18 February 2011

SOLCO CONTINUES TO DELIVER STRONG REVENUE AND UNDERLYING EBIT GROWTH

Wholesale solar import and supply company, Solco Limited (ASX: SOO) today announces strong revenue and underlying EBIT growth for the half year ended 31 December 2010, delivering underlying EBIT of $2.34 million and record revenue of $25.3 million, compared to the corresponding period last year.

Financial highlights:

- Revenue up 71% to $25.38 million
- Underlying EBIT[1] up 49% to $2.34 million
- Dividend per share up 50% to 0.375 cents
- EBIT down 14% to $1.33 million

Primary revenue growth was driven by product demand due to the increased installation of domestic solar photovoltaic (PV) systems across Australia.

Underlying EBIT remains strong as a result of this increased demand. However, due to unrealised foreign currency impacts on contracts that remain unsettled at the end of the period, EBIT was down by 14% to $1.33M. When adjusted for this, EBIT was up 49% to $2.34M, showing strong year on year underlying growth.

Solco's Executive Chairman Mr David Richardson said he was pleased the Company had continued to increase sales volume and top line growth despite a reduction in solar panel pricing, lowering government subsidies and a continued strong Australian dollar.

"The Company has sustained its revenue and underlying EBIT growth over the half year by successfully capitalising on the increased domestic demand for solar photovoltaic PV systems," said Mr Richardson.

"We are continuing to cement our position as a leading wholesale supplier and importer of solar panels by building upon our national sales capabilities, solidifying our supplier arrangements and agreement, continuously extending our product range and improving our delivery mechanisms.

"While we are concerned that foreign currency issues are placing pressure on our reported EBIT, our risk management framework minimises our exposure to movements in foreign currency rates and we are encouraged by the growth of the underlying EBIT."

[1] Underlying EBIT adjusts EBIT for the effects of unrealised losses totalling $1.01m (2009 – nil) on foreign exchange contracts under AASB 139.

Outlook

Solco plans to utilise its continued revenue and underlying EBIT growth for further business expansion and organic growth.

Solco believes that cost parity for solar PV energy production is approaching. Current expectations show that the solar PV market should achieve 300 megawatts for calendar year 2011, as compared with an estimated 200 megawatts in 2010.

Product price reductions and increasing energy costs, allied with continuing government and community support of the solar sector, is expected to drive increasing demand over the next period.

Solco has created sales, supply and delivery structures to capitalise on expected demand growth, and will expand this further in 2011. Solco's national sales and marketing strategy, combined with broadening product offering, aims to maintain the Company's revenue growth and market share despite continuously falling product prices.

For further information, please contact
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FD
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Appendix 4D

Half yearly report

Name of entity

Solco Ltd

ABN or equivalent company reference	Half year ended ('current period')
27 084 656 691	31 December 2010

For announcement to the market

Extracts from this report for announcement to the market.

				$A'000
Revenue	Up	71%	to	25,387
Profit for period ordinary after income tax expense	Down	41%	to	925
Net profit for the period attributable to members of the parent entity	Down	41%	to	925

Dividends	Amount per security	Franked amount per security
Interim dividend	Nil	NA
Previous corresponding period	Nil	NA

+Record date for determining entitlements to the dividend	N/A

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	5.81 cents per share	4.09 cents per share

CORPORATE DIRECTORY

Board of Directors:

David Richardson - (Non-Executive Chairman)
Mark Norman - (Executive Director and Chief Executive Officer)
Ian Campbell - (Non-Executive Director)

Company Secretary

Mr Darren Crawte

Registered and Corporate Office

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Belmont
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Email: info@solco.com.au
Website: www.solco.com.au

Auditors

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Tel: (08) 9227 7500
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Solicitors

Solomon Brothers
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2 The Esplanade
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Western Australia 6000
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Share Registry

Computershare Investor Services Pty Limited
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Reserve Bank Building
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Solco Limited

ACN 084 656 691

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

DIRECTORS' REPORT

The directors of Solco Limited submit herewith the financial report of the consolidated entity for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Mr David Richardson	Chairman
Mr Mark Norman	Managing Director / Chief Executive Officer
Mr Ian Campbell	Non-Executive Director

Review of Operations

Solco's performance over the first half of fiscal year 2011

During the first half of the financial year, Solco grew its revenue to $25.3 million, a 71% increase on the same period of last financial year. Underlying EBIT increased to $2.34 million, up 49% from the corresponding period last year. NPAT was down 40% to $925,000 due to a higher effective tax rate.

Key financial performance indicator outcomes for its operations for the 6 months to 31 December 2009, with comparative performance for the two prior periods are set out in the table below.

Key Performance Indicator	Relevant 6 month period ($'000)		
	01/07/10 to 31/12/10 (Reviewed)	01/01/10 to 30/06/10 (Unaudited)	01/07/09 to 31/12/09 (Reviewed)
Revenue	25,387	20,029	14,834
Underlying EBIT[1]	2,349	3,236	1,576
EBIT	1,336	3,236	1,576
NPAT	925	4,796	1,558
Earnings per Share	0.46 cents	2.40 cents	0.78 cents
Dividends per Share	0.375 cents	0 cents	0.25 cents

Primary revenue growth was driven by product demand due to the increased installation of mainly domestic solar photovoltaic (PV) systems across Australia. Current expectations are that the solar PV market should achieve 300 megawatts for calendar year 2011, as compared with an estimated 200 megawatts in 2010.

A significant reduction to NSW Feed in Tariffs (FITs) implemented in October 2010 coupled with reduced REC prices in December saw demand soften in December. Demand has since rebounded in late January 2011 with strong shipments, particularly in NSW ahead of concerns over further reductions to the existing $0.20 FIT. Solar panel price reductions continue to place downward pressure on Solco's total revenue, however our volume increases have generated top line growth and at the same time, margins have been retained. We anticipate that existing margins will be under duress during calendar 2011 with a continued high AUD driving deep discounting in the market. After declines in prior periods due to the cancellation of some government support programs and rural sector downturns, Solco's solar water pumping sales have rebounded due to increased rural demand and improved system affordability.

Solco has continued to build on its National sales structure with the establishment of an office/warehouse facility in Melbourne. New products, solidifying our supplier arrangements and agreements and improved delivery mechanisms were implemented to provide for a rapidly expanding market and to counter increased competition from both overseas and new domestic entrants. Strong relationships with our supply base, including several key

[1] Underlying EBIT is calculated by adjusting EBIT for the effects of unrealised gains or losses totalling $1,013,000 (2009: nil) , which are incurred by the Group through market foreign currency forward contracts that remain unsettled at the end of the period. These adjustments reflect gains or losses that would arise if those contracts were settled on 31 December 2010, notwithstanding the fact that the due date for settlement of those contracts extend over a significant period post period end during which the exchange rate may fluctuate both up and down. The realised gain or loss is only recognised when the contract matures which may be at a different rate to that at the period end. The Group enters into such contracts as part of its risk management framework to minimise exposure to movements in foreign currency rates in a market where margins are facing increasing pressure despite the current strength of the Australian dollar.

exclusive supply arrangements, ensure continued access to product and protect Solco against domestic and international solar market fluctuations due to their rapidly changing regional programs and demand.

Solco's Project Division successfully tendered two commercial projects during the 6 months to December 2010. These projects include solar trackers, roof top arrays, wireless data transmission and SolcoShare® visual display systems. In addition, partnering arrangements have been established with a national installer and included in Expressions of Interest submitted for major projects in NSW and Queensland.

Solco's financial position

Resources were applied to increased inventory during the first half to service a growing customer order base reducing lead times and facilitating continued growth. Sound cashflow management throughout this period resulted in a cash position at the half year of $2.42 million.

Outlook for the second half of fiscal year 2011

Product price reductions and increasing energy costs, allied with continuing government and community support of the solar sector, should drive increasing demand over the next period. Solco has implemented the sales, supply and delivery structures to accommodate this, which we will expand further in 2011. Even as the product price continues to fall, our national sales and marketing strategy combined with broadening product offerings, is aimed at maintaining revenue growth and market share.

Positive changes to the Federal REC program introduced in January is aimed at providing stability in this cost offset element, and should provide a greater level of financial certainty for installers in terms of revenue generated by REC's.

Existing FIT regimes have created a "critical mass" of demand and basic consumer awareness of the benefits of Solar power, especially as evidenced by the demand for larger systems (5-10kW), in NSW and the ACT. Solco has in place a product and solutions strategy to service key market segments and capitalise on demand peaks ahead of future adjustments to FIT's and REC multipliers..

During the first half, Solco released several new product families from both new suppliers, such as Solar Edge, Motech and Bosch, and our current supply base. This will continue with further product offerings in 2011 targeted to support the evolving Australian market with larger-wattage, higher-efficiency lower-cost PV panels and inverters and reduced cost balance-of-system components.

The Pumping division reached a significant exclusive supply agreement with Lorentz Pumps. Solco will leverage its existing National infrastructure to launch this product in the market and anticipate that this will deliver an initial improvement in Pumping Division sales and earnings contribution in the second half of Financial Year 2011. Solco's Project Division will continue to be active on several fronts, including the establishment of in-depth financial modelling for project evaluation, international joint venture partnering for larger scale projects, development of independent power projects and extensive tendering activities. The additional resources to support these activities have been identified and are being sought in the short term.

Forward looking strategies

Solco's improved financial position and restructured operations has created a platform for further business expansion. We are currently investigating broadening our operations within the renewables industry. We will investigate both expanding our current wholesale business across the value chain and entering new renewable market segments. As such, we have developed a strategic analysis process and will allocate and employ the resources to assess the opportunities as they arise. We are currently assessing several opportunities which have presented themselves in the supply and sales side of the wholesale.

With the cost of carbon-based fuels rising, and the cost of photovoltaics decreasing we are moving quickly towards price parity. As parity draws closer, Solco is intent on consolidating its position as a major market participant to be able to take full advantage of the extensive opportunities this presents. On behalf of the Board, we applaud the contribution of the valued and experienced team at Solco and thank them for efforts which are key in delivering our improving results. The Board of Solco remains committed to applying its energies to drive shareholder value.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

David Richardson
Chairman
17 February 2011

Mark Norman
CEO and Managing Director

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Solco Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
17 February 2011

M R W OHM
Partner, HLB Mann Judd

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HLB Mann Judd
Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Solco Limited

Report on the Condensed Half-Year Financial Report

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Solco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Accountants | Business and Financial Advisers

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Solco Limited is not in accordance with the *Corporations Act 2001* including:

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

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

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
17 February 2011

M R W OHM
Partner

DIRECTORS' DECLARATION

In the opinion of the directors of Solco Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
   a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Mark Norman
Managing Director

17 February 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		Consolidated	
		Half year ended 31 December 2010	Half year ended 31 December 2009
	Notes	$	$
Revenue	2	25,387,371	14,833,729
Cost of sales		(20,268,227)	(11,488,525)
Gross profit		5,119,144	3,345,204
Employee benefits expense		(1,818,884)	(1,155,509)
Depreciation and amortisation expense		(17,990)	(21,270)
Finance costs		(82,537)	(18,612)
Net fair value loss on forward currency contracts		(1,013,408)	-
Research and development		(78)	(2,188)
Advertising expenses		(71,932)	(93,485)
Company overheads		(812,107)	(481,910)
Other expenses		(47,769)	(14,245)
Profit before income tax		**1,254,439**	**1,557,985**
Income tax expense		(329,160)	-
Profit after tax from continuing operations		**925,279**	**1,557,985**
Other comprehensive income			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**925,279**	**1,557,985**
Basic and diluted earnings per share (cents per share)		0.46	0.78
Dividends per share (cents per share)		0.38	0.25
The accompanying notes form part of these financial statements.			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

		Consolidated	
		31 December 2010	30 June 2010
	Notes	$	$
Assets			
Current assets			
Cash and cash equivalents		2,418,610	6,064,576
Trade and other receivables		2,651,522	4,245,238
Inventories		10,629,340	4,430,723
Other financial assets		2,980,234	1,029,080
Total current assets		**18,679,706**	**15,769,617**
Non-current assets			
Property, plant and equipment		108,823	90,031
Intangible assets		754,761	754,761
Other financial assets		57,510	30,010
Deferred tax assets		1,758,773	1,510,207
Total non-current assets		**2,679,867**	**2,385,009**
Total assets		**21,359,573**	**18,154,626**
Liabilities			
Current liabilities			
Trade and other payables		6,842,524	5,500,409
Derivative finanical instruments	3	1,013,408	-
Current tax liabilities		579,332	-
Provisions		246,194	376,538
Total current liabilities		**8,681,458**	**5,876,947**
Non-current liabilities			
Provisions		329,824	104,509
Total non-current liabilities		**329,824**	**104,509**
Total liabilities		**9,011,282**	**5,981,456**
Net assets		**12,348,291**	**12,173,170**
Equity			
Issued capital		19,816,650	19,818,256
Reserves		-	22,650
Accumulated losses		(7,468,359)	(7,667,736)
Total equity		**12,348,291**	**12,173,170**
The accompanying notes form part of these financial statements.			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2010

		Consolidated			
		Fully paid ordinary shares	Share based payment reserve	Accumulated losses	Total
	Notes	$	$	$	$
Balance at 1 July 2009		19,811,832	16,127	(11,972,013)	7,855,946
Profit for the period		-	-	1,557,985	1,557,985
Total comprehensive income for the period		-	-	1,557,985	1,557,985
Dividend paid or provided for	6	-	-	(499,035)	(499,035)
Recognition of share-based payments		-	13,823	-	13,823
Lapsed options - transfer between reserves		-	(7,300)	7,300	-
Balance at 31 December 2009		**19,811,832**	**22,650**	**(10,905,763)**	**8,928,719**
Balance at 1 July 2010		19,818,256	22,650	(7,667,736)	12,173,170
Profit for the period		-	-	925,279	925,279
Total comprehensive income for the period		-	-	925,279	925,279
Dividend paid or provided for	6	-	-	(748,552)	(748,552)
Tax effect of share issue costs		(1,606)	-	-	(1,606)
Lapsed options - transfer between reserves		-	(22,650)	22,650	-
Balance at 31 December 2010		**19,816,650**	**-**	**(7,468,359)**	**12,348,291**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		Consolidated	
		Half year ended 31 December 2010	Half year ended 31 December 2009
		$	$
Cash flows from operating activities			
Receipts from customers		29,279,979	17,381,244
Payments to suppliers and employees		(32,895,492)	(15,393,483)
Finance costs		(82,537)	81,870
Interest received		88,321	(9,715)
Net cash inflow/(outflow) from operating activities		**(3,609,729)**	**2,059,916**
Cash flows from investing activities			
Payments for property, plant and equipment		(36,237)	(14,586)
Net cash outflow from investing activities		**(36,237)**	**(14,586)**
Cash flows from financing activities			
Repayment of borrowings		-	(5,716)
Dividends paid		-	(499,035)
Net cash inflow/(outflow) from financing activities		**-**	**(504,751)**
Net increase/(decrease) in cash held		(3,645,966)	1,540,579
Cash and cash equivalents at the beginning of the period		6,064,576	4,539,143
Cash and cash equivalents at the end of the period		**2,418,610**	**6,079,722**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. Accounting policies

Statement of compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134*: Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Solco Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of Preparation

The half-year report has been prepared on a historical cost basis, except for derivative financial instruments which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

Significant accounting policies

The accounting policies applied by the Group in this consolidated half-year financial report are consistent with those of the previous financial year and corresponding interim reporting period. In addition, the Group has adopted the following accounting policy during the period:

(a) Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and liabilities are classified as non-current when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months.

(i) Forward exchange contracts

The Group has entered into forward exchange contracts which are economic hedges for foreign currencies to be traded at a future date but do not satisfy the requirements for hedge accounting.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The contracts are fair valued by comparing the contracted rate to the period/ year end foreign exchange rate discounted for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. Accounting policies (continued)

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's financial report for the year ended 30 June 2010.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. Revenue

	31 December 2010	31 December 2009
	$	$
Sales revenue	25,272,007	14,486,273
Other income	115,364	347,456
Total Revenue	**25,387,371**	**14,833,729**

3. Derivative financial instruments

	31 December 2010	30 June 2010
	$	$
Current Liabilities		
Forward currency contracts	1,013,408	-

(a) Instruments used by the Group

Forward currency contracts are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign currency rates.

The Group has entered into forward currency contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3. Derivative financial instrument (continued)

	Contract Values		Average exchange rate	
	31 December 2010 $	30 June 2010 $	31 December 2010	30 June 2010
Buy US$/ sell Australian $				
Buy US$, maturity 0-12 months	10,468,519	-	0.76432	-
Buy Euro/ sell Australian $				
Buy Euro, maturity 0-12 months	2,103,906	-	1.01542	-

These contracts are fair valued by comparing the contracted rate to the market rates for contracts with the same length of maturity. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value gains/(losses) on foreign currency derivatives during the period were $1,013,408.

4. Subsequent events

No matters or circumstances have arisen since the end of the half year period which affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

5. Segment Reporting

The Company has adopted AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards* arising from AASB 8 with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital.

Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker.

The Company operates in one business segment and one geographical segment, namely the renewable energy industry in Australia. AASB 8 Operating Segments states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely Solco Solar Products Pty Ltd – Wholesale sales of Solar panels. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. Solco Limited has therefore decided to aggregate all their segments into one reportable operating segment.

The revenues and results of this segment are those of the Company as a whole and are set out in the statement of comprehensive income. The segment assets and liabilities of this segment are those of the Company and are set out in the statement of financial position.

This does not represent any changes in disclosure from the predecessor Standard AASB 114 *Segment reporting.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

6. Dividends

	31 December 2010		31 December 2009	
	Cents per share	Total $	Cents per share	Total $
Dividends provided for or paid during the half-year				
Final dividend on fully paid ordinary shares (unfranked)	**0.375**	**748,552**	**0.25**	**499,035**

On 16 November 2010 the directors of the Group declared an unfranked dividend of 0.375 cents per share to be paid to shareholders on 18 January 2011 relating to the financial year ended 30 June 2010. As this dividend was declared before the period end it has been included as a current payable in these financial statements.

7. Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.