

6 October 2011

ASX ANNOUNCEMENT

SOLCO REVENUE GUIDANCE

National solar product wholesaler Solco Limited (ASX: SOO) ("Solco" or "the Company"), today announced revenue guidance for FY2012.

As anticipated, the company has experienced substantial reductions in earnings over the last quarter following changes to Government legislation and has been monitoring the effect of this change on the outlook for Solco's wholesale business.

Following a detailed review, the Company expects that, provided there is no further deterioration in the market, revenue for FY2012 will be in the region of \$41m (FY2011 \$53.7m).

This is largely due to significantly reduced sales during the first two months of the year. Solco has subsequently seen a recovery in sales orders through September and expects this to be maintained for the remainder of the year.

The Company has taken prompt remedial action throughout this quarter to review cost structures, align them with reduced income levels and assess the likely impact on the full year results.

Over the past year, Solco has also been investing in the systems and processes necessary to manage the Company's growth. This has enabled better risk management, particularly in the areas of inventory management and billing and has ensured Solco's ability to respond quickly to changes in market conditions.

Executive Chairman, David Richardson remains positive about the outlook for the renewable energy industry and believes the Company is in a good position to capitalise on the market downturn and leverage future benefits from better trading conditions.

"The record profit made by the Company last financial year has put us in a stable financial position, which I am confident will see us through the downturn," Mr Richardson said.

The Pumping division is continuing to grow sales and market penetration with an expanded national customer base developed by Solco's National Sales Team.

Solco is continuing to increase its market share of power generation projects with a number of small-medium projects across Australia. The Company has been successful in commissioning a number of new projects including a 30KW power generation project at the Brookton Health and Aged Care Centre to be opened at the end of the month.

"The Company has experienced an encouraging increase in trading results for September and we believe this trend should continue.

"We are using this time to reposition Solco and ensure we have the correct internal processes and procedures to take the Company forward as market conditions improve," Mr Richardson said.

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About Solco

Solco is a leading national solar power and pumping product wholesaler, with nationwide distribution networks and an increasing presence in the development of solar power projects and the generation of electricity from solar sources. Our growth is supported by a strong balance sheet and experienced Board.

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