

28 June 2011

ASX Announcement

SOLCO FORECASTS RECORD REVENUE AND PROFIT FOR FY2011

Highlights:

- Forecast record revenue of \$52 million for FY2011
- Revenue growth of more than 50 per cent on FY2010
- Forecast record pre-tax profit of nearly \$3.6 million
- Record breaking sales of products during May
- Investment in Projects and Power Divisions reflects market opportunities
- Solar system cost reductions continue to present upside in making solar power appealing to the market

Solco Limited (ASX: SOO) ("Solco" or "the Company") is pleased to provide profit guidance for the 2011 financial year. The Company expects to report a pre-tax profit of nearly \$3.6 million for the 12 months to 30 June 2011 or approximately 6.9 per cent.

The forecast revenue of approximately \$52 million represents more than 50 per cent growth from \$34.5 million in 2010. This is a result of increased demand for the Company's solar products as well as securing several exclusive distribution agreements with international manufacturers.

Executive Chairman David Richardson said that the upside in the solar industry is now becoming clear, with demand from consumers who are facing rising power prices being complemented by a strong Australian dollar and lower prices for manufactured products.

"As the price of solar panels and components continue to fall rapidly, solar power systems are becoming increasingly affordable at the same time as the cost of electricity generated by traditional means is rising steadily around the nation. This means there is potential to reach the point known as 'grid parity' faster than anticipated. As solar becomes increasingly competitive with traditional power, a sustainable market for residential and commercial photovoltaic solar systems is becoming a nearer-term reality," he said.

In January 2011, the Board appointed Executive Director Mark Norman to head the Company's Power Division and assist John Heberton, the newly appointed Executive Manager of the Projects Division. Both Divisions are working closely together to better position Solco to have a significant presence in the commercial power generation market as grid parity is attained.

"We aim to build, own and operate grid, hybrid, mini-grid and remote solar projects, capitalising on a major growth period for the solar power generation market." Mr Richardson said.

"Our investment in this area is progressing well and we are receiving considerable interest from a very wide range of organisations seeking to involve Solco in their power projects in either a development role or long-term operator,"

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In January 2011 the Company's Solar Pumps Division entered into an exclusive supply agreement with international solar pump manufacturer Lorentz. Following this agreement, the Board approved the establishment of a National Sales and Marketing team to grow the solar pumps business across a range of sectors from mining and agriculture to commercial and residential.

To reflect the strong growth outlook in its Solar Products division, Solco has also continued to invest in its national sales network with the strengthening of the management team in Queensland and Victoria.

Outlook for FY2012

Continuing growth in all areas of the solar market, combined with falling prices for components of solar systems and a continuing strong trend for the Australian dollar provide a positive outlook for the Products Division. However, the Federal Government's reduction of the multiplier under the RET scheme at 30 June 2011 may inject some uncertainty into the solar power sector at the start of the new financial year. A range of opportunities that have already been presented to the Projects and Power Division mean that the Company's investment in this area is expected to produce results during the year that will contribute to both revenue and profit.

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About Solco

Solco is one of the top three solar wholesalers in Australia with nationwide distribution networks. With a strong balance sheet and experienced Board, Solco is focused on increasing its market share of power generation projects.

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