-10% (AUD/JPY)	43	(13,534)
USD Denominated		
+10% (AUD/USD)	(24,244)	(11,668)
-10% (AUD/USD)	24,244	11,668
KRW Denominated		
+10% (AUD/KRW)	33,437	-
-10% (AUD/KRW)	(33,437)	-

21. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Interest rate risk

The consolidated entity's exposure to market interest rates relates primarily to the investments of cash balances. The consolidated entity has cash reserves held primarily in AUD, GBP, JPY, EUR, CHF, KRW and USD and places funds on deposit with financial institutions for periods generally not exceeding three months.

At the end of the reporting period the consolidated entity's exposure to interest rate risk is as follows:

	2015 $	2014 $
Cash at bank and on hand	5,402,909	5,178,902
Short term deposits	-	2,200,000
	5,402,909	7,378,902

Sensitivity analysis

At 30 June 2015, if interest rates applicable to cash at bank denominated in AUD, GBP, EUR, JPY, KRW and CHF had moved as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

Judgements of reasonably possible movements:

	Post Tax Profits Higher/(Lower)	
	2015 $	**2014 $**
+1% (100 basis points)	54,029	73,789
-1% (100 basis points)	(54,029)	(73,789)

At the reporting date the interest rate profile of the Company is as follows:

Consolidated 2015	**Fixed rate $**	**Floating rate $**	**Non-interest bearing $**	**Total $**
Financial assets				
Cash and cash equivalents	2,310,000	3,092,909	-	5,402,909
Loans and receivables	47,917	-	282,005	329,922
	2,357,917	**3,092,909**	**282,005**	**5,732,831**
Financial liabilities at amortised cost				
Trade and other payables	144,002	-	1,423,706	1,567,708
Borrowings	853,617	-	-	853,617
	997,619	**-**	**1,423,706**	**2,421,325**

Consolidated 2014	**Fixed rate $**	**Floating rate $**	**Non-interest bearing $**	**Total $**
Financial assets				
Cash and cash equivalents	3,700,000	1,478,902	-	5,178,902
Short term deposits	2,200,000	-	-	2,200,000
Loans and receivables	-	-	271,403	271,403
	5,900,000	**1,478,902**	**271,403**	**7,650,305**
Financial liabilities at amortised cost				
Trade and other payables	-	-	1,457,291	1,457,291
Borrowings	1,251,113	-	-	1,251,113
	1,251,113	**-**	**1,457,291**	**2,708,404**

21. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Capital risk management

The Group considers its capital to comprise of its ordinary share capital less accumulated losses.

The consolidated entity's objectives for managing capital are to ensure its ability to operate as a going concern. The Group policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to ensure the future development of the Company.

In order to achieve this objective, the Group assesses each relevant transaction to ensure risks and returns are at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims the Group considers not only its short-term position but also its long-term operational and strategic objectives.

The Group regularly reviews its capital requirements and determines whether or not to increase or decrease its borrowings.

There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

During the period the Group complied with all externally imposed capital requirements and covenants to which it is subject.

The Gearing Ratio as at 30 June 2015 is:

	2015 $	2014 $
Gearing ratio		
Net debt	997,619	1,251,113
Total equity	11,757,489	13,234,171
Gearing ratio	**8.48%**	**9.45%**

Fair values

The Directors consider that the carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings recorded in the financial statements approximates their fair values.

22. SEGMENT REPORTING

Description of segments

Operating segments have been determined on the basis of reports reviewed by the executive management committee. The executive management committee ("committee") is considered to be the chief operating decision maker of the Group. The committee considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The reportable segments are as follows:

1. Glass and Equipment

The Glass and Equipment business unit's goals are to develop the glass-based DSC market, to support current and generate future sales of Dyesol manufactured materials and equipments. The business unit has three activities which it supports on a global basis: Partner and Customer Business Development, Glass Application Development, and Equipment Engineering. Revenues are derived from partner and customer funded development activities in relation to products and equipments, grants, and from sales and service of equipment sets.

2. Metal Strip

The Metal Strip business unit was established to facilitate the development of DSC on coil steel, with a revenue model to earn income from technology development contracts and grants and ultimately through royalties from licensed manufacture of the products. This model has been impacted by two significant events:

- The prioritisation of solid state DSC in the commercialisation strategy of Dyesol and the accelerated phasing out of liquid DSC activity
- In the absence of any formal commitment to further the progress the metal strip DSC PV project it is not possible at this time to develop a robust commercialisation strategy.

For further commentaries see Note 1(y) *key estimates – impairment of non-current assets*.

3. R&D Materials and Products

Within Dyesol, the R&D Materials business unit undertakes core solid state DSC material technology research and development of a generic nature which is applicable to a wide range of ultimate DSC device product forms, as well as materials scale-up and manufacture for sale to internal business units, partners, and 3rd parties. A determining factor in maintaining the core DSC material R&D activity distinct from the various partner focussed business units is the preservation of Dyesol exclusivity and control of generated intellectual property (IP). Revenues are derived from sales of materials to external customers, grants, and technology development/service agreement provisions. The business unit also undertakes R&D into novel DSC device designs and multi-function products.

Segment accounting policies are the same as the Group's policies described in Note 1.

22. SEGMENT REPORTING (continued)

Information provided to the executive management committee

Segment information provided to the executive management committee for the year ended 30 June 2015 is as follows:

	Glass & Equipment		Metal Strip		R&D Materials		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Total segment revenue	225,687	74,290	-	-	1,249,882	690,253	1,475,569	764,543
Inter-segment revenue	(31,937)	(16,545)	-	-	(232,659)	(82,492)	(264,596)	(99,037)
Segment revenue from external customers	193,750	57,745	-	-	1,017,223	607,761	1,210,973	665,506
Net loss	**(69,241)**	**(356,796)**	**(1,967,971)**	**(1,082,821)**	**(4,089,395)**	**(2,802,055)**	**(6,126,607)**	**(4,241,672)**
The executive management committee monitors segment performance based on net loss before income tax								
Other segment information								
Non-cash expenses other than depreciation and amortisation	14,847	10,315	80,516	116,044	178,629	282,631	273,992	408,990
Share of losses of associate/ joint ventures included in net loss#	-	(65,398)	-	-	(12,424)	(53,882)	(12,424)	(119,280)

#total segment net loss of associate/ joint ventures is different to the Group share of losses of associate/ joint ventures due to the unallocated corporate and other business units income and expenses.

22. SEGMENT REPORTING (continued)	**2015 $**	**2014 $**

Other segment information

Segment revenue

Product segment revenue reconciles to total revenue from sales of goods and services:

	2015 $	2014 $
Total segment revenue	1,475,569	764,543
Inter segment revenue	(264,596)	(99,037)
Other segment revenue		
Licence fee	4,223	23,864
Technical services	225,242	20,084
Total revenue from sale of goods and services (Note 2)	**1,440,438**	**709,454**

The provision of technical services unit does not meet the quantitative thresholds required by AASB 8 for reportable segments. Information about these operating segments has been combined and disclosed as the other segment.

Net loss

Net loss reconciles to loss before income tax as follows:

	2015 $	2014 $
Total segment net loss	**(6,126,607)**	**(4,241,672)**
Unallocated corporate and other business units income and expenses		
Impairment of intangible assets	(66,732)	(3,510,920)
Depreciation and amortisation	(1,254,748)	(799,795)
Employment cost	(1,345,423)	(1,655,067)
Share based payment	(248,837)	(389,908)
Marketing expenses	(501,315)	(350,174)
Foreign currency gain/ (losses)	30,713	(36,976)
Unrealised foreign exchange gain	189,328	49,640
Interest paid	(74,886)	(764,719)
Interest income	138,594	193,777
Intellectual property expenses	(108,115)	(140,670)
Professional fees	(374,640)	(512,307)
Legal fees	(499,042)	(493,707)
Board, secretarial & other expenses	(1,052,601)	(931,368)
Provision for slow moving & obsolete inventory	-	(440,751)
Provision for doubtful debts/ write-off	(4,444)	(26,160)
Share of losses of associate/ joint ventures	(9,312)	(59,165)
Other	(771,619)	(931,532)
Loss before income tax from continuing operations	**(12,079,686)**	**(15,041,474)**

22. SEGMENT REPORTING (continued)

Segment assets

Segment assets are not required to be disclosed if they are not provided to the chief operating decision maker.

Segment liabilities

Segment liabilities are not required to be disclosed if they are not provided to the chief operating decision maker.

Geographical information

The Group operates in four major geographical segments, being Australia, Asia, Europe (including Switzerland, Italy, Germany and the UK) and North America, being where the customers are based. All of these entities are involved in the industrialisation and commercialisation of solid state (DSC) technology.

Segment information provided to the executive management committee for the year ended 30 June 2015 is as follows:

	Australia		Asia		Europe		North America		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Total segment revenue	61,359	39,568	596,463	283,736	1,227,417	717,532	207,737	114,724	2,092,976	1,155,560
Inter-segment revenue	(330)	(5,425)	(45,952)	-	(606,256)	(440,681)	-	-	(652,538)	(446,106)
Segment revenue from external customers	**61,029**	**34,143**	**550,511**	**283,736**	**621,161**	**276,851**	**207,737**	**114,724**	**1,440,438**	**709,454**

Segment revenue

Geographical segment revenue from external customers is measured in accordance with the accounting policies in Note 1. The segment revenue reconciles directly to total revenue from continuing operations and therefore no reconciliation is required.

Major customers

The Group had made supplies to one of its major customers in the Europe region which account for 29% of external revenue (2014: 12%). The next most significant client, in the Asia region, accounts for 4% of external revenue (2014: 9%).

Segment assets

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Australia is $5,593,641(2014: $5,555,973) and the total of non-current assets located in other countries is $217,784 (2014: $111,195). Of the total of non-current assets located in other countries, $148,648 (2014: $86,753) or 3% (2014: 2%) is represented by United Kingdom.

Segment assets are allocated to countries based on where the assets are located.

	2015 $	2014 $
23. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	5,402,909	5,178,902
(b) Reconciliation of net cash flows from operating activities to loss after income tax		
Loss after income tax	(8,598,640)	(12,578,057)
Add non-cash items		
Depreciation	538,574	526,508
Amortisation	716,174	273,287
Impairment of intangible assets	66,732	3,510,920
Share of losses of associate/ joint ventures	9,312	178,445
Equity settled share-based payment expenses	522,829	798,899
Unrealised exchange gain	(189,328)	(49,640)
Gain on disposal of fixed assets	(11,670)	-
Interest on convertible notes	-	703,870
Operating loss before changes in assets and liabilities	**(6,946,017)**	**(6,635,768)**
Changes in assets and liabilities during the year:		
(Increase)/ decrease in trade and other receivables	(610,834)	168,598
Decrease/ (increase) in other current assets	253,250	(324,354)
(Increase)/ decrease in inventories	(43,737)	288,719
Decrease in trade and other payables	(352,796)	(615,271)
Increase in provisions	110,756	104,072
Decrease in deferred tax liability	(47,430)	(73,869)
Net cash used in operating activities	**(7,636,808)**	**(7,087,873)**

		2015 $	2014 $
24.	**CAPITAL AND OTHER COMMITMENTS**		
(a)	***Operating lease commitments***		
	Property rent and lease commitment related to office premises in Australia, Switzerland, United Kingdom, Italy, and Republic of Korea:		
	Not later than one year	438,885	483,987
	Later than one year but not later than five years	218,337	583,962
		657,222	**1,067,949**

The consolidated entity enters into operating leases in relation to the lease of buildings. Leases generally provide the consolidated entity with right of renewal at which time all terms are renegotiated. Some of the leases are due to expire during the next financial year and the Group is presently evaluating the options for favourable renewal terms that will meet the Company's requirements. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rent is based on the relevant index or operating criteria.

		2015 $	2014 $
(b)	***Capital commitments***		
	Payable not later than one year	17,166	58,530
		17,166	**58,530**

25. SHARE-BASED PAYMENTS

The total expense recognised in the profit or loss in relation to share-based payments is as follows:

	2015 $	2014 $
Share rights granted under the performance rights plan	522,829	593,399
Shares granted to employees	-	78,000
Shares granted to consultant	-	127,500
	522,829	**798,899**

Director share options

No options were granted to directors during the year.

Employee share options

500,000 options granted previously to an employee has expired unexercised during the year.

Set out below are summaries of options granted previously under the Dyesol Limited Employee Option Scheme:

2015

Grant Date	Expiry date	Exercise price	Balance at start of the year No.	Granted during the year No.	Exercised during the year No.	Lapsed during the year No.	Balance at end of the year No.	Exercisable at end of the year No.
4 August 2011	4 August 2014	$0.70	500,000	-	-	500,000	-	-

2014

Grant Date	Expiry date	Exercise price	Balance at start of the year No.	Granted during the year No.	Exercised during the year No.	Lapsed during the year No.	Balance at end of the year No.	Exercisable at end of the year No.
4 August 2011	4 August 2014	$0.70	500,000	-	-	-	500,000	500,000

25. SHARE-BASED PAYMENTS (continued)

SpringTree Special Opportunities Fund, LP Share Purchase and Convertible Security Agreement share options

2,500,000 options granted previously pursuant to the Share Purchase and Convertible Security Agreements between Dyesol Limited and SpringTree Special Opportunities Fund, LP have expired unexercised during the year.

Dyesol Limited Performance Rights Plan

The Company operates an incentive scheme known as the Dyesol Limited Employee Performance Rights Plan ("Plan"), which was approved at a shareholders' meeting held on 21 November 2011. The Plan replaced the Dyesol Limited Employee Option Scheme ("Scheme") as the Company no longer makes new grants under the Scheme. However, the rights, entitlements and obligations of existing participants in the Scheme will continue on the same basis as before the introduction of the Plan.

The number of Performance Rights which may be granted under the Plan must not exceed (assuming all outstanding Performance Rights were exercised), when aggregated with any shares issued during the previous 5 years pursuant to any other employee share scheme operated by the Company, a maximum of five per cent (5%) of the total issued capital of the Company at the time of the grant of the Performance Rights, excluding unregulated offers.

Each Performance Right has an entitlement to acquire a share in the Company at no cost. Shares issued on exercise of Performance Rights will rank equally with other shares.

Performance Rights will only vest and be automatically exercised if the applicable vesting conditions under the Plan have been satisfied or waived by the Board. All unvested Performance Rights will automatically lapse, unless the Board determines in its sole and absolute discretion to allow some or all of those Performance Rights to vest, in which case those Performance Rights will automatically exercise. There are no voting or dividend rights attaching to the Performance Rights.

Managing Director Performance Rights

During the year the Company granted 2,000,000 performance rights to Mr Richard Caldwell in relation to the Dyesol Performance Rights Plan as approved by shareholders at the 2014 AGM meeting.

All performance rights were granted for nil consideration over unissued ordinary shares.

The vesting period is 30 months from date of grant and vesting will be dependent on meeting relative and absolute Dyesol TSR performance hurdles.

The vesting conditions applicable to the 2,000,000 performance rights issued to Mr Richard Caldwell are as follows:

Tranche1: Up to 1,200,000 Performance Rights will vest on 5 May 2017 if Dyesol's Total Shareholder Return achieves the following percentile ranking against the constituent companies within the S&P/ ASX Small Ordinaries Index over the measurement period of 5 May 2014 to 5 May 2017.

DYE TSR Ranking	Number of Performance Rights
Below the 55^{th} percentile	Zero
At or above the 55^{th} percentile	600,000 plus 30,000 for every percentile ranking above the 55^{th}
At or above the 75^{th} percentile	1,200,000 (maximum number)

Tranche 2: Up to 800,000 Performance Rights will vest on 5 May 2017 if Dyesol's Total Shareholder Return doubles over the measurement period 5 May 2014 to 5 May 2017. The Dyesol's Total Shareholder Return will be set at 100 at 5 May 2014 and must equal or exceed 200 at the vesting date, that is, Dyesol's Total Shareholder Return must increase by 100% over the measurement period for the performance rights in respect of this tranche to vest.

The circumstances under which Mr Richard Caldwell is entitled to retain these performance rights if he should leave the company before the vesting date is controlled by the terms of the Dyesol Performance Rights Plan and is at the discretion of the Board. Change of control clauses exist.

In addition to the performance vesting conditions above, the performance rights will only vest if there is uninterrupted employment with Dyesol from grant date until vesting date.

25. SHARE-BASED PAYMENTS (continued)

Fair value of performance rights granted

The fair value of the 2,000,000 performance rights granted to Mr Richard Caldwell was calculated at the date of grant using the Monte Carlo valuation approach and allocated to each reporting period evenly over the period from grant date to vesting date. In valuing the performance rights, market conditions have been taken into account. The following table gives the assumptions made in determining the fair value of these performance rights on grant date:

Description	Tranche 1	Tranche 2
Grant date	27th November 2014	27th November 2014
Number of performance rights	1,200,000	800,000
Vesting date	5 May 2017	5 May 2017
Exercise price	$0.00	$0.00
Price of shares on grant date	$0.245	$0.245
Estimated volatility	70.00%	70.00%
Risk-free interest rate	2.67%	2.67%
Dividend yield	0%	0%

The expected price volatility is estimated using Dyesol's share price daily rolling 3 year standard deviation.

Based on the approach and assumptions detailed above, the estimated fair value of Mr Richard Caldwell's performance rights is as follows:

Tranche 1	Tranche 2
$0.1819	$0.1262

Employee Performance Rights

During the year the Company granted the following performance rights in relation to the Dyesol Performance Rights Plan:
- 307,000 performance rights issued to employees

All performance rights were granted for nil consideration over unissued ordinary shares.

The vesting conditions applicable to a total of 307,000 performance rights issued to employees are as follows:
- 307,000 performance rights vesting on or before 25 November 2015

The performance conditions applicable to the 307,500 performance rights issued to employees are as follows:
- Each tranche, 50% of the total will vest based on Dyesol's Total Shareholder Return (TSR) outperforming the ASX Small Ordinaries Index in the financial year prior. For each tranche, 50% of the total will vest if the personal KPIs as assessed by the Board and Managing Director are met.
- There must be uninterrupted employment from the date of issue of the performance rights until the vesting date.

Fair value of performance rights granted

The fair value of the 307,000 performance rights granted during the year was appraised at the grant date and allocated to each reporting period evenly over the period from grant date to vesting date. In valuing the performance rights, market conditions have been taken into account.

+ The following rights lapsed during the year:
- 808,200 of performance rights granted in previous financial periods.

++ The following performance rights vested during the year:
- 204,300 performance rights in respect of rights granted to executives in previous financial periods – settled with treasury shares.

25. SHARE-BASED PAYMENTS (continued)

The following illustrates the number of, and movements in, performance rights issued to employees and directors under the Dyesol Performance Rights Plan during the year:

	2015 Number	2014 Number
Performance rights		
Performance rights exercisable	3,994,500	2,700,000
The following movements in the number of performance rights occurred during the financial period:		
Balance at the beginning of the year	2,700,000	460,000
Issue of performance rights to employees and directors for nil consideration	2,307,000	3,933,000
Performance rights lapsed +	(808,200)	(735,000)
Performance rights vested ++	(204,300)	(958,000)
Balance at the end of the year	**3,994,500**	**2,700,000**

26. RELATED PARTY TRANACTIONS

Key Management Personnel compensation for the year is as follows:

	2015 $	2014 $
Short-term employee benefits	1,702,529	1,754,502
Post-employment benefits	117,458	81,616
Share based payments	211,105	276,849
	2,031,092	**2,112,967**

27. SUBSIDIARIES

The consolidated financial statements include the financial statements of Dyesol Limited and the subsidiaries listed in the following table. All shares held are ordinary shares:

Name	Holding Company	Country of incorporation	Equity interest % 2015	Equity interest % 2014	Investment $ 2015	Investment $ 2014
Dyesol Industries Pty Ltd	Dyesol Limited	Australia	100	100	8,846,366	8,846,366
Greatcell Solar SA	Dyesol Industries Pty Ltd	Switzerland	99	99	482,660	482,660
Dyesol UK Ltd	Dyesol Industries Pty Ltd	United Kingdom	100	100	24,895	24,895
Dyesol Italia S.r.L.	Dyesol Industries Pty Ltd	Italy	100	100	274,865	274,865
Dyesol Australia Pty Ltd	Dyesol Industries Pty Ltd	Australia	100	100	100	100
Dyesol Inc.	Dyesol Industries Pty Ltd	United States of America	100	100	6,402	6,402
Dyesol-Timo Co. Ltd#	Dyesol Limited	Republic of Korea	100	50.1	1,877,850	1,772,850
Dyesol Automotive Bavaria^	Dyesol Industries Pty Ltd	Germany	100	100	74,010	44,061
					11,587,148	**11,452,199**

#Effect of business combination occurring on 1 September 2014 (Note 12a).

^ Operations ceased, under liquidation.

28. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2015.

29. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Dyesol Limited, at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2015 $	2014 $
Assets		
Current assets	7,949,106	9,652,284
Non-current assets	3,795,371	3,942,424
Total Assets	**11,744,477**	**13,594,708**
Liabilities		
Current liabilities	1,107,011	1,499,656
Non-current liabilities	29,622	21,673
Total Liabilities	**1,136,633**	**1,521,329**
Net Assets	**10,607,844**	**12,073,379**
Equity		
Issued capital	100,713,910	94,183,005
Reserves – equity-settled benefit	7,055,774	6,583,753
Accumulated losses	(97,161,840)	(88,693,379)
Total Equity	**10,607,844**	**12,073,379**
Loss for the year	(8,468,461)	(9,999,275)
Total comprehensive income for the year	**(8,468,461)**	**(9,999,275)**

Contingent liabilities

The Group had no contingent liabilities as at 30 June 2015.

Capital commitments

There are no material capital commitments related to the parent entity at the end of the reporting period

30. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- On 21 August 2015, the Company has submitted the relevant application to AusIndustry for the approval for the registration of the research and development (R&D) activities of the Company for the accounting period from 1 July 2014 to 30 June 2015. In the 2015 tax year the Company has determined it incurred qualifying research and development expenditure that the Company expects will result in a refundable research and development tax credit amounting to approximately $3.2 million. The company expects to receive this amount prior to 30 September 2015 and therefore, has recognised this asset at 30 June 2015.

- Dyesol UK Limited is a member of a consortium that was awarded a substantial Horizon 2020 grant of approximately €3 million from the European Commission. Dyesol UK share of the grant is €650,000 or approximately A$1 million. The winning project named GOTSolar has a clear focus on the scale-up of Perovskite Solar Cells (PSC) and, in particular, addresses technical challenges associated with sealing glass and steel hybrid substrate based solar panels. Horizon 2020 is the biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over 7 years (2014 to 2020).

- Treasury shares are shares in Dyesol Limited that are held by “Dyesol EST Managers Pty Ltd.” for the purpose of issuing shares under the Dyesol Limited Performance Rights Plan. During July 2015 and August 2015, the Company acquired 862,403 of its own shares at a cost of $190,904 for the purpose of making awards to employees under the Dyesol Limited Performance Right Plan (“Plan”).

Directors' Declaration

DYESOL LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2015

The directors of the Company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards and the Corporations Regulations 2001; and

    (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.

2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. 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.

4. The remuneration disclosures included in paragraphs or pages 14 to 25 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2015, comply with section 300A of the Corporations Act 2001.

5. The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Ian Neal, Chairman

Dated this 27th day of August 2015

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Auditor's Independence Declaration
To the Directors of Dyesol Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Dyesol Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S M Coulton
Partner - Audit & Assurance

Sydney, 27 August 2015

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Independent Auditor's Report
To the Members of Dyesol Limited

Report on the financial report

We have audited the accompanying financial report of Dyesol Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor’s opinion

In our opinion:

a the financial report of Dyesol Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity’s financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualifying our opinion expressed above, we draw attention to Note 1 in the financial report which sets out the basis on which the Directors have determined that the consolidated entity is a going concern.

The consolidated entity incurred a net loss after income tax of $8,598,640 and an operating net cash outflow of $7,636,808 during the year ended 30 June 2015. Cash and cash equivalents amount to $5,402,909 at 30 June 2015.

In Note 1 it is stated that the consolidated entity requires additional cash from the receipt of a research and development tax incentive and the raising of additional capital from investors in order to continue as a going concern.

These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's and the consolidated entity's ability to continue as a going concern and therefore, the Company and the consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 14 to 25 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Dyesol Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S M Coulton
Partner - Audit & Assurance

Sydney, 27 August 2015

Additional Shareholder Information

Top holders

The 20 largest registered holders of each class of quoted equity security as at 25 August 2015 were:

Fully paid ordinary shares

	Name	No. of Shares	%
1.	National Industrialization Company "TASNEE"	113,587,684	33.50
2.	J P Morgan Nominees Australia Limited	88,104,446	25.99
3.	Richard Alexander Caldwell	5,380,000	1.59
4.	HSBC Custody Nominees (Australia) Limited - A/C 2	3,088,821	0.91
5.	Thomas Hans Offermann <The Offermann Family A/C>	3,000,000	0.88
6.	HSBC Custody Nominees (Australia) Limited	2,301,841	0.68
7.	Commonwealth Scientific and Industrial Organisation	2,208,788	0.65
8.	Gordon Thompson + Jeanette Thompson <Thompson Family S/F A/C>	1,750,308	0.52
9.	Gwynvill Trading Pty Limited	1,641,538	0.48
10.	Mark John Conway	1,599,928	0.47
11.	Citicorp Nominees Pty Limited	1,265,416	0.37
12.	Richard Alexander Caldwell <Frith Super Fund A/C>	1,200,000	0.35
13.	John Frederick Pais	1,100,000	0.32
14.	Yong International Investments Pty Ltd <Yong S/F A/C>	1,016,043	0.30
15.	Brazil Farming Pty Ltd	960,000	0.28
16.	Fitplanet Investments Pty Ltd <The Fitplanet A/C>	955,555	0.28
17.	National Nominees Limited <Db A/C>	889,152	0.26
18.	GTST Holdings Pty Ltd <Tulloch Family A/C>	876,358	0.26
19.	Real Socks Pty Ltd	820,000	0.24
20.	Technovate Management & Consultants P/L <Schlipalius Family S/F A/C>	800,000	0.24
		232,545,878	68.57

Distribution schedules

A distribution schedule of each class of equity security as at 25 August 2015:

Ordinary fully paid shares

Range	Holders	Units	%
1 - 1,000	784	346,211	0.1
1,001 - 5,000	1,389	4,022,725	1.2
5,001 - 10,000	731	5,750,443	1.7
10,001 - 100,000	1,685	53,283,922	15.7
100,001 - Over	222	275,630,158	81.3
Total	4,811	339,033,459	100.00

Substantial shareholders

The names of substantial shareholders in Dyesol Limited as at 25 August 2015 and the number of shares in which each substantial shareholder and their associates have a relevant interest are set out below:

Substantial shareholder	Number of Shares
National Industrialization Company "TASNEE"	113,587,684

Restricted Securities or Securities Subject to Voluntary Escrow

As at 25 August 2015, the Company had no restricted securities on issue.

As at 25 August 2015, the following securities were subject to voluntary escrow:

- 250,000 shares – escrowed until 10 September 2015.

Additional Shareholder Information

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 2,326 shares as at 25 August 2015):

Holders	Units
1,360	1,313,019

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.