

ASX ANNOUNCEMENT

6 July 2010

PROFIT GUIDANCE
Solco on track for record profit of \$3.15 million

Solco Limited (ASX: SOO) is pleased to provide profit guidance for the 2010 financial year, with the Company expecting to report a profit before tax of \$3.15 million for the 12 months to 30 June 2010.

The result, which is subject to finalisation and audit, would represent a 76% increase on the previous financial year.

Group turnover for the year is expected to be \$34.5 million, a 24% increase on the previous corresponding period.

Solco's stronger trading performance in FY10 occurred on the back on increased demand for the company's solar energy products, which it wholesales and distributes nationally.

The result also demonstrates Solco's ability to maintain a robust growth path while preserving its strong operating margins.

It also represents the second consecutive year of profit growth since the finalisation of the restructure of Solco's board and senior management team in 2008.

Solco has achieved the FY2010 earnings growth despite facing significant challenges during the year, including downward pressure on product prices, exchange rate fluctuations and stock shortages.

Solco's stock management, tight control over overheads and foreign exchange risk management minimised the effect on profit margins.

Outlook for FY2011

The solar renewable market in Australian has grown markedly in the past 3 years, supported by government incentives, rapidly falling product prices, rising energy costs, and community awareness. Solco expects this situation to continue in FY2011. However, until grid parity is reached, which puts solar on an equal cost footing to conventional energy, unforeseen changes in government policies may have a dampening effect on the market.

David Richardson, Chairman said "I'm extremely pleased with Solco's continued ability to deliver profitable growth within its core business. This places the team at Solco in a solid position to drive our next stage of strategic expansion within the expanding renewable energy market."

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