

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

**Form 10-K
ANNUAL REPORTS PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended: **September 30, 2010**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number **000-23025**

Notify Technology Corporation

(Exact name of registrant as specified in its charter)

California

*(State or other jurisdiction of
incorporation or organization)*

1054 S. De Anza Blvd., Suite 202, San Jose, California
(Address of principal executive offices)

77-0382248

*(I.R.S. Employer
Identification Number)*

95129

(Zip code)

Registrant's telephone number, including area code:
(408) 777-7920

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.001 par value

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if a smaller
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting Common Stock held by non-affiliates of the registrant as of March 31, 2010 (the last business day of the registrant's most recently completed second fiscal quarter) was \$ 1,702,468 based upon the closing sales price reported for such date on the OTC Bulletin Board. For purposes of this disclosure, shares of Common Stock held by persons who hold more than 5% of the outstanding shares of Common Stock and shares held by officers and directors of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily conclusive for other purposes.

At December 15, 2010, registrant had 14,111,217 outstanding shares of Common Stock.

Documents Incorporated By Reference: None

FORWARD LOOKING STATEMENTS

You should read the following discussion in conjunction with our audited financial statements and the notes thereto that appear elsewhere in this Annual Report on Form 10-K. The following discussion contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which involve risks and uncertainties. Forward-looking statements generally include words such as “may,” “will,” “plans,” “seeks,” “expects,” “anticipates,” “outlook,” “intends,” “believes” and words of similar import as well as the negative of those terms. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. All forward-looking statements included in this Annual Report on Form 10-K, including, but not limited to, statements regarding the future growth of our wireless product line; statements regarding future revenues from our products; statements regarding future financings; statements regarding future costs; statements regarding future research and development efforts; statements regarding competition in the market for wireless products; statements regarding future patent applications; statements regarding future financial results; and statements regarding future plans to extend our product line; are based on current expectations and are subject to important factors that could cause actual results to differ materially from those projected in the forward-looking statements. Such important factors include, but are not limited to, those discussed below under “Risk Factors” and elsewhere in this Annual Report and in other documents we file with the U.S. Securities and Exchange Commission.

PART I

ITEM 1. Business.

Business History and Overview

We were incorporated in the State of California in August 1994. We are an independent software vendor (“ISV”) focused on providing secure, wireless synchronization of email and personal information management (“PIM”) (calendar, contacts, and tasks information) across a variety of wireless devices and email collaborations suites. Our product provides solutions to organizations and businesses supporting Novell GroupWise™, Microsoft Exchange™, and a variety of alternative email collaboration suites such as the Sun Java Communications Suite, the Oracle Collaboration Suite and Beehive, the Mirapoint Messaging Suite, CommunigatePro, Scalix Enterprise Server, Kerio Messaging Suite, the MDAemon Messaging Suite, FirstClass, and Meeting Maker. We support a variety of wireless device platforms on each of these suites including the BlackBerry®, Apple® iPhone®, iPad®, iPod® touch, Android™, HP/Palm®, Windows Mobile®, and Symbian. Using our products, our customers can achieve secure wireless mobile access using a variety of handheld wireless devices to manage their email, calendar appointments and address books on any of the email collaboration suites we support. Our products support wireless devices from a wide range of manufacturers and network carriers around the world. We sell our products primarily through direct sales in the United States and Canada and through resellers internationally.

Our wireless enterprise synchronization product is the only integrated solution providing organizations a single solution to simultaneously support any BlackBerry, iPhone, Palm, Android and Windows Mobile device. Our solution is network independent thereby offering unparalleled flexibility to change devices or networks as technology develops or user needs evolve. In addition, we are the only official provider of wireless email and PIM synchronization middleware supporting BlackBerry wireless devices other than Research In Motion Limited (“RIM”). Our NotifyLink Enterprise product provides wireless synchronization for email, calendar, contacts and task information and features an “On-Premise” Edition and an “On-Demand” Edition. Both Editions can be integrated into an organization’s existing network while offering broad wireless device support. Our NotifySync product is a non-server based product that provides BlackBerry users with wireless synchronization for email, calendar, contacts and task information and features using ActiveSync®.

The On-Premise Edition product resides on the customer’s server behind its firewall. We have designed the NotifyLink On-Premise Edition for information technology (IT) organizations that desire centralized management and support for their mobile user needs. With the NotifyLink On-Premise Edition, organizations can support their growing mobile workforce while providing a migration path from wired to wireless device usage.

The On-Demand Edition product Edition provides users with the same features as the NotifyLink On-Premise Edition without the need to install a NotifyLink server on the customer’s premises. The NotifyLink On-Demand Edition is a cloud based product particularly well suited for smaller user organizations seeking a comprehensive wireless synchronization solution while minimizing infrastructure costs and IT resources.

Our NotifySync™ gives BlackBerry® users secure, real-time, wireless synchronization of Email and PIM with their ActiveSync Server. NotifySync provides direct connect support to several email platforms; namely, Axigen Mail Server, CommuniGate Pro Mail Server, Microsoft Exchange, Kerio Mail Server, and the Zimbra Collaboration Suite. Organizations receive through NotifySync a synchronization solution that offers them support on all popular cellular voice and data networks as well as any 802.11x wireless network.

For wireless device users, NotifyLink and NotifySync provides support for a variety of wireless networks including cellular networks such as CDMA/1XRTT/EVDO, GSM/GPRS/EDGE, and all fixed wireless networks using 802.11x technology.

Products

NotifyLink Enterprise (“NotifyLink”)

NotifyLink Enterprise is comprised of the NotifyLink Enterprise On-Premise Edition and the NotifyLink Enterprise On-Demand Edition. NotifyLink has been designed to address the needs of organizations of all sizes.

Using either of the NotifyLink Enterprise Editions, mobile users can read, compose, reply, forward, mark as read, and delete email messages from their mobile devices. NotifyLink provides a user with “automatic” synchronization of emails sent to the end user’s email mailbox and all emails originated, forwarded and replied to from the mobile device will be synchronized with the user’s desktop. NotifyLink is device agnostic because email users are provided with a platform-specific smart client, which is loaded on the mobile device. Once the platform-specific smart client mobile device is installed on the user’s wireless device and the NotifyLink enterprise server is installed, the user is able to open his or her email, read it and then perform any number of operations including replying, forwarding, and even deleting the email. NotifyLink supports attachment download and upload for Palm, Windows Mobile, and BlackBerry mobile devices. NotifyLink also supports the ability to forward attachments. NotifyLink provides bi-directional mobile synchronization of the user’s calendar, contacts, and tasks regardless of whether the information was entered on the mobile device or at the user’s desktop. The transmitted information keeps personal calendars continually up to date at both the client server level and the mobile device level.

NotifyLink’s wireless functionality supports all BlackBerry, iPhone, Palm and Windows Mobile devices simultaneously over a variety of wireless networks: GSM/GPRS/EDGE, CDMA/1XRTT/EVDO and all fixed wireless networks using 802.11x technology. NotifyLink wireless functionality also provides “over-the-air” synchronization of email and personal information management, thereby freeing users from the requirement to cradle their wireless devices in order to maintain synchronization. NotifyLink provides automatic notification of new email and PIM, eliminating the need for users to initiate a data session in order to retrieve their personal data.

All email and PIM is stored behind an organization’s firewall while delivery of information to and from the wireless devices is encrypted utilizing either Triple Data Encryption Standard (TDES) or Advanced Encryption Standard (AES) encryption algorithms. AES is a Federal Information Processing Standard that specifies a cryptographic algorithm for use by U.S. Government organizations to protect sensitive, unclassified information. Information security is increased because NotifyLink supports both TDES and the latest AES.

NotifyLink Enterprise On-Premise Edition

The NotifyLink On-Premise Edition was our first Enterprise offering providing a single enterprise solution supporting the wireless needs of its users through the use of an on-premise server. It is based on a client-server architecture comprised of the NotifyLink device client module and the NotifyLink Enterprise server product. The NotifyLink Enterprise server product involves three components: a database component, a web component and a messaging component. All three components are commonly installed to the same server. In a more distributed environment, each component can be installed to a separate server. The NotifyLink On-Premise Edition is ideal for companies with a volume of mobile professionals who need real-time synchronization of their existing email to any one of a variety of supported mobile devices.

NotifyLink Enterprise On-Demand Edition

In November 2004, we launched our NotifyLink On-Demand Edition for Novell GroupWise. In March 2005, we launched the NotifyLink On-Demand Edition for Microsoft Exchange. Since then, we have expanded the number of collaboration suites and devices we support. We added the Apple iPhone device and Google Enterprise collaboration suite in fiscal 2008. The NotifyLink On-Demand Edition provides the same wireless synchronization of email, calendar, contacts and task information as our NotifyLink On-Premise Edition, except without the need of any hardware or software on-premise. The NotifyLink On-Demand Edition provides wireless synchronization services and support from a hardened data center that provides users a high level of reliability and availability. It remotely accesses email and PIM data from the customer email collaboration suite and synchronizes to a user's BlackBerry, iPhone, Palm, Android or Windows Mobile wireless device. The NotifyLink On-Demand Edition provides organizations with a simple solution to their immediate mobility needs. It was designed as a cost efficient alternative for customers whose universe of wireless users does not justify an internal server or who do not have the internal IT resources to maintain a NotifyLink Enterprise server. The NotifyLink On-Demand Edition is also targeted at organizations interested in outsourcing the wireless synchronization of email and PIM.

NotifySync

Our new NotifySync™ for BlackBerry® provides users with secure, real-time, wireless synchronization of Email and PIM directly connecting to any email platform that supports Exchange ActiveSync. Notify licensed the Exchange ActiveSync protocol from Microsoft in 2009 which is used in the NotifySync product. The NotifySync solution provides additional functionality in the areas of security and device management as defined by the Exchange ActiveSync protocol. Today, NotifySync supports several email platforms; namely, the Axigen Mail Server, CommuniGate Pro Mail Server, Microsoft Exchange, Kerio Mail Server, and the Zimbra Collaboration Suite. As other email platforms supporting Exchange ActiveSync come to market NotifySync will increase its support to these new platforms. NotifySync works with any BlackBerry wireless device on all popular cellular voice and data networks as well as any 802.11x wireless network.

Sales, Marketing and Distribution

We are expanding our customer base by gathering leads through several channels. We have an inside sales force that handles leads generated from our corporate web site, the web sites of our collaboration suite and device partners where we maintain a presence, referrals from referral partners with whom we have agreements, wireless carriers and device manufacturers such as RIM and Palm, Inc. Other partners such as Sun Microsystems, Inc. and Oracle recommend NotifyLink as the primary full featured mobility solution to their customers. We will continue to receive referrals from these channel partners only to the extent that they successfully refer our products and services to interested customers. In addition, we attend a variety of trade shows and conferences which also generate leads for our wireless products.

Our NotifyLink installed base consists of numerous contracts sold directly to individual companies. We typically sell contracts on an annual basis. This means that we observe revenue recognition rules that spread the recognition of revenue from the sales of any one month ratably over the term of each contract; commonly a twelve-month period. Because of this practice, any significant increase or decrease in sales in any one period resulting from sales or marketing programs is reflected as a gradual increase or decrease in revenues.

Technical and Marketing Support

We have developed product collateral, expanded marketing programs and improved web-site customer assistance to supplement customer support organization for our NotifyLink and NotifySync products. Marketing and collateral programs include product awareness branding and product training through various media such as Notify web-site marketing, strategic partner web-site marketing, regional, national and international trade shows, strategic partner regional user meetings, carrier training seminars, webinars, user market surveys and a monthly newsletter.

We provide customer technical support and remote product installation assistance for our NotifyLink and NotifySync customers. We maintain a hosting center for our product lines in Ohio. We also provide the support to maintain up-time requirements for our NotifyLink On-Demand products.

Research and Development

We incurred \$2,256,301 and \$1,917,614 in research and development expenses in fiscal 2010 and 2009, respectively. The increase in our investment in fiscal 2010 reflected our focus on engineering to maintain and develop new products and to respond to the increased number of mobility devices released into the market in 2010. This focus resulted from our strategy to provide support for new devices as they are released to the market and to expand and improve our features of our NotifyLink and NotifySync products. This commitment has caused us to expand our design and testing capabilities. The combination of developing our NotifySync product to address the increasing popularity and use of ActiveSync® and the release into the market of numerous new devices by device manufacturers taxed our ability to support new products and assure backward compatibility to aging devices. We increased the size of both our design and test departments to respond to the demand in a timely manner. We believe that our future success, if any, depends significantly on our ability to continue to enhance our existing wireless products and to develop new products. Therefore, we intend to continue to incur significant research and development costs. We expect that our research and development efforts will remain in wireless software but the focus will evolve into the larger area of mobile device management to address the needs caused by the increasing number and use of wireless devices in our personal and business world..

Competition

We believe the market for our wireless products is extremely competitive for certain platforms and less competitive for others. Several companies offer wireless solutions and alternatives for Novell GroupWise and Microsoft Exchange. The market for Zimbra, Kerio and CommuniGate offers users multiple alternatives including our NotifyLink solution. We believe our NotifyLink solution is more complete and includes advanced features not available in alternative solutions and appeals to those customers who require or desire the advanced features. In the markets for Sun, Oracle, Mirapoint and Meeting Maker, we have little to no competition at this time. Many customers may not need the full functionality of our NotifyLink solution and may be satisfied with more basic synchronization functionally offered at no charge by our collaboration suite partners. Our new NotifySync product is sold to a niche market of BlackBerry users who desire to operate in an ActiveSync™ environment. The NotifySync product is a non-server based product whose targeted audience is BlackBerry users in an Exchange or Google environment using ActiveSync.

Proprietary Rights

We regard various features and design aspects of our products as proprietary and we rely primarily on a combination of copyright, trademark and trade secret laws and employee and third-party nondisclosure agreements to protect our proprietary rights. There are few barriers to entry into the market for our products, and there can be no assurance that any patents we apply for will be granted, that any issued patents will be enforceable or valid, or that the scope of our patents or any patents granted in the future will be broad enough to protect us against the use of similar technologies by our competitors. There can be no assurance, therefore, that any of our competitors, some of whom have far greater resources than we do, will not independently develop technologies that are substantially equivalent or superior to our technology.

We may be involved from time to time in litigation to determine the enforceability, scope and validity of any of our proprietary rights or of third parties asserting infringement claims against us. These claims could result in substantial cost to us and could divert our management and technical personnel away from their normal responsibilities.

On July 1, 2010, Softvault Systems, Inc., or Softvault, filed a complaint against us alleging patent infringement in the District Court for the Eastern District of Texas, Marshall Division. On October 15, 2010, we were served with the complaint. The case is entitled Softvault Systems, Inc. v. Intel Corporation, Good Technology, Inc., Notify Technology Corporation and Softex Incorporated, Civil Action No. 2:10-cv-219. In the complaint, Softvault asserts that our products infringe U.S. Patent Nos. 6,249,868 (“Method and System for Embedded, Automated, Component-level Control of Computer Systems and Other Complex Systems”) and 6,594,765 (“Method and System for Embedded, Automated, Component-level Control of Computer Systems and Other Complex Systems”). The complaint seeks unspecified monetary damages, interest, costs, attorneys’ fees and other relief. While we believe we have meritorious defenses against Softvault’s claim and have been in discussions with Softvault’s legal representatives over the last few months, due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of this matter.

In November 2003, we entered into a non-exclusive license agreement with NCR that allows us to offer certain product features on our NotifyLink Enterprise Editions that are covered by a patent held by NCR. This agreement requires a royalty payment on Enterprise revenue subject to the patent. The agreement contained a \$500,000 cap on the aggregate royalty to be paid and an exit clause if we were to no longer sell our NotifyLink Enterprise Editions. We completely paid the \$500,000 cap as of September 30, 2009 and now hold a fully paid up non-exclusive right for the use of the NCR patent.

Employees

As of September 30, 2010, we employed 85 persons of whom 45 were engaged in research and development, 16 in sales and marketing, 15 in customer service, and 9 in general administration and finance. All but 6 of these employees are employed on a full-time basis. None of our employees are currently represented by a labor union. We consider our relations with our employees to be good.

ITEM 1A. Risk Factors.

Risks Related to Our Business

We have a history of losses, and there is no assurance of future profitability.

We commenced operations in August 1994 and through January 1996 were engaged primarily in the sale of hardware products to the telephone market. We made the decision in fiscal 2003 to refocus our strategy on developing and selling software applications for the wireless market. Accordingly, our business has changed substantially in recent years, making it difficult to make period-to-period comparisons of our operations and we face all of the risks and uncertainties encountered by early-stage companies. For the twelve-month period ended September 30, 2010, we had a net income of \$616,038. For the fiscal year ended September 30, 2009, we had a net income of \$70,685. For the fiscal years ended September 30, 2008, 2007 and 2006, we incurred net losses of \$287,680, \$426,004, and \$314,892, respectively. Although our cash flows from operations were positive in the twelve-month period ended June 30, 2010 and the years ended September 30, 2009, 2008 and 2007, we are not assured that we can maintain a positive cash flow from operating activities in future periods. There can be no assurance that sales of our products will continue to generate or maintain a positive cash flow or that we will attain or thereafter sustain profitability in any future period.

We may be unable to generate the cash necessary to support a competitive level of research and development activities.

At September 30, 2010, we had an accumulated deficit of \$23,975,540 and recorded a net income for the twelve-month period ended September 30, 2010 of \$616,038. We also had a working capital deficit at that date of \$650,819. Our NotifyLink and NotifySync products will need to sustain a favorable market acceptance in order for us to be able to continue our research and development activities and to fund operating expenses at a level required to stay competitive in our market. Regardless, as our wireless product lines have only generated sufficient contributions to our revenues to date to operate profitably at the current level of research and development for the last two fiscal years, an increase in the level of research and development driven by market pressures could require us to obtain further financing. Obtaining additional financing will be subject to a number of factors including market conditions, investor acceptance of our business plan, and investor sentiment. These factors may make the timing, amount, terms and conditions of additional financing unattractive or unavailable to us. If, in a situation that required an increase in research and development we are unable to maintain market acceptance of our wireless products or raise additional financing, we will have to significantly reduce our spending, delay or cancel planned activities or substantially change our current corporate structure. In such an event, we intend to implement expense reduction plans in a timely manner. However, these actions would have material adverse effects on our business, results of operations, and prospects, resulting in a possible failure of our business.

If we are unable to develop, market and sell new and improved wireless software products on a timely basis, we could lose existing and potential customers and our sales could decrease.

We continue to invest in our wireless software products in order to grow our revenue and improve our financial condition. We need to develop, market and sell new and improved wireless software products on a timely basis to keep pace with technological developments, emerging industry standards, and the growing needs of our sophisticated customers. We may experience difficulties in marketing and selling new products, and our inability to timely and cost-effectively introduce new products and future enhancements, or the failure of these new products or enhancements to achieve market acceptance, could seriously harm our business. Life cycles of wireless software products are difficult to predict, because the market for such products is relatively new and evolving and characterized by rapid technological change, frequent enhancements to existing products and new product introductions, changing customer needs and evolving industry standards. The introduction of competing products that employ new technologies and emerging industry standards could render our products and services obsolete and unmarketable or shorten the life cycles of our products and services. The emergence of new industry standards might require us to redesign our products. If our products are not in compliance with industry standards that become widespread, our customers and potential customers may not purchase our products.

Revenues or expenses may vary, affecting our quarterly operating results.

We anticipate that we will experience significant fluctuations in our operating results in the future. Fluctuations in operating results may cause the price of our common stock to be volatile. Operating results may vary as a result of many factors, including the following:

- our level of research and development;
- our sales and marketing activities;
- announcements by us or our competitors;
- size and timing of orders from customers;
- new product introductions by us or our competitors;
- future market acceptance of our products;
- price erosion.

Each of the above factors is difficult to control and forecast. Thus, they could have a material adverse effect on our business, financial condition and results of operations.

Notwithstanding the difficulty in forecasting future sales, we generally must undertake research and development and sales and marketing activities and other commitments months or years in advance. Accordingly, any shortfall in product revenues in a given quarter may materially adversely affect our financial condition and results of operations because we are unable to adjust expenses during the quarter to match the level of product revenues, if any, for the quarter. Due to these and other factors, we believe that quarter-to-quarter comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indications of future performance.

Our intellectual property may not be adequately protected and we may infringe the rights of others.

We regard various features and design aspects of our products as proprietary and rely primarily on a combination of copyright, trademark and trade secret laws and employee and third-party nondisclosure agreements to protect our proprietary rights. There can be no assurance, therefore, that any of our competitors, some of whom have far greater resources than we do, will not independently develop technologies that are substantially equivalent or superior to our technology.

We need to continue to develop our marketing channels and build our sales force.

We continue to develop our formal referral partner channel and our international reseller partners channel. We participate in informal referral arrangements with several wireless carriers, wireless device manufacturers and several of our collaboration partners for the sale of our NotifyLink and NotifySync products and services where our products assist in the sale of their products. We have a limited direct sales force to sell our NotifyLink and NotifySync products and services to organizations and businesses, and we rely upon both formal and informal referral arrangements to provide leads for our NotifyLink and NotifySync products. To date, most of our referral arrangements are formal, and we will receive referrals only to the extent that our referral partners successfully refer our products and services to potential users. There can be no assurance that we will continue to receive referrals through our formal or informal arrangements. Our NotifyLink and NotifySync solutions are sold into an emerging market and although we have operated on a cash positive basis in the fiscal years ending September 30, 2010, 2009, 2008 and 2007, we have only achieved sufficient growth in our sales to generate net income in the fiscal years 2010 and 2009.

We are expanding our distribution channels for our wireless products by participating in national, international and regional trade shows and promotions with strategic partners across the United States, Europe and Africa. We cannot predict whether these activities will result in increased wireless revenue. We also have limited international sales due to limited resources to build a reseller network. Our management will need to expend time and effort to develop these channels. Our customer profile consists of a large number of small to medium business customers thereby reducing our dependence on any one customer. We have expanded our internal sales force in response. We are building experience selling into the wireless market but make use of modest marketing and distribution programs to expand our distribution channels and any marketing efforts undertaken by or on behalf of us may not be successful.

Our products may suffer from defects.

Most of our products consist of software and services related to our wireless NotifyLink product line. Our NotifyLink products incorporate a mix of new and proven technology that has been tested extensively, but may still contain undetected design flaws. A failure by us to detect and prevent a design flaw or a widespread product defect could materially adversely affect the sales of the affected product and our other products and materially adversely affect our business, financial condition and operating results.

We depend on key executives.

Our potential for success depends significantly on key management employees, including our Chairman, President and Chief Executive Officer, Mr. Paul F. DePond, our Vice President of Development, Rhonda Chicone and our Chief Financial Officer, Gerald W. Rice. We have entered into amended and restated employment agreements with these three key management employees. We do not currently have “key man” life insurance on any of these executives or any of our other key employees. The loss of the services of these executives or those of any of our other key employees would materially and adversely affect us. We also believe that our future success will depend in large part on our ability to attract and retain additional highly skilled technical, management, sales and marketing personnel. If we were unable to retain or hire the necessary personnel, the development of new products and enhancements to current products would likely be delayed or prevented. Competition for these highly-skilled employees is intense. Therefore, there can be no assurance that we will be successful in retaining our key personnel or in attracting and retaining the personnel we require for expansion.

We face significant competition.

We believe the market for our wireless products is extremely competitive for certain platforms and less competitive for others. Several companies offer wireless solutions and alternatives for Novell GroupWise and Microsoft Exchange. The market for Zimbra, Kerio and CommuniGate offers users multiple alternatives including our NotifyLink solution. We believe our NotifyLink solution is more complete and includes advanced features not available in alternative solutions and appeals to those customers who require or desire the advanced features. In the markets for Sun, Oracle, Mirapoint and Meeting Maker, we have little to no competition at this time. Many customers may not need the full functionality of our NotifyLink solution and may be satisfied with more basic synchronization functionally offered at no charge by our collaboration suite partners. Our new NotifySync product is sold to a niche market of BlackBerry users who desire to operate in an ActiveSync™ environment. The NotifySync product is a non-server based product whose targeted audience is BlackBerry users in an Exchange or Google environment using ActiveSync.

If the market for wireless data communications devices does not grow, we may not successfully increase or maintain the sale of our NotifyLink products.

The overall market for wireless data communications devices has experienced significant growth in recent years. The success of our NotifyLink Enterprise On-Premise and On-Demand products depends upon this growth. There can be no assurance that the market for wireless software products will continue to grow. We cannot predict that growth of our NotifyLink products will continue. If the various markets in which our software products compete fail to grow, or grow more slowly than we currently anticipate, or if we are unable to establish product markets for our new software products, our business, results of operation and financial condition would be materially and adversely affected.

Risks Related to Our Common Stock**If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board, which would limit the ability of broker-dealers to sell our securities and the ability of shareholders to sell their securities in the secondary market.**

Companies trading on the OTC Bulletin Board, such as Notify Technology, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934 (“Exchange Act”), and must be current in their reports under Section 13 of the Exchange Act, in order to maintain price quotation privileges on the OTC Bulletin Board. If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board. As a result, the liquidity of our securities could be adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of shareholders to sell their securities in the secondary market.

Our stock may lose access to a viable trading market.

Given the increasing cost and resource demands of being a public company, we may decide to “go dark,” or cease filing with the Securities and Exchange Commission by deregistering our securities, for a period of time until our assets and stockholder base are sufficient to warrant public trading again. During such time, there would be a substantial decrease in disclosure by us of our operations and prospects, and a substantial decrease in the liquidity in our common stock even though stockholders may still continue to trade our common stock in the “pink sheets.” The market’s interpretation of a company’s motivation for “going dark” varies from cost savings, to negative changes in the firm’s prospects, to serving insider interests, which may affect the overall price and liquidity of a company’s securities.

Our common stock is subject to the “penny stock” rules of the Securities and Exchange Commission, and the trading market in our common stock is limited, which makes transactions in our stock cumbersome and may reduce the investment value of our stock.

Our common stock is “penny stock” because it is not registered on a national securities exchange or listed on an automated quotation system sponsored by a registered national securities association, pursuant to Rule 3a51-1(a) under the Exchange Act. For any transaction involving a penny stock, unless exempt, the rules require:

- That a broker or dealer approve a person’s account for transactions in penny stocks; and
- That the broker or dealer receives from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Securities and Exchange Commission relating to the penny stock market, which, in highlight form:

- Sets forth the basis on which the broker or dealer made the suitability determination; and
- That the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the penny stock rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

The market for penny stocks has suffered in recent years from patterns of fraud and abuse.

Shareholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include:

- Control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- Boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced salespersons;
- Excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and
- The wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequential investor losses.

Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

Our stock price may be volatile

The market price for our common stock may be affected by a number of factors, including the announcement of new products or product enhancements by us or our competitors, the loss of services of one or more of our executive officers or other key employees, quarterly variations in our or our competitors' results of operations, changes in earnings estimates, developments in our industry, sales of substantial numbers of shares of our common stock in the public market, general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors. In addition, stock prices for many companies in the technology sector have experienced wide fluctuations that have often been unrelated to the operating performances of these companies. These factors and fluctuations, as well as general economic, political and market conditions, such as recessions, may materially adversely affect the market price of our common stock.

Our charter provisions may discourage acquisition bids.

Our Articles of Incorporation give our Board of Directors the authority to issue an aggregate of 5,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights for these shares, without any further vote or action by our shareholders. The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock, while providing flexibility in connection with possible acquisition and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock.

One of our directors holds a large percentage of our stock and is able to exert substantial control over us.

David A. Brewer, a member of our Board of Directors and the Chairman of our Audit Committee since 2000, together with an entity affiliated with Mr. Brewer, currently own approximately 56% of our outstanding common stock. In addition, Mr. Brewer owns options to purchase an additional fractional percent of our common stock. This represents a significant influence over all matters requiring approval by shareholders, including the election of directors, amendments to our Articles of Incorporation and significant corporate transactions, such as a merger or other sale of our company or its assets. This concentration of ownership will limit other shareholders' ability to influence corporate matters and may have the effect of delaying or preventing a third party from acquiring control over us.

Our Articles of Incorporation limit the liability of officers and directors and we have entered into indemnification agreements with them.

Our Articles of Incorporation eliminate, in certain circumstances, the liability of our directors for monetary damages for breach of their fiduciary duties as directors. We have also entered into indemnification agreements with each of our directors and officers. Each of these indemnification agreements provides that we will indemnify the indemnitee against expenses, including reasonable attorneys' fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by such director in connection with any civil or criminal action or administrative proceeding arising out of his performance of duties as a director or officer, other than an action instituted by the director or officer. These indemnification agreements also require that we indemnify the director or other party thereto in all cases to the fullest extent permitted by applicable law. Each indemnification agreement permits the director or officer that is party thereto to bring suit to seek recovery of amounts due under the indemnification agreement and to recover the expenses of such a suit if they are successful. We currently have directors' and officers' liability insurance, but there can be no assurance that any or all of our indemnification obligations will be covered by this insurance or that the insurance limits will not be exceeded.

ITEM 1B. Unresolved Staff Comments.

Not applicable.

ITEM 2. Properties.

Our principal executive offices are located at 1054 South DeAnza Boulevard, Suite 202, San Jose, California 95129. These facilities consist of approximately 3,840 square feet of office space pursuant to a lease that expires March 31, 2012. We have a second location at 6570 Seville Drive, Canfield, Ohio 44406 that houses an engineering group and our technical support organization. The Ohio facility consists of approximately 10,685 square feet of office space pursuant to a lease that expires in October 2014.

ITEM 3. Legal Proceedings.

On July 1, 2010, Softvault Systems, Inc., or Softvault, filed a complaint against us alleging patent infringement in the District Court for the Eastern District of Texas, Marshall Division. On October 15, 2010, we were served with the complaint. The case is entitled Softvault Systems, Inc. v. Intel Corporation, Good Technology, Inc., Notify Technology Corporation and Softex Incorporated, Civil Action No. 2:10-cv-219. In the complaint, Softvault asserts that our products infringe U.S. Patent Nos. 6,249,868 (“Method and System for Embedded, Automated, Component-level Control of Computer Systems and Other Complex Systems”) and 6,594,765 (“Method and System for Embedded, Automated, Component-level Control of Computer Systems and Other Complex Systems”). The complaint seeks unspecified monetary damages, interest, costs, attorneys’ fees and other relief. While we believe we have meritorious defenses against Softvault’s claim and have been in discussions with Softvault’s legal representatives over the last few months, due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of this matter.

ITEM 4. (Removed and Reserved)**PART II****ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.****Market Information**

Our common stock was listed on the Nasdaq SmallCap Market under the symbol NTFY until our common stock was delisted on September 4, 2002. Since September 4, 2002, our common stock has been trading on the OTC Bulletin Board under the symbol NTFY. Trading of our common stock on the OTC Bulletin Board is sporadic and does not constitute an established public market for our shares.

The quarterly high and low bid prices of our common stock during fiscal 2010 and fiscal 2009 are as follows:

NTFY Common Stock

	High	Low
Fiscal Year Ended September 30, 2010		
Fourth Quarter	\$ 0.489	\$ 0.263
Third Quarter	\$ 0.700	\$ 0.360
Second Quarter	\$ 0.540	\$ 0.250
First Quarter	\$ 0.750	\$ 0.210
Fiscal Year Ended September 30, 2009		
Fourth Quarter	\$ 0.700	\$ 0.055
Third Quarter	\$ 0.380	\$ 0.150
Second Quarter	\$ 0.270	\$ 0.100
First Quarter	\$ 0.330	\$ 0.055

These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions. The quarterly high and low bid prices of our common stock were provided by The Nasdaq Stock Market LLC.

Holders

As of December 9, 2010, there were 61 holders of record of our common stock.

Dividends

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain all future earnings for the expansion and operation of our business and do not anticipate paying cash dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item regarding equity compensation plans is incorporated by reference from Part III, Item 12 of this Annual Report on Form 10-K.

Recent Sales of Unregistered Securities

We did not sell any of our unregistered securities during fiscal 2010.

ITEM 6. Selected Financial Data.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and not required to provide the information required under this item.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We were incorporated in the State of California in August 1994. We are an independent software vendor ("ISV") focused on providing secure, wireless synchronization of email and personal information management ("PIM") (calendar, contacts, and tasks information) across a variety of wireless devices and email collaboration suites. Our products provide solutions to organizations and businesses supporting Novell GroupWise™, Microsoft Exchange™, and a variety of alternative email collaboration suites such as the Sun Java Communications Suite, the Oracle Collaboration Suite and Beehive, the Mirapoint Messaging Suite, CommuniGatePro, Scalix Enterprise Server, Kerio Messaging Suite, the MDAemon Messaging Suite, FirstClass, and Meeting Maker. We support a variety of wireless device platforms on each of these suites including the BlackBerry®, Apple® iPhone®, iPad®, iPod® touch, Android™, HP/Palm®, Windows Mobile®, and Symbian. Using our products, our customers can achieve secure wireless mobile access using various handheld wireless devices to manage their email, calendar appointments and address books on any of the email collaboration suites we support. Our products support wireless devices from a wide range of manufacturers and network carriers around the world.

We completed our initial public offering in September 1997, receiving net proceeds of approximately \$6.2 million. Prior to our initial public offering, our working capital requirements were met through the sale of equity and debt securities in private placements and, to a lesser extent, product revenue and a line of credit. We have sustained significant operating losses in every fiscal period since inception and expect to incur quarterly operating losses in the future. Our limited operating history makes the prediction of future operating results difficult if not impossible. Future operating results will depend on many factors, including the demand for our products, the level of product and price competition, and our ability to develop and market new products and control costs. There can be no assurance that our revenues will grow or be sustained in future periods or that we will ever achieve profitability.

Critical Accounting Policies and Estimates

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. We evaluate estimates, including those related to bad debts, inventories and income taxes, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies, among others, involve the more significant judgments and estimates used in the preparation of our financial statements:

We recognize software license agreements when persuasive evidence of an agreement exists, delivery of the product has occurred, the license fee is fixed or determinable and collection is probable. Our license agreements take two basic forms. The first form of agreement is essentially a subscription agreement that is used in connection with our hosting arrangement where we provide both the software combined with hosting services from a hardened site. The agreement generally has a fixed term and the license revenue is recognized ratably over the term of each service contract. The second form of agreement involves the purchase of a license and a service agreement based on the Vendor Supplied Objective Evidence ("VSOE") where only the service agreement is renewed each year. We recognize the license portion at the point of sale for those sales where VSOE has been established and the service portion ratably over the term of the service contract. For those contracts where VSOE has not been established, the revenue of the entire contract is recognized ratably over the term of the contract. Our sales process provides for an optional trial period prior to the agreement to purchase and no revenue is recognized during that trial period.

We recognize revenue when the title and risk of loss have passed to the customer, there is persuasive evidence of an arrangement, delivery of the product has occurred or services have been rendered, the sales price is fixed or determinable and collection is probable. Installation, when required, is commonly completed prior to an agreement to facilitate a trial of the product. Technical assistance is available during the sales process and is unrelated to the service component portion of the final arrangement. Revenue related to installation is recognized when the agreement is signed and the contract period has commenced.

The Company accounts for all compensation related to stock, options or warrants using a fair value based method whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The Company uses the Black-Scholes pricing model to calculate the fair value of options and warrants issued to both employees and non-employees. Stock issued for compensation is valued using the market price of the stock on the date of the related agreement.

We maintain allowances for doubtful accounts for estimated bad debts. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required.

The carrying value of our deferred tax assets is dependent upon our ability to generate sufficient future taxable income in certain tax jurisdictions. Should we determine that we would not be able to realize all or part of our deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made. Currently, our deferred tax assets are fully reserved.

Results of Operations

Fiscal Years Ended September 30, 2010 and 2009

Revenue

Revenue consists of net revenue from the sale of NotifyLink and NotifySync software licenses, installation fees and the sale of third party software. We recognize the license portion at the point of sale for those sales where VSOE has been established and the service portion ratably over the term of the service contract. For those contracts where VSOE has not been established, the revenue of the entire contract is recognized ratably over the term of the contract. Maintenance revenue is recognized on a straight-line basis over the term of each contract. Installation revenue is recognized upon completion of trial activity and finalizing the software agreement. Third party software revenue is recognized upon delivery to the customer. Revenues for the fiscal year ended September 30, 2010 increased to \$7,245,983 from \$6,032,257 in the fiscal year ended September 30, 2009.

Cost of Revenue

Cost of revenue consists of the hosting center costs to support the service portion of our NotifyLink product; the cost of re-sale software related to NotifyLink and royalty expense to Microsoft for certain technology utilized in our NotifyLink products. Cost of revenue decreased to \$52,217 in the fiscal year ended September 30, 2010 from \$153,583 in the fiscal year ended September 30, 2009. The reduction is primarily due to the elimination of royalty costs paid to NCR as we now have a fully paid-up license to their technology.

The gross margin was 99% in fiscal 2010 compared to 97% in fiscal 2009. The major cost component affecting gross margin had been a royalty expense that no longer exists. The other major costs of our business, consisting of product design and sales/support, are categorized in operating expenses and thus do not impact gross margin.

Research and Development

Research and development expenses consist primarily of personnel costs and expenses. We incurred \$2,256,301 in research and development expenses in fiscal 2010, an increase from the \$1,917,761 in research and development expenses incurred in fiscal 2009. Virtually all the increase is due to salaries as we added personnel to our engineering design and product testing teams to meet the demands of a rapidly expanding smart phone market. Our development efforts were devoted to increasing the feature set of our software products, porting our solution to new devices and creating new products in the area of Mobile Device Management (“MDM”). We believe that our future success, if any, depends significantly on our ability to continue to enhance our existing wireless products and to develop new products. Therefore, we intend to continue to incur significant research and development costs.

Sales and Marketing

Sales and marketing expense consists primarily of personnel, trade show and travel costs and sales commissions related to our sales and marketing efforts. Sales and marketing expenses increased to \$2,510,970 for the fiscal year ended September 30, 2010 from \$2,322,315 for the fiscal year ended September 30, 2009. This increase was primarily attributable to an increase of approximately \$45,000 in personnel costs, an increase of approximately \$60,000 in commissions and referral fees and \$48,000 in show expenses. We use an internal sales force and a customer support staff to facilitate the NotifyLink sales process. The sales process also involves a customer trial period that, in turn, requires an initial installation process involving assistance from technical support personnel. We have found that good technical support is an important sales and retention tool for the customers in our market. We anticipate that sales and marketing expenses will increase in future quarters as we hire additional sales and customer support personnel and attempt to expand our existing and create new distribution channels.

General and Administrative

General and administrative expense consists of general management and finance personnel costs, insurance expense, rent expense, professional fees and other general corporate expenses. General and administrative expenses increased to \$1,814,600 for fiscal 2010 versus \$1,574,958 for fiscal 2009. The increase was spread across compensation, rent, legal, depreciation and health insurance among other categories. Bad debt expense was \$10K for the year ended September 30, 2010 which was down from \$44K for the fiscal year ended September 30, 2009.

Income Taxes

Due to our historical losses, the Company continues to recognize a full valuation allowance for deferred tax assets. Accordingly, there is no provision for federal or state income taxes in fiscal 2010 and 2009. We may incur a net operating loss in future periods. As of September 30, 2010, we had federal and state net operating loss carryforwards of approximately \$247,000 and \$1,558,000, respectively. The net loss carryforwards and certain research and development tax credit carryforwards will expire in tax years 2017 through 2029 if not utilized. Utilization of the net operating losses and credits may be subject to a substantial annual limitation due to ownership change limitations provided by the Internal Revenue Code of 1986, as amended (the “Code”), and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits carryforwards before full utilization. For financial reporting purposes, deferred tax assets primarily related to the net operating carryforwards recognized under Financial Accounting Standard No. 109, “Accounting for Income Taxes,” has been fully offset by a valuation allowance.

Liquidity and Capital Resources

During fiscal 2009 and 2010, we funded our operations through a combination of cash provided by operations and existing cash balances. Our ability to fund our recurring losses from operations depends upon the continued success of our NotifyLink and NotifySync wireless e-mail notification market solutions.

A significant characteristic of our business is the sale of our products customarily in the form of annual contracts paid for upon signing with the revenue amortized over the twelve-month service period. The unamortized contract revenue is reflected in the deferred revenue account on our balance sheet. As our installed base grows, this practice increases the deferred revenue liability on the balance sheet provided we add new contracts faster than old contracts expire.

The major cost of operations is comprised of (1) the engineering design of our products offered for sale and (2) the sales process of a contract that requires both direct sales effort and technical support hours to facilitate a 30-day trial period of our software prior to purchase. The minor decrease in the NotifyLink deferred revenue to \$3,039,763 as of September 30, 2010 from \$3,133,156 as of September 30, 2009, combined with the increase in revenues over the same period, indicates that total product revenue improved in fiscal 2010. Deferred revenue also represents the obligation to service the contracts underlying the revenue. However, the cash flow required to provide the service of contracts is significantly less than the amortized revenue recognized each month.

Our continued operations depend on the cash flow from sales of NotifyLink and NotifySync. In the event sales of our products decline or our revenue is otherwise interrupted, we would have to reduce our operations to minimally service our existing contract obligations unless we secured additional financing. If we were unable to increase our revenues or secure financing, we would have to restructure our business to reduce costs.

We are currently planning to expand our product offerings that will allow us to expand into the Mobility Device Management (“MDM”) markets. We believe the MDM market is in the early stages of development and it is too early to understand the competition we will be facing. We intend to capitalize on our experience and ability to offer mobility software solutions for those companies deploying a variety of manufacturers’ devices on a single email system. The success of our business operations will depend upon a continued favorable market acceptance for our current wireless software products and the new products we are developing.

We also continue to evaluate our opportunities to obtain financing to provide additional funding for our operations.

In the event we require additional capital, we cannot predict whether we will be able to obtain financing on commercially reasonable terms, if at all. Any future financings may take the form of debt or equity securities or a combination of debt and equity, including convertible notes or warrants. In the event we are required to obtain additional financing, we cannot predict whether we could successfully conclude a financing with any new investors. Minimally, we expect that any additional financing could result in a substantial dilution of the equity and voting interests of our current shareholders.

At September 30, 2010, we had cash and cash equivalents of \$2,526,654 compared to \$1,565,447 at September 30, 2009. Over the last several years, we have financed our operations through cash provided by operating activities and existing cash balances. The net cash provided by operating activities equaled \$1,138,177 in the year ended September 30, 2010 versus net cash provided by operating activities of \$726,306 in the year ended September 30, 2009. The cash provided by operations in the year ended September 30, 2010 resulted from net income of \$616,038, a decrease in accounts receivable of \$518,503, depreciation expense of \$118,522 offset by a decrease in deferred revenue of \$93,393, a decrease in accrued liabilities of \$62,520 and a decrease in accounts payable of \$19,962. Although we have been cash positive in the last four fiscal years, we anticipate that we will have negative cash flow from time to time in operating activities in future periods.

Net cash used in investing activities was an outflow of \$177,785 and \$167,021 for the twelve-month periods ended September 30, 2010 and 2009, respectively. The net cash outflow in both periods was due to capital purchases.

Net cash provided by/(used by) financing activities was an inflow of \$815 and outflow of \$4,445 for the respective years ended September 30, 2010 and 2009. The net inflow for financing activities for the year ended September 30, 2010 was a combination of an inflow of \$4,957 from the proceeds of the exercise of options and \$4,142 outflow from payments on capital leases. The net cash outflow for financing activities for the year ended September 30, 2009 was due to payments on capital leases.

Impact of Inflation

We believe the impact of inflation and changing prices on net revenues and on operations has been minimal during the past two years.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined by Item 303(c) of Regulation S-B.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and not required to provide the information required under this item.

ITEM 8. Financial Statements and Supplementary Data.

Our financial statements, related notes thereto and supplementary data required by this item are incorporated by reference from Part IV, Item 15 of this Form 10-K and are presented beginning on page F-1.

ITEM 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

ITEM 9A. Controls and Procedures.

Disclosure Controls and Procedures

Our Chief Executive Officer and our chief Financial Officer, after evaluating our disclosure controls and procedures (as defined in the rules and regulations of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Exchange Act")), as of the end of the period covered by this Annual Report on Form 10-K, have concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting based on certain criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for external purposes in accordance with U.S. generally accepted accounting principles as of September 30, 2010.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. This management report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2010, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

Our directors and executive officers and their ages as of September 30, 2010, are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Paul F. DePond	57	Chief Executive Officer, President and Chairman
Gerald W. Rice	62	Chief Financial Officer and Secretary
Rhonda Chicone	46	Vice President of Product Development
David A. Brewer (1)(2)	58	Director
Mark Frappier (1)(2)	55	Director

(1) Member of the Audit Committee

(2) Member of the Compensation Committee.

Biographical Information for Directors and Executive Officers

Paul F. DePond, our founder, has served as our President, Chief Executive Officer and Chairman of the Board of Directors since our inception in August 1994. From September 1992 through May 1994, Mr. DePond served as Vice President of Corporate Marketing at Telebit Corporation, a supplier of high speed modems and dialup remote access products. From January 1991 through September 1992, Mr. DePond served as Vice President of Marketing at Alantec Corporation, a manufacturer of networking products. Mr. DePond received a Bachelor of Science Degree in Electrical and Computer Engineering from the University of Michigan, Ann Arbor in 1980 and Masters Degree in Computer Science from the University of Michigan, Ann Arbor in 1980.

Gerald W. Rice has served as our Chief Financial Officer and Secretary since August 1994. From November 1993 to June 1996, he owned Comprehensive Business Services, a financial services company franchise. From April 1992 to April 1993, Mr. Rice served as Controller at Surface Sciences Instruments, a manufacturer of capital equipment for surface chemical analysis. From June 1990 to April 1992, Mr. Rice was Vice President of Finance and Secretary of Applied Dielectrics, a manufacturer of microwave circuit boards. Mr. Rice received an A.A. from Ohlone College in 1969 and a B.A. in Accounting from California State College of Stanislaus in 1971.

Rhonda Chicone has served as our Vice President of Product Development since July 2001. From October 2000 to July 2001, Ms. Chicone served as our Director of Engineering and from October 1999 to October 2000, she served as our Engineering Manager. From January 1999 to October 1999, Ms. Chicone served as one of our senior software engineers. From September 1996 to January 1999, she was President of Tech-Xpress Enterprises, Inc. Ms. Chicone received a Science degree in Computer Science from Youngstown University in 1985, a Master's of Science in Technology from Kent University in 2002, and a PhD. in Applied Computer Sciences from Northcentral University in February 2010.

David A. Brewer has served as one of our directors since February 2000. Since January 1999, Mr. Brewer has served as general manager for Aragon Ventures LLC, a private equity investment firm. Mr. Brewer has been Chairman of the End Poverty Foundation, a charity organization, since January 2001. Since September 2002, Mr. Brewer has also served as President and Chief Executive Officer of PriaVision, Inc., a private company developing advanced technologies for ophthalmic surgeons. Mr. Brewer also serves on the board of directors of hereUare, Inc.

Mark Frappier has served as one of our directors since October 2007. Since 1994, Mr. Frappier has provided technical consulting to law firms and high tech corporations involved in complex patent litigation. From 1993 to 1994, he was the Director of Technical Services at Rational Software and from 1989 to 1993 he was the Director of Customer Service at Cooperative Solutions, Inc. Mr. Frappier began his career as an engineer designing computers at Rational Machines, Inc., Wang, and Data General. He graduated with a Bachelor of Science degree in Engineering from Northeastern University in 1978.

Term of Office

All directors are elected and serve until the next annual meeting of shareholders or until the election and qualification of their successors. All executive officers serve at the discretion of our Board of Directors.

Family Relationships

There are no family relationships between any of our directors or executive officers.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than ten percent of a registered class of our equity securities to file an initial report of ownership on Form 3 and changes in ownership on Form 4 or 5 with the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. Executive officers, directors and greater than ten percent shareholders are also required by SEC rules to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of copies of such forms received by us, or written representations from certain reporting persons, we believe that, except as noted below, during the fiscal year ended September 30, 2010 all filing requirements applicable to our officers, directors and ten percent shareholders were fulfilled.

Code of Ethics

We have adopted the Notify Technology Corporation Code of Ethics for Principal and Executive and Senior Financial Officers (“Code of Ethics”). The Code of Ethics applies to our principal executive officer, our principal financial officer, our principal accounting officer or controller, and persons performing similar functions and responsibilities who shall be identified by our audit committee from time to time.

The Code of Ethics is available at our website, located at <http://www.notifycorp.com>.

Audit Committee

We have an Audit Committee that was established in accordance with Section 3(a)(58)(A) of the Exchange Act. Messrs. Brewer and Frappier currently serve as the members of the Audit Committee. Mr. Frappier is “independent” as defined under the NASDAQ listing rules. The board of directors has determined that Mr. Brewer is an “audit committee financial expert” as defined in Item 407(d) of Regulation S-K promulgated by the Securities and Exchange Commission. Mr. Brewer is not “independent” by virtue of his affiliation with 21X Investments, LLC, our largest shareholder.

ITEM 11. Executive Compensation.**Summary Compensation Table**

The following table sets forth information for the two most recently completed fiscal years concerning the compensation of (i) the Chief Executive Officer and (ii) the two other most highly compensated officers during the fiscal years ended September 30, 2010 and 2009 (together the “Named Executive Officers”).

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$ (1))	Nonequity incentive plan compensation (\$ (2))	All Other Compensation (\$ (3))	Total (\$)
Paul F. DePond	2010	275,923	62,893	—	64,501	16,894	420,211
Chief Executive Officer	2009	303,949	15,000	25,000	28,180	16,218	388,347
Gerald W. Rice	2010	187,622	31,447	—	32,250	11,078	262,397
Chief Financial Officer	2009	234,138	7,500	7,830	14,090	13,654	277,212
Rhonda Chicone	2010	145,120	31,447	—	32,250	5,413	214,230
Vice President of Product Development	2009	167,421	7,500	7,830	14,090	5,316	202,157

- (1) The amounts shown do not reflect compensation actually received. Instead, the amounts shown are the compensation costs that we recognized in fiscal 2010 and 2009 for stock option awards granted during and prior to those years in accordance with applicable accounting guidance for option awards.
- (2) Represents payments made under an executive incentive bonus program based on a percentage of sales to major accounts managed at the executive level and a quarterly performance bonus based of profits achieved after bonus expense.
- (3) Represents payments of health and life insurance premiums and dental benefits on behalf of the Named Executive Officers.

Narrative Disclosure to the Summary Compensation Table

Employment Agreements and Change-in-Control Arrangements

Paul F. DePond. In October 2008, we entered into an Amended and Restated Employment Agreement with Mr. DePond. The agreement provides for an annual base salary of \$275,000. Under the Agreement, Mr. DePond is also eligible to receive annual bonuses based upon targets approved by our Board of Directors.

The Agreement further provides that in the event that Mr. DePond's employment with the Company is terminated without "Cause" (as defined in the Agreement) within 24 months following a "Change of Control" (also as defined in the Agreement) or at any time apart from a Change of Control, Mr. DePond is entitled to receive the following:

- severance compensation equal to a continuation of his salary for a period of 18 months;
- the maximum amount of his bonus for the fiscal year in which such involuntary termination occurs that could have been received had he satisfied all conditions necessary to earn such maximum amount of the bonus during the remainder of such fiscal year;
- 100% Company-paid dental and life insurance coverage and reimbursement for all premium payments paid under COBRA for continuing health insurance coverage as provided to Mr. DePond and his dependents immediately prior to such termination until the earlier of (i) 18 months following such termination, or (ii) the date Mr. DePond becomes covered under another employer's dental, life or health insurance plan. In lieu of such reimbursements, Mr. DePond may, at his sole election, receive a one-time cash payment equal to the total amount of such premium payments Mr. DePond would be required to make for 18 months following such termination; and
- outplacement services for a period of up to 6 months following such termination with a maximum obligation to the Company of \$9,000 for such services.

Mr. DePond is not entitled to severance compensation in the event of a termination for Cause or upon his voluntary resignation. In the event of a termination due to disability, Mr. DePond is entitled to receive only those severance or disability benefits as are established under the Company's then existing severance and benefits plans and policies. In the event of a termination due to Mr. DePond's death, his estate is entitled to receive a one-time cash payment equal to his annual base salary less the amount he is entitled to receive under the Company-paid life insurance policy.

Gerald W. Rice In October 2008, we entered into an Amended and Restated Employment Agreement with Mr. Rice that provides for an annual base salary of \$195,000. Under the Agreement, Mr. Rice is also eligible to receive annual bonuses based upon targets approved by our Board of Directors.

The Agreement further provides that in the event that Mr. Rice's employment with the Company is terminated without "Cause" (as defined in the Agreement) within 24 months following a "Change of Control" (also as defined in the Agreement) or at any time apart from a Change of Control, Mr. Rice will be entitled to receive the following:

- severance compensation equal to a continuation of his salary for a period of 12 months;
- the maximum amount of his bonus for the fiscal year in which such involuntary termination occurs that could have been received had he satisfied all conditions necessary to earn such maximum amount of the bonus during the remainder of such fiscal year;
- 100% Company-paid dental and life insurance coverage and reimbursement for all premium payments paid under COBRA for continuing health insurance coverage as provided to Mr. Rice and his dependents immediately prior to such termination until the earlier of (i) 12 months following such termination, or (ii) the date Mr. Rice becomes covered under another employer's dental, life or health insurance plan. In lieu of such reimbursements, Mr. Rice may, at his sole election, receive a one-time cash payment equal to the total amount of such premium payments Mr. Rice would be required to make for 12 months following such termination; and
- outplacement services for a period of up to 6 months following such termination with a maximum obligation to the Company of \$9,000 for such services.

Mr. Rice is not entitled to severance compensation in the event of a termination for Cause or upon his voluntary resignation. In the event of a termination due to disability, Mr. Rice is entitled to receive only those severance or disability benefits as are established under the Company's then existing severance and benefits plans and policies. In the event of a termination due to Mr. Rice's death, his estate is entitled to receive a one-time cash payment equal to his annual base salary less the amount he is entitled to receive under the Company-paid life insurance policy.

Rhonda Chicone. In October 2008 we entered into an Amended and Restated Employment Agreement with Ms. Chicone that provides for an annual base salary of \$145,000. Under the Agreement, Ms. Chicone is also eligible to receive annual bonuses based on targets approved by our Board of Directors.

The Agreement further provides that: In the event that Ms. Chicone's employment with the Company is terminated without Cause (as defined in the Agreement) within 24 months following a "Change of Control" (also as defined in the Agreement) or at any time apart from a Change of Control, Ms. Chicone will be entitled to receive the following:

- severance compensation equal to a continuation of her salary for a period of 12 months;
- the maximum amount of her bonus for the fiscal year in which such involuntary termination occurs that could have been received had she satisfied all conditions necessary to earn such maximum amount of the bonus during the remainder of such fiscal year;
- 100% Company-paid dental and life insurance coverage and reimbursement for all premium payments paid under COBRA for continuing health insurance coverage as provided to Ms. Chicone and her dependents immediately prior to such termination until the earlier of (i) 12 months following such termination, or (ii) the date Ms. Chicone becomes covered under another employer's dental, life or health insurance plan. In lieu of such reimbursements, Ms. Chicone may, at her sole election, receive a one-time cash payment equal to the total amount of such premium payments Ms. Chicone would be required to make for 12 months following such termination; and
- outplacement services for a period of up to 6 months following such termination with a maximum obligation to the Company of \$9,000 for such services.

Ms. Chicone is not entitled to severance compensation in the event of a termination for Cause or upon her voluntary resignation. In the event of a termination due to death or disability, Ms. Chicone is entitled to receive only those severance or disability benefits as are established under the Company's then existing severance and benefits plans and policies.

The foregoing Agreements define a "Change of Control" as (i) the acquisition of more than 30% of our total voting power by any person or group; (ii) a change in a majority of our Board of Directors occurring within a two-year period; or (iii) the approval by our shareholders of (A) a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, (B) a sale of all or substantially all of our assets, or (C) a liquidation; provided, however, that a public offering of our common stock does not constitute a Change of Control. The Agreements define "Cause" as (i) an act of personal dishonesty in connection with such person's responsibilities as an employee and which is intended to result in the substantial personal enrichment of such person; (ii) a conviction of a felony that the Board of Directors reasonably believes had or will have a material detrimental effect on our reputation or business; and (iii) willful act by the person which constitutes gross misconduct and is injurious to us. The Agreements define "disability" as the person's inability to perform duties under the Agreement due to mental or physical illness and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician.

Option Exchange

On December 17, 2008, our Board of Directors approved an exchange of options to purchase an aggregate of 900,000 shares of our common stock issued under our 1997 Stock Plan for options to purchase an aggregate of 169,470 shares of our common stock under our 2008 Equity Incentive Plan, with such options being of equal fair market value as computed using a Black-Scholes valuation model based on the market value of our common stock on December 16, 2008. As a result, there was no financial impact to us as a result of the exchange. The exchange was made with respect to only one set of options, all granted on June 29, 2001, and involved only three individuals, all who consented to the exchange: Paul DePond, Rhonda Chicone and Gerald W. Rice.

Stock Option Grants

On December 17, 2008, Mr. DePond received options to acquire 799,288 shares of our common stock at an exercise price of \$0.14 per share. Additionally, on the same date, Mr. Rice and Ms. Chicone each received options to acquire 250,363 shares of our common stock at an exercise price of \$0.14 per share. These options were granted at fair market value on the date of grant with terms of up to ten years. Under the terms of these option grants, the options commence vesting upon the grant date and continue to vest ratably over the remainder of the three-year vesting period.

Executive Management Bonus Plan

The Named Executive Officers participate in an executive management bonus plan that awards bonuses based on sales to major accounts that are negotiated and sold at the executive management level. The bonus plan is funded with that part of a sale that would be commonly paid out to internal sales representatives if they were involved in the sale. The participants are eligible to be paid the bonus upon closing each sale. The bonus pool is allocated among each of the Named Executive Officers using a fixed percentage.

The Named Executive Officers participate in an executive management bonus plan that awards bonuses based on achievement of financial quarterly performance targets and on an annual performance target determined after any and all bonuses are expensed. The bonus is based on a fixed amount that is adjusted downward if the profit performance target is only partially achieved and adjusted upward if the profit performance exceeds the target. The bonus is paid quarterly.

Outstanding Equity Awards at 2010 Fiscal Year End

The following table sets forth certain information for the Named Executive Officers with respect to securities underlying unexercised options at September 30, 2010.

Option Awards

Name	Number of Securities Underlying Unexercised Options(#) Exercisable	Number of Securities Underlying Unexercised Options(#) Unexercisable	Option Exercise Price(\$)	Option Expiration Date
Paul F. DePond	50,000(2)	—	\$ 2.750	11/29/2010
	150,000(1)	—	\$ 0.320	10/10/2011
	400,000(1)	—	\$ 0.250	8/5/2013
	250,000(1)	—	\$ 0.260	11/8/2014
	466,672(4)	333,336(5)	\$ 0.140	12/16/18
Gerald W. Rice	10,000(2)	—	\$ 2.750	11/29/2010
	50,000(3)	—	\$ 0.320	10/10/2011
	125,000(1)	—	\$ 0.250	8/5/2013
	75,000(1)	—	\$ 0.260	11/8/2014
	145,834(4)	104,169(5)	\$ 0.140	12/16/18
Rhonda Chicone	50,000(1)	—	\$ 0.320	10/10/2011
	150,000(1)	—	\$ 0.250	8/5/2013
	75,000(1)	—	\$ 0.260	11/8/2014
	145,834(4)	104,169(5)	\$ 0.140	12/16/18

- (1) Options vested in equal monthly installments over a 36-month period;
(2) Options vested in equal monthly installments over a 25-month period;
(3) Options vested upon date of grant;
(4) Options vest in equal monthly installments over a 36-month period from the date of grant, December 17, 2008.

Director Compensation

The table below summarizes all compensation of our directors for fiscal 2010:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
David Brewer	—	—	\$ 3,462(2)	—	—	—	\$ 3,462
Mark Frappier	—	—	\$ 3,462(3)	—	—	—	\$ 3,462

(1) The amounts shown do not reflect compensation actually received. Instead, the amounts shown are the compensation costs that we recognized in fiscal 2010 for stock option awards granted during and prior to that year in accordance with applicable accounting guidance for option awards.

(2) Mr. Brewer holds stock options to purchase 80,000 shares of our common stock.

(3) Mr. Frappier holds a stock option to purchase 50,000 shares of our common stock

Narrative to Director Compensation Table

Our directors do not currently receive any cash compensation for service on the board of directors or any committee thereof.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth certain information regarding beneficial ownership of our common stock as of December 3, 2010, by (i) each person or entity who is known by us to own beneficially more than 5% of the outstanding shares of our common stock, (ii) each of our directors, (iii) each of the Named Executive Officers, and (iv) all directors and executive officers as a group.

The table is based on information provided to us or filed with the Securities and Exchange Commission (“SEC”) by our directors, executive officers and principal shareholders. Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting and investment power with respect to shares. Shares of common stock as indicated in the table, issuable upon exercise of options that are currently exercisable or are exercisable within 60 days after December 3, 2010, are deemed outstanding for purposes of computing the percentage ownership of the person holding such options or warrants, but are not deemed outstanding for computing the percentage of any other shareholder. Unless otherwise indicated, the address for each shareholder listed in the following table is c/o Notify Technology Corporation, 1054 S. De Anza Blvd., Suite 202, San Jose, California 95129.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	
	Number	Percentage (1)
Greater than 5% Stockholders:		
21X Investments LLC (2) c/o 21X Investments LLC 1080 Telegraph St B11 Reno NV 89502	6,650,000	47.1
Bruce Galloway (3) c/o Galloway Capital Management, LLC c/o 720 Fifth Avenue, 10 th Floor New York, NY 10019	1,577,909	11.2
Galloway Capital Management, LLC (4) 720 Fifth Avenue, 10 th Floor New York, NY 10019	1,153,572	8.2
Gary Herman (5) c/o Galloway Capital Management, LLC 720 Fifth Avenue, 10 th Floor New York, NY 10019	1,156,172	8.2
Strategic Turnaround Equity Partners LP (6) c/o Stuarts Corporate Services, Ltd. P.O. Box 2510 GT, 4 th Floor One Cayman Financial Center 36A Dr. Roy's Drive, Georgetown, Grand Cayman Cayman Islands	1,153,572	8.2
Directors and Executive Officers:		
David A. Brewer (6)	7,926,322	55.7
Mark Frappier(10)	34,722	0.2
Paul F. DePond (7)	1,553,176	10.0
Gerald W. Rice (8)	458,816	3.2
Rhonda Chicone (9)	459,613	3.2
All directors and executive officers as a group (5 persons)	10,432,649	63.0

- (1) Applicable percentage of ownership is based on 14,111,217 shares of our common stock outstanding as of December 3, 2010, together with applicable options and warrants for such shareholder.
- (2) David Brewer, one of our directors, is the sole member and manager of 21X Investments LLC. Information with respect to the number of shares beneficially owned is based solely on the Schedule 13G filed with the SEC by 21X Investments LLC on June 8, 2007.
- (3) Of the total of 1,577,909 shares of common stock, 291,671 shares are held by Mr. Galloway's Individual Retirement Account for which Mr. Galloway has sole power to vote and dispose, 47,666 shares are held by Mr. Galloway's children for which he has the sole power to vote and dispose, 85,000 shares are held by RexonGalloway Capital Growth, an investment company in which Mr. Galloway is a 50% owner for which Mr. Galloway retains sole investment and voting discretion, 1,153,572 shares are held by Strategic Turnaround Equity Partners, LP (Cayman) ("STEP"), for which Mr. Galloway has the shared power to vote and dispose. Mr. Galloway is a managing member of Galloway Capital Management, LLC ("GCM"), the general partner of STEP. Mr. Galloway disclaims beneficial ownership of the shares directly beneficially owned by STEP, except to: (i) the indirect interests by virtue of Mr. Galloway being a managing member of GCM, the general partner of STEP; and (ii) the indirect interests of Mr. Galloway by virtue of being a limited partner in STEP. Information with respect to the number of shares beneficially owned in Notes 3 - 5 is based solely on the Schedule 13D/A filed with the SEC by Mr. Galloway, GCM, STEP and Mr. Herman on November 3, 2010.
- (4) Reflects 1,153,572 shares of common stock held by STEP for which GCM has the shared power to vote and dispose.

- (5) Of the total, 1,156,172 shares of common stock, 2,500 are held by FBR, Inc. (“FBR”) for which Mr. Herman is sole owner and serves as an officer, 100 shares are held by Mr. Herman and 1,153,572 are held by STEP for which Mr. Herman has the shared power to vote and dispose. Mr. Herman is a managing member of Galloway Capital Management, LLC, the general partner of STEP. Mr. Herman disclaims beneficial ownership of the shares directly beneficially owned by STEP, except: (i) to the indirect interests by virtue of Mr. Herman being a managing member of Galloway Capital Management, LLC, the general partner of STEP; and (ii) the indirect interests of Mr. Herman by virtue of being a limited partner in STEP.
- (6) Includes 6,650,000 shares held by 21X Investments LLC of which Mr. Brewer is the sole member and manager. Includes 114,722 shares of common stock issuable to Mr. Brewer upon exercise of options exercisable within 60 days of December 3, 2010.
- (7) Includes 1,405,561 shares of common stock issuable to Mr. Paul DePond upon exercise of options exercisable within 60 days of December 3, 2010.
- (8) Includes 433,613 shares of common stock issuable to Mr. Rice upon exercise of options exercisable within 60 days of December 3, 2010.
- (9) Includes 448,613 shares of common stock issuable to Ms. Chicone upon exercise of options exercisable within 60 days of December 3, 2010.
- (10) Includes 34,722 shares of common stock issuable to Mr. Frappier upon exercise of options exercisable within 60 days of December 3, 2010.

Equity Compensation Plan Information

The following table provides information as of September 30, 2010, with respect to shares of our common stock that may be issued under our existing equity compensation plans.

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders (1)	3,291,014	\$ 0.245	681,986
Equity compensation plans not approved by security holders	—	—	—
Total	3,291,014	\$ 0.245	681,986

- (1) Consists of our 1997 Stock Plan and our 2008 Equity Incentive Plan.

1997 Stock Plan

The Notify Corporation 1997 Stock Plan (the “Stock Plan”) was established in January 1997. The Stock Plan had a term of ten years and expired in January 2007. Under the Stock Plan a total of 3,650,000 shares of our common stock had been reserved for issuance. As of September 30, 2010, options to purchase up to 1,656,000 shares of our common stock were still outstanding under the Stock Plan.

2008 Equity Incentive Plan

Our 2008 Equity Incentive Plan (the “Equity Incentive Plan”) was established in December 2008. The Equity Incentive Plan has a term of ten years and expires in December 2018. The Equity Incentive Plan provides for the granting of stock options to our employees, officers, consultants and directors. Grants of options to employees and directors under the Equity Incentive Plan vest over three years. Both our Board of Directors and our Compensation Committee have the authority to act as administrator for the Equity Incentive Plan. Under the Equity Incentive Plan, a total of 2,317,000 shares of our common stock has been reserved for issuance. As of September 30, 2010, options to purchase up to 1,636,014 shares of our common stock were outstanding under the Equity Incentive Plan.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Transactions With Related Persons, Promoters and Certain Control Persons

Not applicable.

Director Independence

Our common stock is listed on the OTC Bulletin Board inter-dealer quotation system, which does not have director independence requirements. For purposes of determining director independence, we have applied the definition set forth in Rule 5000(a)(19), formerly NASDAQ Marketplace Rule 4200(a)(15), of the listing rules for companies quoted on the NASDAQ Stock Market. Mr. Frappier is the only current member of our Board of Directors that qualifies as an “independent director” under those listing rules.

ITEM 14. Principal Accountant Fees and Services.

Summary of Fees

The following table summarizes the approximate aggregate fees billed to us or expected to be billed to us by our independent auditors, L.L. Bradford & Company, LLC, for our 2010 and 2009 fiscal years:

Type of Fees	Fiscal Year 2010	Fiscal Year 2009
Audit Fees (1)	\$ 47,750	\$ 44,260
Audit-Related Fees (2)	—	—
Tax Fees (3)	15,500	15,500
All Other Fees (4)	1,000	—
Total Fees	<u>\$ 64,250</u>	<u>\$ 59,760</u>

- (1) Audit Fees consist of fees billed for professional services rendered for the audit of our consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by L.L. Bradford & Company, LLC in connection with statutory and regulatory filings or engagements.
- (2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under Audit Fees. Fees billed for fiscal 2010 represent consultations in connection with strategic transactions. During our 2010 and 2009 fiscal years there were no such services rendered to us by L.L. Bradford & Company, LLC.
- (3) Tax Fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning (domestic and international). These services include assistance regarding federal, state and international tax compliance, acquisitions and international tax planning.
- (4) All Other Fees consist of fees for products and services other than the services reported above. Fees billed for fiscal 2010 represent consultations in connection with filing an S-8 related to our 2008 Equity Incentive Plan. During our 2009 fiscal year there were no such services rendered to us by L.L. Bradford & Company, LLC.

Audit Committee Pre-Approval Policies and Procedures

Our Audit Committee reviewed and pre-approved all audit and non-audit fees for services provided by L.L. Bradford & Company, LLC and has determined that the provision of such services to us during fiscal 2010 is compatible with and did not impair L.L. Bradford & Company, LLC’s independence. L.L. Bradford & Company, LLC was engaged to perform the 2009 fiscal year-end audit and fiscal 2010 audit services. It is the practice of the audit committee to consider and approve in advance all auditing and non-auditing services provided to us by our independent auditors in accordance with the applicable requirements of the Securities and Exchange Commission.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules.

(a) 1. Financial Statements

The following financial statements and related Report of Independent Registered Public Accounting Firm are filed as part of this Annual Report on Form 10-K.

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2. Financial Statement Schedules

Financial statement schedules are omitted because they are either not required or the required information is provided in the consolidated financial statements or notes thereto.

3. Exhibit

- 3.1.1 Amended and Restated Articles of Incorporation of Registrant as filed with the Secretary of State of California on September 2, 1997. (incorporated herein by reference to Exhibit (3.2) to the Registrant's Registration Statement on Form SB-2, Reg. No. 333-23369, filed on March 14, 1997)
- 3.1.2 Certificate of Amendment to the Registrant's Articles of Incorporation as filed with the Secretary of State of California on March 3, 1998. (incorporated herein by reference to Exhibit (3.1.1) to the Registrant's Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 2001, filed on August 14, 2001)
- 3.1.3 Certificate of Amendment to the Registrant's Articles of Incorporation as filed with the Secretary of State of California on July 12, 2001. (incorporated herein by reference to Exhibit (3.1.2) to the Registrant's Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 2001, filed on August 14, 2001)
- 3.1.4 Series A Certificate of Determination, Preferences and Rights as filed with the Secretary of State of California on or about July 12, 2001. (incorporated herein by reference to Exhibit (3.1) to the Registrant's Current Report 8-K, filed on July 23, 2001)
- 3.2 Amended and Restated Bylaws of Registrant. (as amended on April 15, 2009) (incorporated herein by reference to Exhibit (3.2.2) to the Registrant's Current Report on DEF 14A, filed on April 15, 2009)
- 10.5(1) Form of Indemnification Agreement. (incorporated herein by reference to Exhibit (10.5) to the Registrant's Registration Statement on Form SB-2, Reg. No. 333-23369, filed on March 14, 1997)

- 10.6(1) Registrant's 1997 Stock Plan, as amended effective March 26, 2003, and form of stock option agreement. (incorporated herein by reference to Exhibit (4.1) to the Registrant's Registration Statement on Form S-8 Reg. No 333-108868, filed on September 17, 2003)
- 10.16(1) Amended and Restated Employment Agreement dated as of October 1, 2008 between Registrant and Paul DePond. (incorporated herein by reference to Exhibit (10.16) to the Registrant's Current Report 8-K, filed on October 1, 2008)
- 10.17(1) Amended and Restated Employment Agreement dated as of October 1, 2008 between Registrant and Gerald Rice. (incorporated herein by reference to Exhibit (10.17) to the Registrant's Current Report 8-K, filed on October 1, 2008)
- 10.18(1) Amended and Restated Employment Agreement dated as of October 1, 2008 between Registrant and Rhonda Chicone. (incorporated herein by reference to Exhibit (10.18) to the Registrant's Current Report 8-K, filed on October 1, 2008)
- 10.24 Nonexclusive Technology License Agreement, dated as of November 24, 2003, by and between Registrant and NCR Corporation (incorporated herein by reference to Exhibit (10.24) to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2004, filed on December 22, 2004)
- 10.35 Lease dated May 7, 2009 between Notify Technology Corporation and Pecten Court Mountain View Associates, LLC. (incorporated herein by reference to Exhibit (10.35) to the Registrant's Current Report on Form 8-K, filed on May 11, 2009)
- 10.36(1) Notify Technology Corporation 2008 Equity Incentive Plan (incorporated herein by reference to Exhibit (10.36) to the Registrant's Annual Report on Form 10-K for the twelve-month period ended September 30, 2009, filed on December 28, 2009)
- 10.37(1) Form of Stock Option Agreement for grants under the Notify Technology Corporation 2008 Equity Incentive Plan (incorporated herein by reference to Exhibit (10.37) to the Registrant's Annual Report on Form 10-K for the twelve-month period ended September 30, 2009, filed on December 28, 2009)
- 10.38(1) Description of the Executive Management Bonus Plan of Notify Technology Corporation (incorporated herein by reference to Exhibit (10.38) to the Registrant's Current Report 8-K, filed on December 23, 2009).
- 10.39 Lease, dated as of June 1, 2010 by and between Registrant and Colbur Tech, LLC.
- 14.1 Code of Ethics for Principal Executive and Senior Financial Officers (incorporated herein by reference to Exhibit (14.1) to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2008, filed on December 29, 2008)
- 24.1 Power of Attorney (see page 28).
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- (1) Indicates a management contract or compensatory plan or contract

Notify Technology Corporation

Financial Statements

Years ended September 30, 2010 and 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
of Notify Technology Corporation

We have audited the accompanying balance sheets of Notify Technology Corporation as of September 30, 2010 and 2009, and the related statements of income, shareholders' deficit, and cash flows for each of the years in the two-year period ended September 30, 2010. Notify Technology Corporation's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Notify Technology Corporation as of September 30, 2010 and 2009, and the results of its operations and its cash flows for each of the years in the two-ended period ended September 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ L.L. BRADFORD & COMPANY, LLC

Las Vegas, Nevada

December 20, 2010

Notify Technology Corporation

Balance Sheets

	<u>September 30,</u> <u>2010</u>	<u>September 30,</u> <u>2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,526,654	\$ 1,565,447
Accounts receivable, net allowance for doubtful accounts of \$50,000	292,040	810,543
Other current assets	44,570	40,540
Total current assets	<u>2,863,264</u>	<u>2,416,530</u>
Non-current assets		
Property and equipment, net	306,380	247,117
Lease deposits	15,602	15,602
Total non-current assets	<u>321,982</u>	<u>262,719</u>
Total assets	<u>\$ 3,185,246</u>	<u>\$ 2,679,249</u>
Liabilities and shareholders' deficit		
Current liabilities:		
Current portion of capital lease obligations	\$ 3,369	\$ 4,142
Accounts payable	55,378	75,340
Accrued payroll and related liabilities	405,203	454,946
Deferred revenue	2,927,067	2,995,906
Other accrued liabilities	123,066	140,464
Total current liabilities	<u>3,514,083</u>	<u>3,670,798</u>
Long term deferred revenue	112,696	137,250
Long term portion of capital lease obligations	3,174	6,543
Total long term liabilities	<u>115,870</u>	<u>143,793</u>
Total liabilities	<u>3,629,953</u>	<u>3,814,591</u>
Commitments and contingencies (Note 6)		
Shareholders' deficit:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares outstanding	—	—
Common stock, \$0.001 par value, 30,000,000 shares authorized, 14,111,217 and 14,075,662 shares issued and outstanding on September 30, 2010 and September 30, 2009, respectively	14,111	14,076
Additional paid-in capital	23,516,722	23,442,160
Accumulated deficit	<u>(23,975,540)</u>	<u>(24,591,578)</u>
Total shareholders' deficit	<u>(444,707)</u>	<u>(1,135,342)</u>
Total liabilities and shareholders' deficit	<u>\$ 3,185,246</u>	<u>\$ 2,679,249</u>

The accompanying notes are an integral part of these financial statements.

Notify Technology Corporation

Statements of Income

	Years Ended September 30,	
	<u>2010</u>	<u>2009</u>
Revenue:		
Product revenue	\$ 7,245,983	\$ 6,032,257
Total revenue	<u>7,245,983</u>	<u>6,032,257</u>
Cost of revenue:		
Product cost	45,743	8,620
Royalty cost	6,474	144,963
Total cost of revenue	<u>52,217</u>	<u>153,583</u>
Gross profit	<u>7,193,766</u>	<u>5,878,674</u>
Operating expenses:		
Research and development	2,256,301	1,917,614
Sales and marketing	2,510,970	2,322,315
General and administrative	1,814,600	1,574,958
Total operating expenses	<u>6,581,871</u>	<u>5,814,887</u>
Income from operations	<u>611,895</u>	<u>63,787</u>
Other income (expenses)		
Other income (expense), net	4,143	6,898
Total other income(expense), net	<u>4,143</u>	<u>6,898</u>
Net income	<u>\$ 616,038</u>	<u>\$ 70,685</u>
Basic net income per share		
	<u>\$ 0.04</u>	<u>\$ 0.01</u>
Weighted-average shares used in computing basic net income per share		
	<u>14,080,536</u>	<u>14,070,662</u>
Diluted net income per share		
	<u>\$ 0.04</u>	<u>\$ 0.00</u>
Weighted-average shares used in computing diluted net profit per share		
	<u>15,840,336</u>	<u>14,754,252</u>

The accompanying notes are an integral part of these financial statements.

Notify Technology Corporation

Statements of Shareholders' Deficit

	Convertible Redeemable Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at September 30, 2008	—	\$ —	14,075,662	\$ 14,076	\$ 23,387,396	\$ (24,662,263)	\$ (1,260,791)
Option vesting expense					54,765		54,765
Net income						70,685	70,685
Balance at September 30, 2009	—	—	14,075,662	14,076	23,442,161	\$ (24,591,578)	(1,135,342)
Option vesting expense					69,640		69,640
Proceeds from exercise of options	—		35,555	35	4,922		4,957
Net income						616,038	616,038
Balance at September 30, 2010	—	\$ —	14,111,217	\$ 14,111	\$ 23,516,722	\$ (23,975,540)	\$ (444,707)

The accompanying notes are an integral part of these financial statements.

Notify Technology Corporation

Statements of Cash Flows

	Years Ended September 30,	
	2010	2009
Operating activities		
Net income	\$ 616,038	\$ 70,685
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	118,522	93,127
Option vesting expense	69,640	54,765
Changes in operating assets and liabilities:		
Accounts receivable, net	518,503	(300,808)
Other assets	(4,030)	(16,689)
Accounts payable	(19,962)	35,295
Accrued liabilities	(67,141)	75,010
Deferred revenue	(93,393)	714,921
Net cash provided by operating activities	<u>1,138,177</u>	<u>726,306</u>
Investing activities		
Expenditures for property and equipment	(177,785)	(167,021)
Proceeds from sale of fixed assets	—	—
Net cash used in investing activities	<u>(177,785)</u>	<u>(167,021)</u>
Financing activities		
Proceeds from exercise of options	4,957	—
Payments on capital leases	(4,142)	(4,445)
Net cash provided by (used in) financing activities	<u>815</u>	<u>(4,445)</u>
Net increase in cash and cash equivalents	961,207	554,840
Cash and cash equivalents at beginning of year	1,565,447	1,010,607
Cash and cash equivalents at end of year	<u>\$ 2,526,654</u>	<u>\$ 1,565,447</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 522</u>	<u>\$ 812</u>
Cash paid for income taxes	<u>\$ 1,749</u>	<u>\$ 850</u>

The accompanying notes are an integral part of these financial statements.

1. Business and Basis of Presentation

Notify Technology Corporation (the Company or Notify), incorporated in California in 1994, is a software developer of enterprise mobility solutions for most wireless handheld devices including the RIM BlackBerry, Apple iPhone, Android, HP/Palm based products and Windows Mobile based products on a variety of email platforms including various IMAP4 solutions as well as Novell GroupWise and Microsoft Exchange.

The Company has incurred net losses since inception but has been profitable for the last two fiscal years. The Company had net income for the year ended September 30, 2010 of \$616,038 and a net income of \$70,685 for the year ended September 30, 2009. The Company has an accumulated deficit of \$24.0 million as of September 30, 2010. During fiscal 2010, the Company financed its operations through the sale of its products and existing cash balances.

The Company chose to replace its historical wireline products starting in fiscal 2001 and although it still received some revenue from its legacy wireline business in fiscal 2007, it currently focuses all its efforts on its wireless software products by researching and developing new products, enhancing its existing NotifyLink product family and marketing and selling the NotifyLink and NotifySync product lines. In fiscal 2010, the Company paid all of its operating expenses based on sales of its NotifyLink and NotifySync product lines. The success of the Company's business operations will depend upon the continued favorable market acceptance of its wireless software products.

If additional funds are raised through the issuance of equity or debt securities, these securities could have rights that are senior to existing shareholders and could contain covenants that would restrict operations. Any additional financing may not be available in amounts or on terms acceptable to the Company, if at all.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and notes thereto. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid, temporary investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are deposited in demand and money market accounts in financial institutions in the United States.

Accounts Receivable/ Allowance for Doubtful Accounts

Accounts receivable are stated at net realizable value. Uncollectible receivables are recorded as bad debt expense when all efforts to collect them have been exhausted and recoveries are recognized when they are received. Historically, the bad debts have been insignificant and the allowance for bad debt is higher than the actual average bad debt expense.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets: five years for furniture and office equipment and three years for software and computer equipment. Leasehold improvements and assets under capital leases are amortized by the straight-line method over the shorter of the lease term or the estimated useful lives of such assets. Upon retirement or sale, the cost and related accumulated depreciation are removed from the accounts and any related income or loss is reflected in the statement of operations. Repairs and maintenance are expensed as incurred.

Long-Lived Assets

The Company monitors the recoverability of long-lived assets based on estimated use factors such as future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets or realized upon sale. The Company's policy is to write down assets to their net recoverable amounts, which are determined based on either discounted future net cash flows or appraised values, in the period when it is determined that the carrying amount of the asset is not likely to be recoverable.

Income Taxes

The Company accounts for income taxes under the liability method. The estimated future tax effect of differences between the basis in assets and liabilities for tax and accounting purposes is accounted for as deferred taxes. A valuation allowance has been established to reduce deferred tax assets as it is more likely than not that all, or some portion, of such deferred tax assets would not be realized. A full allowance against deferred tax assets is provided.

Advertising Costs

The Company expenses the costs of producing advertisements at the time production occurs. Advertising expense incurred for the twelve months ended September 30, 2010 and 2009, was \$2,920 and \$732, respectively. Trade show expense incurred for the twelve months ended September 30, 2010 and 2009, was \$66,614 and \$38,221, respectively.

Revenue Recognition

The Company recognizes software license agreements when persuasive evidence of an agreement exists, delivery of the product has occurred, the license fee is fixed or determinable and collection is probable. The Company's license agreements take two basic forms. The first form of agreement is essentially a subscription agreement that is used in connection with the Company's hosting arrangement where the Company provides the software combined with hosting services from a hardened site owned and managed by it. The agreement generally has a fixed term and the license revenue is recognized ratably over the term of each service contract. The second form of agreement involves the purchase of a license and a service agreement based on the Vendor Supplied Objective Evidence ("VSOE") where only the service agreement is renewed each year. The Company recognizes the license portion at the point of sale for those sales where VSOE has been established and the service portion ratably over the term of the service contract. For those contracts where VSOE has not been established, the revenue of the entire contract is recognized ratably over the term of the contract. The Company's sales process provides for an optional trial period prior to the agreement to purchase and no revenue is recognized during that trial period.

The Company recognizes revenue when the title and risk of loss have passed to the customer, there is persuasive evidence of an arrangement, delivery of the product has occurred or services have been rendered, the sales price is fixed or determinable and collection is probable. Installation, when required, is commonly completed prior to an agreement to facilitate a trial of the product. Technical assistance is available during the sales process and is unrelated to the service component portion of the final arrangement. Revenue related to installation is recognized when the agreement is signed and the contract period has commenced.

Service revenue is recognized on a straight-line basis over the period of the service agreement.

Deferred revenue relates to products where a sales contract has been executed and payment has been received but the obligation to provide services is being recognized over the contractual term of the license. The balance in deferred revenue represents the aggregate unrecognized value of active contracts that will be taken to income in future periods.

Research and Development

Based on the Company's software development process, the time period between the development of new software features and the release of the product is short and capitalization of internal development costs has not been material to date.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents and trade accounts receivable. Cash and cash equivalents are defined as cash and cash equivalents held with financial institutions that exceed the amount of insurance provided on such deposits. The bank at which the Company funds are deposited has a maximum FDIC insurance of \$250,000. The Company has approximately \$2,000,000 on deposit leaving an uninsured exposure of \$1,750,000. The Company has another \$450,000 at an institution that does not participate in the FDIC insurance program. The Company has not experienced any losses on its deposits of cash and cash equivalents.

The Company performs ongoing credit evaluations and generally requires no collateral. The Company maintains reserves for credit losses, and such losses have been within management's expectations. As of September 30, 2010, one customer represented more than 10% of accounts receivable. The value of most customer accounts represent a small portion of receivables but from time to time we make larger individual customer sales; normally annual renewals of larger customers. Revenue from one customer accounted for 7% of total revenues for the fiscal year ended September 30, 2010.

Fair Value of Financial Instruments

Carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their relatively short maturities. Based upon borrowing rates currently available to the Company for capital leases with similar terms, the carrying value of its capital lease obligations approximate fair value.

Stock-Based Compensation

The Company accounts for all compensation related to stock, options or warrants using a fair value based method whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The Company uses the Black-Scholes pricing model to calculate the fair value of options and warrants issued to both employees and non-employees. Stock issued for compensation is valued using the market price of the stock on the date of the related agreement.

The Company recognized stock based employee compensation in fiscal 2010 and recorded a non-cash expense of \$69,640. No new options were granted in fiscal 2010. The Notify Corporation 1997 Stock Plan option plan expired in January 2007 and the shareholders approved the Notify Technology Corporation 2008 Equity Incentive Plan in May 2009.

Net Income (Loss) Per Share

Net income (loss) per common share is computed by dividing net loss available to common stockholders by the weighted average number of shares outstanding during the period.

Options to purchase 3,291,014 were outstanding on September 30, 2010 and were included in the computation of diluted net income. 3,578,569 options were outstanding on September 30, 2009 and were included in the computation of diluted net income.

Recent Accounting Pronouncements

On July 1, 2009, the Financial Accounting Standards Board (FASB) officially launched the FASB Accounting Standards Codification (ASC) 105 — *Generally Accepted Accounting Principles*, which established the FASB Accounting Standards Codification ("the Codification"), as the single official source of authoritative, nongovernmental, U.S. GAAP, in addition to guidance issued by the Securities and Exchange Commission. The Codification is designed to simplify U.S. GAAP into a single, topically ordered structure. All guidance contained in the Codification carries an equal level of authority. The Codification is effective for interim and annual periods ending after September 15, 2009. Accordingly, the Company refers to the Codification in respect of the appropriate accounting standards throughout this document as "FASB ASC". Implementation of the Codification did not have any impact on the Company's consolidated financial statements.

In February 2010, the FASB issued ASU No. 2010-09 regarding subsequent events and amendments to certain recognition and disclosure requirements. Under this ASU, a public company that is a SEC filer, as defined, is not required to disclose the date through which subsequent events have been evaluated. This ASU is effective upon the issuance of this ASU. The adoption of this ASU did not have a material impact on our consolidated financial statements

In December 2007, the FASB issued an update to FASB ASC 805, “Business Combinations” which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree, and the goodwill acquired. This update also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This update is effective for the Company with respect to business combinations for which the acquisition date is on or after January 1, 2009. The Company adopted this update in the second quarter of 2009 without significant financial impact.

In December 2007, the FASB issued an update to FASB ASC 810, “Consolidation”, which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent’s ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. ASC 810 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of noncontrolling owners. This update is effective for the Company as of January 1, 2009. The Company adopted this update in January 2009 without significant impact on the consolidated financial position, results of operations, and disclosures.

In September 2009, the FASB issued Accounting Standards Update No. 2009-13 (ASU 2009-13), Multiple-Deliverable Revenue Arrangements which updates ASC Topic 605-25, Multiple Elements Arrangements (formerly EITF 00-21), of the FASB codification. ASU 2009-13 provides new guidance on how to determine if an arrangement involving multiple deliverables contains more than one unit of accounting, and if so allows companies to allocate arrangement considerations in a manner more consistent with the economics of the transaction. ASU 2009-13 is effective for the Company, prospectively, for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010; early application is permitted. The Company is currently evaluating the impact of adopting ASU 2009-13 on its financial statements.

In January 2010, the FASB issued ASU No. 2010-06 regarding fair value measurements and disclosures and improvement in the disclosure about fair value measurements. This ASU requires additional disclosures regarding significant transfers in and out of Levels 1 and 2 of fair value measurements, including a description of the reasons for the transfers. Further, this ASU requires additional disclosures for the activity in Level 3 fair value measurements, requiring presentation of information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements. This ASU is effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. We are currently evaluating the impact of this ASU; however, we do not expect the adoption of this ASU to have a material impact on our consolidated financial statements.

3. Property and Equipment

Property and equipment consist of the following:

	September 30, 2010	September 30 2009
Furniture and office equipment	\$ 695,886	\$ 535,011
Software	79,719	76,228
Leasehold improvements	13,419	—
	789,024	611,239
Less accumulated depreciation and amortization	(482,644)	(364,122)
	<u>\$ 306,380</u>	<u>\$ 247,117</u>

Property and equipment includes \$15,000 of office equipment under capital lease with accumulated amortization of \$8,457 and \$10,361 at September 30, 2010 and 2009, respectively.

Depreciation and amortization expense was \$118,522 and \$93,127 for the years ended September 30, 2010 and 2009, respectively.

4. Capital Lease Obligations

During the year ended September 30, 2007, the Company entered into one capital lease totaling \$15,000 with principal and interest (5.0%) due monthly.

Future minimum lease payments under the lease are as follows:

For the year ending September 30,	
2011	\$ 3,480
2012	3,480
Total minimum lease payments	6,960
Less: amount representing interest	(417)
Present value of net minimum lease payments	6,543
Less: current portion	(3,174)
Long term portion	<u>\$ 3,369</u>

5. Guarantees

Indemnification Agreements

The Company enters into standard indemnification arrangements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, generally their business partners or customers, in connection with any U.S. patent, or any copyright or other intellectual property infringement claim by any third party with respect to the Company's products. The term of these indemnification agreements is generally perpetual anytime after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal.

The Company has entered into indemnification agreements with its directors and officers that may require the Company: to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct of a culpable nature; to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified; and to obtain directors' and officers' insurance if available on reasonable terms, which the Company currently has in place.

Product Warranty

The Company warrants its products to current paid-up customers and makes available for download service update releases that contain the most up-to-date version of the Company's products. These software updates are continually maintained and released when available. As such, the Company does not maintain a separate warranty reserve but expenses the cost to create and post any maintenance release as a part of normal operations.

6. Commitments and Contingencies

The Company currently occupies two facilities under operating leases. The San Jose, California facility lease expires in May 2012 and the Canfield, Ohio facility lease expires in October 2014.

Future minimum lease payments are approximately as follows:

Year ending September 30, 2011	\$ 223,719
Year ending September 30, 2012	211,398
Year ending September 30, 2013	145,558
Year ending September 30, 2014	145,558
Year ending September 30, 2015	6,065
	<u>\$ 732,298</u>

Facility rent expense totaled approximately \$211,000 and \$186,000 for the years ended September 30, 2010 and 2009, respectively.

In November 2003, NCR Corporation and Notify Technology Corporation entered into a non-exclusive license agreement that allows the Company to offer certain product features on its Enterprise Mobility Solution that are covered by a patent held by NCR. This agreement requires that a royalty payment be made to NCR based on the revenue from any NotifyLink product that is sold that uses the technology covered by the patent. The agreement had a cap of \$500,000 of total royalty payable after which Notify would hold a fully paid-up license to utilize the NCR technology. We reached that cap in July 2009 and no more royalties are payable to NCR under the 2003 agreement. Payments under this agreement were zero and \$110,981 during the fiscal years 2010 and 2009, respectively.

7. Shareholders' Deficit

Preferred Stock

The Board of Directors has the authority, without any further vote or action by the shareholders, to provide for the issuance of 5,000,000 shares of preferred stock in one or more series with such designation, rights, preferences, and limitations as the Board of Directors may determine, including the consideration to be received, the number of shares comprising each series, dividend rates, redemption provisions, liquidation preferences, redemption and fund provisions, conversion rights, and voting rights, all without the approval of the holders of common stock.

Convertible Redeemable Preferred Stock

In July 2001, the Company's shareholders authorized and the Company completed an offering of Series A convertible redeemable preferred stock (Series A preferred stock) to a group of private investors. In connection with the offering, the Company issued 501,000 shares of Series A preferred stock at \$10 per share and issued warrants to purchase 1,753,000 shares of common stock for consideration of \$4.2 million, net of issuance costs. The Company designated a total of 900,000 shares as Series A preferred stock.

Holders of our outstanding Series A preferred stock had the right to require the Company to redeem any unconverted shares of Series A preferred stock at any time and from time to time during the period from July 20, 2003 to July 25, 2004. The per share redemption price was \$10.00 plus any accrued dividends. The holders of Series A preferred stock had the option to receive the redemption price in cash or in shares of our common stock, but the Company was not obligated to pay the redemption in cash unless the Company's board of directors unanimously approved such payment in cash. If all holders of outstanding Series A preferred stock elected to redeem in cash, the aggregate redemption price would have totaled \$4,610,000. The holders of the Company's Series A preferred stock chose to exercise their right of redemption in the form of common shares. The outstanding Series A preferred shares were redeemed at an effective rate of 20 shares of common stock for each share of Series A preferred stock. The redemption date was July 20, 2004 at which time 461,000 Series A preferred shares were presented for redemption and 9,220,000 shares of common stock were subsequently issued on August 31, 2004.

In connection with the offering of Series A preferred stock, the Company issued options to purchase 9.2685 units at a price per unit of \$100,000 to the placement agent. Each unit consisted of 10,000 shares of Series A preferred stock convertible into an aggregate of 100,000 shares of common stock with a warrant to purchase 35,000 shares of common stock. The options to purchase units expired on July 21, 2008 without any options being exercised.

Additionally, on May 15, 2001 the Company also issued a seven year warrant to purchase 118,151 shares of common stock at an exercise price of \$1.00 per share to an investment fund in connection with the investment funds commitment to purchase Series A preferred stock for the amount of the difference between \$5 million and the aggregate amount of money invested by all other investors in the financing. This warrant expired on May 16, 2008 without being exercised.

35,000 and 5,000 shares of Series A preferred stock were converted to 350,000 and 50,000 shares of common stock in fiscal 2002 and 2003, respectively.

Common Stock

The following table summarizes shares of common stock reserved for future issuance by the Company:

	<u>September 30,</u> <u>2010</u>
1997 Stock Option Plan	—
2008 Equity Incentive Plan	661,014
	<u>661,014</u>

Warrants to Purchase Common Stock

At September 30, 2010, the Company had no warrants outstanding:

- Warrants to purchase 1,753,500 and 118,151 shares of common stock at an exercise price of \$1.00 were issued in connection with the July 2001 private placement to the placement agent and an investment fund, respectively. The warrants to purchase 1,753,500 shares of common stock expired in July 2008 without any warrants being exercised and the warrant to purchase 118,151 shares of common stock expired in May 2008 without exercise.

1997 Stock Option Plan

In January 1997, the Company adopted the 1997 Stock Plan (the Plan), which provided for the granting of stock options to employees, officers, consultants, and directors of the Company. The Plan expired in January 2007. Stock options were granted at fair market value on the date of grant with terms of up to ten years. Under the Plan, a total of 3,474,662 shares of the Company's common stock were reserved for issuance. Under the terms of these option grants, the options commence vesting upon the first anniversary of the date of employment and continue to vest ratably over the remainder of the four-year vesting period. Certain grants of options to employees after the initial grant of options to employees vest over three years. Certain grants to members of the Company's Board of Directors in compensation for their services vest over their current term of office of one year. The following table summarizes stock option activity:

	Shares Available for Grant	Options Outstanding	
		Number of Shares	Weighted- Average Price
Balance at September 30, 2008	—	2,773,000	\$ 1.196
Granted	—	—	N/A
Cancelled	—	(55,000)	\$ 2.491
Exchanged	—	(900,000)	\$ 1.600
Exercised	—	—	N/A
Balance at September 30, 2009	—	1,818,000	\$ 1.032
Granted	—	—	N/A
Cancelled	—	—	N/A
Expired	—	(162,000)	\$ 7.375
Exercised	—	—	N/A
Balance at September 30, 2010	—	1,656,000	\$ 0.365

2008 Equity Incentive Plan

In May 2009, the Company adopted the 2008 Equity Incentive Plan (the New Plan), which provided for the granting of stock options to employees, officers, consultants, and directors of the Company. Stock options were granted at fair market value on the date of grant with terms of up to ten years. Under the Plan, a total of 2,317,000 shares of the Company's common stock were reserved for issuance. Grants of options to employees and directors vest over three years. The following table summarizes stock option activity:

	Options Outstanding		
	Shares Available For Grant	Number of Shares	Weighted-Average Price
Balance at September 30, 2008		—	—
Authorized	2,317,000	—	N/A
Granted	(1,775,014)	1,775,014	\$ 0.142
Cancelled	14,445	(14,445)	\$ 0.140
Exercised	—	—	N/A
Balance at September 30, 2009	556,431	1,760,569	\$ 0.142
Granted	—	—	—
Cancelled	90,000	(90,000)	\$ 0.140
Exercised	—	(35,555)	\$ 0.140
Balance at September 30, 2010	646,431	1,635,014	\$ 0.142

The following table summarizes outstanding and exercisable options at September 30, 2010:

Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Options Outstanding	Weighted-Average Remaining Life in Years	Weighted-Average Exercise Prices	Number of Options Exercisable	Weighted-Average Exercise Prices
\$0.140	1,610,014	8.20	\$ 0.140	962,507	\$ 0.140
\$0.200 – \$0.280	1,280,000	3.42	\$ 0.253	1,264,722	\$ 0.252
\$0.320 – \$0.490	338,000	1.06	\$ 0.332	338,000	\$ 0.332
\$2.375 – \$2.750	63,000	0.18	\$ 2.732	63,000	\$ 2.732
	<u>3,291,014</u>	2.82	\$ 0.281	<u>2,628,229</u>	\$ 1.619

8. Income Taxes

Due to historical operating losses, there is no provision for income taxes for fiscal 2010 or 2009. The expected statutory tax benefit of 34% is offset by the inability to recognize an income tax benefit from the net operating losses.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets for federal and state income taxes are as follows:

	Year Ended September 30, 2010	Year Ended September 30, 2009
Deferred tax assets:		
Net operating loss carryforwards	\$ 247,000	\$ 206,600
Research credit carryforwards	329,800	329,800
Other temporary differences	3,500	3,500
Total deferred tax assets	580,300	539,800
Valuation allowance	(580,300)	(539,800)
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

Realization of deferred tax assets is dependent on future earnings, if any, the timing and amount of which are uncertain. Accordingly, a valuation allowance in an amount equal to the net deferred tax asset has been established to reflect these uncertainties.

As of September 30, 2010, the Company had net operating loss carryforwards of approximately \$247,000 and \$1,558,000 for Federal and California tax purposes, which will expire in the years 2012 through 2028. As of September 30, 2010, the Company also had research and development tax credit carryforwards for federal and California tax purposes of approximately \$329,800 and \$215,000, respectively. The credits will expire in the years 2018 through 2029, if not utilized. Utilization of the net operating losses and tax credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and tax credit carryforwards before full utilization.

9. Industry Segment, Customer, and Geographic Information

The Company has one operating segment by which management evaluates performance. The Company sells its products primarily within the United States and Canada to business customers with limited sales in other countries.

All of the Company's long-lived assets are located in the United States.

10. Subsequent Events

There were no subsequent events that occurred between September 30, 2010 and the date of this filing.

EXHIBIT INDEX

- 3.1.1 Amended and Restated Articles of Incorporation of Registrant as filed with the Secretary of State of California on September 2, 1997. (incorporated herein by reference to Exhibit (3.2) to the Registrant's Registration Statement on Form SB-2, Reg. No. 333-23369, filed on March 14, 1997)
 - 3.1.2 Certificate of Amendment to the Registrant's Articles of Incorporation as filed with the Secretary of State of California on March 3, 1998. (incorporated herein by reference to Exhibit (3.1.1) to the Registrant's Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 2001, filed on August 14, 2001)
 - 3.1.3 Certificate of Amendment to the Registrant's Articles of Incorporation as filed with the Secretary of State of California on July 12, 2001. (incorporated herein by reference to Exhibit (3.1.2) to the Registrant's Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 2001, filed on August 14, 2001)
 - 3.1.4 Series A Certificate of Determination, Preferences and Rights was filed with the Secretary of the State of California on or about July 12, 2001 (incorporated herein by reference to Exhibit (3.1) to the Registrant's Current Report on Form 8-K, filed on July 23, 2001)
 - 3.2 Amended and Restated Bylaws of Registrant. (as amended on April 15, 2009) (incorporated herein by reference to Exhibit (3.2.2) to the Registrant's Current Report on DEF 14A, filed on April 15, 2009)
 - 10.5(1) Form of Indemnification Agreement. (incorporated herein by reference to Exhibit (10.5) to the Registrant's Registration Statement on Form SB-2, Reg. No. 333-23369, filed on March 14, 1997)
 - 10.6(1) Registrant's 1997 Stock Plan, as amended effective March 26, 2003, and form of stock option agreement. (incorporated herein by reference to Exhibit (4.1) to the Registrant's Registration Statement on Form S-8 Reg. No 333-108868, filed on September 17, 2003)
 - 10.16(1) Amended and Restated Employment Agreement dated as of October 1, 2008 between Registrant and Paul DePond. (incorporated herein by reference to Exhibit (10.16) to the Registrant's Current Report 8-K, filed on October 1, 2008)
 - 10.17(1) Amended and Restated Employment Agreement dated as of October 1, 2008 between Registrant and Gerald Rice. (incorporated herein by reference to Exhibit (10.17) to the Registrant's Current Report 8-K, filed on October 1, 2008)
 - 10.18(1) Amended and Restated Employment Agreement dated as of October 1, 2008 between Registrant and Rhonda Chicone. (incorporated herein by reference to Exhibit (10.18) to the Registrant's Current Report 8-K, filed on October 1, 2008)
 - 10.24 Nonexclusive Technology License Agreement, dated as of November 24, 2003, by and between Registrant and NCR Corporation (incorporated herein by reference to Exhibit (10.24) to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2004, filed on December 22, 2004)
 - 10.36(1) Lease dated May 7, 2009 between Notify Technology Corporation and Pecten Court Mountain View Associates, LLC. (incorporated herein by reference to Exhibit (10.35) to the Registrant's Current Report on Form 8-K, filed on May 11, 2009)
 - 10.37(1) Notify Technology Corporation 2008 Equity Incentive Plan (incorporated herein by reference to Exhibit (10.36) to the Registrant's Annual Report on Form 10-K for the twelve-month period ended September 30, 2009, filed on December 28, 2009)
 - 10.38(1) Form of Stock Option Agreement for grants under the Notify Technology Corporation 2008 Equity Incentive Plan (incorporated herein by reference to Exhibit (10.37) to the Registrant's Annual Report on Form 10-K for the twelve-month period ended September 30, 2009, filed on December 28, 2009)
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- 10.39 Lease, dated as of June 1, 2010 by and between Registrant and Colbur Tech, LLC.
- 14.1 Code of Ethics for Principal Executive and Senior Financial Officers (incorporated herein by reference to Exhibit (14.1) to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2008, filed on December 29, 2008)
- 24.1 Power of Attorney (see page 32).
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- (1) Indicates a management contract or compensatory plan or contract.

NOTIFY TECHNOLOGY CORPORATION - LEASE AGREEMENT - 2010

(Two year extension of existing Leases between the parties and Lease of additional 2,332 sq ft.)

This Lease Agreement is made by Colbur Tech LLC, an Ohio Corporation (hereinafter "Lessor") and Notify Technology Corporation, (hereinafter "Lessee"). This agreement provides for the lease of additional square footage to Notify Technology Corporation, and an agreed extension of the existing two leases between the parties hereto.

1. **LEASED PREMISES:** Lessor, in consideration of the covenants hereinafter contained does hereby demise and lease to Lessee approximately 2,332 additional square feet at 6570 Seville Drive, Canfield, Ohio, previously occupied by Sage Corporation and as further illustrated on attached "Exhibit A" (Leased premises) [Building Connector Space].

The use and occupation by the Lessee of the Leased Premises shall include the use in common with Lessor of customer and employees' parking areas, service roads, and sidewalks. Lessor agrees that at all times during the term of this Lease there will be free and adequate access between the public street and the entrance of the Leased Premises for pedestrians and motor vehicles.

(2)(a). **USE:** The use of said Leased Premises shall be: Research, development, marketing and customer-services for Notify Technology Corporation which includes engineering, quality control and technical support and additional similar uses.

(2)(b). **PARKING:** Lessee shall have the use of the thirty-five (35) parking spaces comprising the rear parking lot immediately behind the leased premises, 6570 Seville Drive, Top Floor, plus Lessee shall have the use of ten (10) additional spaces located immediately behind 6550 Seville Drive, spaces 21 thru 30. In addition, Lessee shall have the use of all of the parking spaces in the front of 6570 Seville Drive, Canfield, Ohio.

3. **TERM:** To have and to hold for and during the full term, commencing June 1, 2010 and ending on October 16, 2014.

The commencement date shall be June 1, 2010.

4. **BASE RENT:** Lessee will pay Lessor as rent for the Leased Premises during the four-year and four and one-half month term the sum of ONE HUNDRED AND FOUR THOUSAND TWO HUNDRED EIGHTY-FOUR AND 14/100 DOLLARS (\$104,284.14) for the Leased Premises, payable in equal monthly installments, except for the first year, as set forth below in advance on the first day of each month. Lessee shall pay as rent:

LEASE YEAR ONE - No rent payments for the first year of this Lease, for this additional Lease space as set forth above.

LEASE YEAR TWO - The sum of TWO THOUSAND FIVE HUNDRED AND SEVENTY-FOUR AND 92/100 DOLLARS (\$2,574.92), per month in equal monthly installments. A total of THIRTY THOUSAND EIGHT HUNDRED NINETY-NINE AND 00/100 DOLLARS (\$30,899.00), per year. Said monthly payments to begin June 1, 2011.

LEASE YEAR THREE – The sum of TWO THOUSAND FIVE HUNDRED AND SEVENTY-FOUR AND 92/100 DOLLARS (\$2,574.92), per month in equal monthly installments. A total of THIRTY THOUSAND EIGHT HUNDRED NINETY-NINE AND 00/100 DOLLARS (\$30,899.00), per year.

LEASE YEAR FOUR - The sum of TWO THOUSAND FIVE HUNDRED AND SEVENTY-FOUR AND 92/100 DOLLARS (\$2,574.92), per month in equal monthly installments. A total of THIRTY THOUSAND EIGHT HUNDRED NINETY-NINE AND 00/100 DOLLARS (\$30,899.00), per year.

BALANCE OF TERM – The sum of (\$2,574.92) TWO THOUSAND FIVE HUNDRED AND SEVENTY-FOUR AND 92/100 DOLLARS, per month in equal installments from June 1, 2014 through October 16, 2014, an additional four and one-half months, a total of ELEVEN THOUSAND FIVE HUNDRED AND EIGHTY-SEVEN AND 14/100 DOLLARS, (\$11,587.14). The rent for the first and last month of the term shall be at a pro-rata basis, if the term hereof shall commence on a day of the month other than the first date thereof. Rent will be payable at the place designated in this Lease for service of notice upon the Lessor, or at such place as Lessor may hereafter designate in writing.

5 (a). **C.A.M. Charges:** Lessee shall pay its pro-rata share of common area maintenance expenses estimated at ONE THOUSAND ONE HUNDRED SIXTY-SIX AND 00/100 DOLLARS (\$1,166.00), per lease year, payable in advance monthly installments of NINETY-SEVEN AND 14/100 DOLLARS (\$97.14) per month. Said C.A.M. charges payment shall commence on June 1, 2010, and be payable through the end of the term October 16, 2010.

5(b). **Definition of C.A.M. Charges:** Common area maintenance to include snow removal, lawn care, landscape care, security system monitoring charges, cleaning in common areas, refuse removal, and other related expenses.

6. **UTILITIES:** Lessee shall pay, as and when the same become due and payable, all charges for electric, gas, heat, hot water, telephone, and any other utility supplied to or used or consumed by Lessee, except for all water and sewer rents and charges which shall be paid by Lessor.

7. **TAXES:** Lessee shall pay its pro-rata share of all real estate taxes assessed on these additional Leased Premises at 6570 Seville Drive, First Floor, Canfield, Ohio approximately 2,332 additional square feet in the amount of THREE THOUSAND TWO HUNDRED FORTY-ONE AND 48/100 DOLLARS (\$3,241.48) per year, payable in advance monthly installments of TWO HUNDRED SEVENTY AND 12/100 DOLLARS (\$270.12) per month, as and for said real estate taxes. Pro-rata share of real estate tax payments shall commence on June 1, 2010, and extend through the end of the Lease term, October 16, 2014.

8. **FURNITURE:** Included in this Lease is the rental of existing office furniture, including cubicles, located within said Leased Premises. Lessee shall have the use of said furniture during the term of this lease. Lessee shall maintain said furniture in a reasonable condition subject to normal wear. Lessee agrees that any part of said furniture that it does not have a use for shall be returned to the Lessor. Lessee will inventory furniture within thirty (30) days of signing Lease, and provide copy of said inventory to Lessor within sixty (60) days of the signing of this lease.

9. **COMPLIANCE WITH LAWS AND ORDINANCES:** Lessee shall comply with all federal, state, county, township, and city laws and ordinances, and all rules and regulations of any duly constituted authority, affecting or respecting the Leased Premises, or the use of same, including the business at any time transacted thereon by Lessee. Lessee shall be solely responsible for compliance with any and all laws, regulations, and ordinances, both present and future, including, but not limited to, those dealing with health, sanitation and signs, with respect to the premises. Notwithstanding the foregoing, Lessor shall be responsible for compliance with all laws, regulations, etc. with respect to those duties imposed upon it by virtue of this Lease or otherwise.

10. **MAINTENANCE:** Lessee, at its expense, shall keep and maintain in good order and repair the interior of the Leased Premises including all heating, cooling, plumbing, air conditioning, and electrical equipment and will make any required repairs and maintain same. Lessee will pay the cost of maintenance and repair of the aforementioned heating, cooling, plumbing, electrical equipment, and air conditioning units.

Lessor will maintain and repair the exterior of the building including the parking and other common areas. Lessor shall keep and maintain said parking lot and common areas free of dirt, rubbish, snow, and ice. This provision does not create any benefit for any third party, and does not create any right not provided by existing Ohio law.

If, during the term of this Lease, it shall become necessary for the heating units, air conditioning units, or hot water tanks to be replaced, then Lessor shall be responsible for cost of said replacement. Lessee shall be responsible for all maintenance and repair costs of said furnaces, air conditioning units, and hot water tanks.

11. **INDEMNITY:** Lessee shall defend, indemnify, save and hold Lessor harmless from any claim, action, cause of action, loss, damage, liability, cost and expense arising out of any failure of Lessee, in any respect, to comply with and perform any of the requirements and provisions of this Lease, or arising out of any use, non-use, possession, occupation, operation, maintenance, or management of the Leased Premises by Lessee, or arising out of any work or thing required by Lessee to be done in, on, or about the premises, or arising out of any negligence, or intentional or willful misconduct of Lessee, its agents, employees, independent contractors or invitees, in, or about the lease premises, and this obligation shall survive the expiration of this Lease or any earlier termination.

12. **LIABILITY INSURANCE:** Lessee, at all times during the term of this Lease, or any renewal or extension hereof, and at its sole expense, shall procure, maintain and keep in force general public liability insurance for claims for personal injury, death, or property damage, occurring in, on or about the premises, with limits of not less than One Million Dollars (\$1,000,000.00) in respect to death or injury of a single person or in respect to any one accident, and not less than Five Hundred Thousand Dollars (\$500,000.00) in respect to property damage, insuring lessee's liability, in any, as provided in paragraph 12.

Lessor, at all times during the terms of this Lease, shall procure, maintain, and keep in force general public liability insurance policy for claims of personal injury and wrongful death occurring in the parking lot and common areas of the Leased Premises in an amount no less than One Million Dollars (\$1,000,000.00).

13. **FIRE AND CASUALTY INSURANCE:** Lessor agrees to keep in force, at its expense, during the term of this Lease a policy, of fire, and vandalism insurance to cover damage to the building containing the Leased Premises in an amount no less than One Million Dollars (\$1,000,000.00).

14. **FIRE OR OTHER CASUALTY:** If the premises shall be rendered untenable by fire or other casualty, and such damage or destruction cannot reasonably be repaired or replaced within one hundred fifty (150) working days from such fire or other casualty so that the premises are susceptible to the same use as that which was in effect immediately prior to such fire or other casualty at a cost not to exceed the insurance proceeds received by Lessor for such fire or other casualty, then this Lease shall terminate upon the surrender thereof to Lessor. If such restoration or repairs can be made within such one hundred fifty (150) working days, then this Lease shall continue in full force and effect and Lessor will make the necessary alterations and repairs to the premises with all reasonable speed, provided, however, in no event shall Lessor be required to expend a sum in excess of the amount of insurance proceeds received by reason of such fire or other casualty. Lessee shall be entitled to a proportionate abatement of rent hereunder during any period of total or partial untenable.

15. **LESSEE'S FIXTURES AND OTHER PERSONAL PROPERTY:** Any and all furnishings and other personal property of Lessee in or on the Leased Premises shall be at the sole risk of Lessee, and Lessee shall be responsible for the prompt replacement of any and all such furnishings and personal property which may be damaged or destroyed by any case whatsoever.

16. **WAIVER OF SUBROGATION:** Any insurance policy carried by either party insuring all or any part of the premises, including improvements and alterations thereto and Lessee's furnishings and equipment therein, shall be written in a manner to provide that the insurance company waives all right of recovery by way of subrogation against Lessor or Lessee, as the case may be, in connection with any loss or damage to the premises, property or business caused by any of the perils covered by fire and extended coverage, building and contents, and business interruption insurance, or for which either party may be reimbursed as a result of insurance coverage affecting any loss suffered by it, provided, however, that the foregoing waivers shall apply only to the extent of any recovery made by the parties under any policy of insurance now or hereafter issued. So long as the policies involved can be so written and maintained in effect, neither party shall be liable to the other for any such loss or damage as aforesaid.

17. **ALTERATIONS OR REMODELING:** Lessee, at its expense, may remodel, build-out, and make any alterations and improvements not requiring structural changes, it deems necessary or desirable, provided it complies with all applicable laws, regulations and building codes with respect thereto, with prior written notice to and consent of Lessor, such consent not to be unreasonably withheld. Lessee will indemnify and save and hold Lessor harmless from any and all mechanic's liens that may be filed against the Leased Premises by reason thereof. Lessee shall have the right to contest the validity of any such lien or claim filed or asserted against the Leased Premises, if Lessee shall first give Lessor assurance, by posting a bond. Then upon final determination of the validity of such lien or claim, lessee will forthwith pay any final judgment rendered against it and will have such lien released without cost to Lessor.

17 (a) **LESSOR IMPROVEMENTS:** Lessor agrees upon signing of this lease, that it will perform the following listed improvements:

1. Build at its own expense and cost a wall and through door between the 6570 Seville Drive, First Floor, space and the 6550 Seville Drive, space currently occupied by FiNet, Inc.

2. Have all of the windows in the Leased space including the First and Top Floor of 6570 Seville Drive, washed and cleaned within two months of the signing of this Lease and Lease Extension.

3. Re-stripe the entire parking lot, both the front and back parking lot, of 6570 Seville Drive and include a handicap parking space, where designated by Lessee, in the rear parking lot. Said re-striping shall be completed within three months of the signing of this Lease and Lease Extension.

4. Perform the HVAC work required on the downstairs portion of 6570 Seville Drive pursuant to an estimate received by the parties from W&W Heating and Cooling within one month of the signing of the Lease and Lease Extension.

5. Painting of 6570 Seville Drive, within one year of the signing of the new Lease and Lease Extension, landlord shall paint the exterior of 6570 Seville Drive, premises either gray or some other mutually agreed upon color.

18. **SIGNS:** Lessee shall have the right to install a sign on the freestanding pylon sign base, with the written consent of Lessor, which shall not be unreasonably withheld, providing such sign conforms to governmental requirements and regulations and are consistent with the overall signage criteria of the Lessor. Cost of installation or modification of said sign to be borne by Lessee. Lessee shall have the right to utilize the entire sign base at 6570 Seville Drive.

19. **SUBORDINATION:** Lessee shall, upon notice from Lessor, subordinate this Lease to the lien of any first mortgage upon the premises, provided that the holder of any such mortgage shall enter into a recordable agreement with Lessee specifying that in the event of foreclosure or other action taken under the mortgage by said holder, this Lease and the rights of Lessee hereunder shall not be disturbed, but shall continue in full force and effect so long as Lessee shall not be in default hereunder; and, that said holder shall permit insurance or condemnation proceeds to be used for any restoration, replacement or repair of the premises as required by the provisions of this lease. Lessee shall have the right to require Lessor to obtain such an agreement from the holder of the present mortgages upon the premises.

20. **ESTOPPEL CERTIFICATES:** Each party agrees, upon the request of the other, to execute and deliver to the requesting party a written statement certifying that this Lease is unmodified and in full force and effect, or, if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications, the dates to which all rents and charges hereunder have been paid in advance, if any, and, that there are then existing no setoffs or defenses against the enforcement of the agreements of this lease on the part of the requesting party to be performed, or, if any, specifying same.

21. **CONDEMNATION:** If in any condemnation proceedings or proposal it is agreed or ordered that the Leased Premises or any part thereof, or rights of way adjoining or approaches to the Leased Premises, or any part thereof, be condemned, closed, or taken for public use and such condemnation causes material interference with the conduct of Lessee's business, then and in that event upon the closing or the taking of same for such public use this Lease shall, at the option of the Lessee, upon Lessee's giving written notice thereof to Lessor within ninety (90) days after said

closing or taking, terminate as of the date stated in said notice, anything herein contained to the contrary notwithstanding. Whether or not this Lease is terminated, however, the Lessee shall share in the condemnation award to the extent that the award includes compensation for Lessee's leasehold interest and for Lessee's moving and relocation expense, if any. The Lessee shall have the burden of proving "material interference with the conduct of Lessee's business". Nothing herein contained shall preclude Lessee from intervening from Lessee's own interest in any proceeding for such condemnation, closing or taking, or for negotiations associated therewith, to claim or receive compensation to which Lessee may be lawfully entitled in such proceedings. If such proceedings result in the taking of any part of the premises, including, without limitation, any part of the parking areas or any access to public streets, but not a sufficient part thereof to cause material interference with the conduct of Lessee's business, then an equitable apportionment of the rent shall be made and such new rent based on this apportionment shall be paid for the balance of the term of this Lease and any renewal term, subject to the increase provided for in paragraph 2. Lessor shall, at its own expense, make all necessary repairs, alterations and reconstruction to the remaining portion of the premises so the premises are in substantially the same condition as before such taking, and are in good and sufficient condition for Lessee's use provided that the cost shall not exceed the net proceeds of any award received and retained by Lessor.

22. DEFAULT BY LESSEE: In the event Lessee should fail to pay any of the monthly installments of rent hereunder or if Lessee shall fail to keep or shall violate any other condition, stipulation or agreement herein contained on the part of Lessee to be kept and performed, and if such failure or violation shall have continued for a period of fifteen (15) days after notice from Lessor as to nonpayment of rent or thirty (30) days after notice from Lessor as to any other violation, then, in any such event, Lessor, at its option, may:

(a) terminate this Lease; and should Lessor be unable to relet the premises after reasonable efforts to do so, or should said monthly rent be less than the rental Lessee was obligated to pay under the lease, Lessee shall pay said amount of the deficiency to the Lessor, or pay the full balance on the lease should said premises not be relet during the term of the lease.

(b) re-enter the premises by summary proceedings or otherwise expel Lessee and remove all of Lessee's property therefrom and relet the premises at the best rent obtainable making reasonable efforts therefore and receive the rent therefrom; but Lessee shall remain liable for any deficiency between Lessee's rent hereunder and the rent obtained by Lessor on reletting; or

(c) if the default is non-monetary in nature, cure such default for the account of Lessee, and any amount paid or any contractual liability incurred by Lessor in so doing shall be deemed paid or incurred for the account of Lessee, and Lessee agrees to promptly therefore reimburse Lessor and save Lessor harmless therefrom. A default, except as to payment of rent, shall be deemed cured if Lessee in good faith commences performance necessary to cure the same within thirty (30) days after receipt of such notice and continuously and with reasonable diligence proceeds to complete the performance required to cure such default.

Lessor's rights and remedies hereunder shall be in addition to all other rights and remedies now or hereafter available to Lessor. By signing this Lease the Lessee waives its right to a jury trial in any action for past due rent, eviction or damages related thereto. Lessee shall be liable for the full balance owing under the lease if the lease is terminated for non-payment, less any amounts received from any new or subsequent tenant under the terms of the lease.

Lessor does not need to wait until the expiration of the lease term before pursuing remedies and damages.

23. **NO WAIVER:** Any demand for rent, made after the same shall fall due, shall have the same effect in law as if made on the date and the time same was due, any law to the contrary notwithstanding; and the failure of Lessor to give any notice or to enforce any right or remedy upon any default of Lessee in the performance of any of Lessee's obligations hereunder shall not be deemed a waiver of such rights or remedies by reason of such default, nor shall it prejudice nor affect any rights or remedies of Lessor with reference to any subsequent default or breach by Lessee. Further, if at any time Lessor should expressly waive any right or remedy upon any default of Lessee in the performance of Lessee's obligations hereunder, such waiver shall not be deemed a waiver of subsequent default or breach by Lessee.

24. **ASSIGNMENT AND SUBLETTING:** Lessee may not assign or sublet this Lease without the written consent of Lessor, which consent may not be unreasonably withheld or delayed. Notwithstanding the foregoing, Lessee may assign and/or sublet this Lease to a third party which is affiliated with Lessee by reason of an element of common ownership or control, or (if such third party is an individual) if such person has an equity interest in Lessee or Lessee's affiliates.

25. **ACCESS BY LESSOR:** Lessor, and any agents, employees, officers and independent contractors of Lessor, shall have access to the Leased Premises at all reasonable times, for the purposes of inspecting and examining the same or for exhibiting the same to prospective tenants or purchasers, and, if Lessee shall be in default hereunder, or if an emergency shall exist, making such repairs as it deems necessary for the protection or preservation of the premises.

26. **CONVEYANCE BY LESSOR:** If Lessor shall convey title to the Leased Premises pursuant to a sale or exchange of property, the Lessor shall not be liable to Lessee or any immediate or remote assignee or successor of Lessee as to any act or omission from and after such conveyance.

27. **HOLDING OVER:** If Lessee shall hold over or otherwise remain in possession of the premises after the expiration of the term or any renewal thereof, then Lessee shall be deemed a tenant of the premises from month to month, notwithstanding any law to the contrary, subject to all of the terms and provisions hereof, except only as to the term which shall have terminated.

28. **LEGAL INTERPRETATION:** This Lease shall be construed in accordance with the applicable laws of the State of Ohio. In interpreting this Lease, there shall be no inference, by operation of law or otherwise, that any provision of this lease shall be construed against either party. In the event any provision of this Lease conflicts with any applicable law, such conflict shall not affect other provisions of this Lease which can be given effect without such conflicting provision. If any provision of this Lease shall be subject to two constructions, one of which would render such provision invalid, then such provision shall be given that construction which would render such provision valid. If any provision of this Lease shall be subject to two constructions, one of which would render such provision invalid, then such provision shall be given that construction which would render it valid. The paragraph numbers and captions are inserted only as a matter of convenience and in no way define or limit the scope or intent of such paragraphs of this Lease.

29. **FORCE MAJEURE:** If either party shall be delayed or prevented from the performance of any act required by this Lease by reason of strikes, utility failures, restrictive laws, labor disputes, riots, acts of God or other similar reasons not the fault of the nonperforming party,

then the performance time for such act shall be extended for a period equivalent to the period of such delay.

30. **NOTICE:** Any and all notices, demands or communications required to be given hereunder shall be in writing and sent by certified mail.

- a. If intended for Lessor, to: Colbur Tech, LLC, 167 Colonial Drive, Canfield, Ohio 44406.
- b. If intended for Lessee, to: Jerry Rice, Chief Financial Officer, Notify Technology Corporation, 1054 South De Anza Boulevard, Suite 202, San Jose, California 95129, or to such other place as either Lessor or Lessee may hereafter designate in writing and give notice thereof to the other as herein prescribed. Any such notice shall be deemed to have been given as of the time same is deposited in the United States mail.

31. **QUIET ENJOYMENT:** Lessor warrants that it has lawful title to execute this Lease and that there are no covenants, restrictions, easements, reservations, zoning ordinances or any other encumbrances affecting the Leased Premises that may be adverse to the operation of Lessee's business therein or in any way restricting Lessee's intended use of the leased premises, or limiting vehicle and pedestrian access and egress between the premises and the public ways adjacent thereto, and Lessor agrees that if Lessee shall perform all of the Lessee's agreements herein specified, Lessee shall have the peaceable and quiet enjoyment and possession of the leased premises and other rights herein granted to Lessee without any manner or hindrance from Lessor or any parties claiming by or through Lessor.

32. **OPTION TO PURCHASE:** Lessee shall have an option to purchase said premises, including both 6550 Seville Drive, Canfield, Ohio and 6570 Seville Drive, Canfield, Ohio, during the term of this lease, four years, for the sum of TWO MILLION FOUR HUNDRED THOUSAND DOLLARS AND 00/100 (\$2,400,000.00). Should Lessee elect to exercise its option to purchase, Lessee shall give Lessor thirty days written notice of its intention to purchase the premises, and any purchase shall be subject to existing leases, taxes or other encumbrances on the premises.

In addition, Lessee shall have the right of first refusal to purchase said premises. Lessor shall give Lessee fifteen days written notice of its intention to sell the premises, thereafter Lessee shall have ten days to exercise its right to purchase at the aforementioned amount.

LEASE EXTENSIONS FOR PREVIOUSLY SIGNED LEASES BETWEEN THE PARTIES: *(The 2008 Lease agreement for 6570 Seville Drive, Canfield, Ohio, upper floor, one-half of first floor (See attached "Exhibit B"), and 2009 Lease amendment adding an additional 300 square feet (See attached "Exhibit C").*

The parties hereto agree in consideration of the foregoing, to extend the October 16, 2008 (See attached "Exhibit B") Lease agreement plus the 2009 Lease amendment (See attached "Exhibit C") adding an additional 300 square feet for an additional two years, beyond the expiration date previously agreed to, October 15, 2012, so that the new expiration date for the 2008 Lease plus the 2009 Lease amendment and the space Leased herein shall be October 16, 2014, all other terms of said Lease remain the same.

33. **ENTIRE AGREEMENT:** This Lease and any incorporated attachments

contains all the agreements between the parties and cannot be modified in any manner except by written amendment executed by the parties.

34. **LEASE MEMORANDUM:** The parties agree to execute a memorandum of this Lease in recordable form including the term commencement and expiration dates, and any other provisions required, but not including any of the rental provisions or other charges to be paid by Lessee under this Lease. This Lease shall not be recorded, but said memorandum shall be recorded by Lessor.

35. **SUCCESSORS AND ASSIGNS:** All warranties, covenants and agreements herein shall inure to the benefit of and be binding upon the successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease effective as of the 15th day of June, 2010, each acknowledging receipt of an executed copy hereof.

In the presence of:

Max
 Witness

[Signature]
 Witness

LESSOR:
 COLBUR TECH, LLC
 BY: [Signature]
 Sam Boak, President, Member

LESSEE:
 NOTIFY TECHNOLOGY CORPORATION
 BY: [Signature]
 Gerald Rice, Chief Financial Officer

 Witness

 Witness

STATE OF OHIO, COUNTY OF MAHONING, SS:

Before me, a notary public in and for said county and state, personally appeared the above named COLBUR TECH, LLC., by SAM BOAK, President, as Lessor in the foregoing Lease Agreement who acknowledged that he did sign the foregoing instrument and that the same is his free act and deed individually and on behalf of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Co. Ohio, this 15th day of June, 2010.

[Signature]
 Notary Public
 TIMOTHY J. RUDGE, Attorney at Law
 Notary Public — State of Ohio
 My Commission Has No Expiration Date
 Section 147.03 O.R.C.

STATE OF CALIFORNIA, COUNTY OF SANTA CLARA, SS:

Before me, a notary public in and for said county and state, personally appeared the above named NOTIFY TECHNOLOGY CORPORATION by GERALD RICE, Chief Financial Officer, as Lessee in the foregoing Lease Agreement who acknowledged that he did sign the foregoing instrument and that the same is his free act and deed individually and on behalf of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at SAN JOSE, this 8th day of JUNE, 2010.



[Signature]
 Notary Public

Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Paul F. DePond, certify that:

1. I have reviewed this annual report on Form 10-K of Notify Technology Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the

effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2010

/s/ Paul F. DePond

Paul F. DePond

President and Chief Executive Officer

EXHIBIT 31.2

**Certification of Chief Financial Officer pursuant to Section 302
of the Sarbanes-Oxley Act of 2002**

I, Gerald W. Rice, certify that:

1. I have reviewed this annual report on Form 10-K of Notify Technology Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2010

/s/ Gerald W. Rice

Gerald W. Rice

Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul DePond, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge, the Annual Report of Notify Technology Corporation on Form 10-K for the fiscal year ended September 30, 2010 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Notify Technology Corporation.

By: /s/ Paul F. DePond

Name: Paul F. DePond
Title: Chief Executive Officer
(Principal Executive Officer)

Date: December 15, 2010

I, Gerald W. Rice, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge, the Annual Report of Notify Technology Corporation on Form 10-K for the fiscal year ended September 30, 2010 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Notify Technology Corporation.

By: /s/ Gerald W. Rice
Name: Gerald W. Rice
Title: Chief Financial Officer
(Principal Financial Officer)

Date: December 15, 2010

A signed original of this written statement required by Section 906 has been provided to Notify Technology Corporation and will be retained by Notify Technology Corporation and furnished to the Securities and Exchange Commission or its staff upon request.
