

14 December 2011

ASX Announcement

WITHDRAWAL OF RIGHTS ISSUE AND REVENUE GUIDANCE

The Board of Solco advises that it has resolved to withdraw the Offer Document dated 21 November 2011 in relation to the non-renounceable rights issue with a Closing Date of tomorrow, 15 December 2011.

The withdrawal follows a significant and further deterioration in the solar market since the Offer Document was originally lodged. In particular there has been significant additional discounting by manufacturers in the pricing of solar panels. The Board has consequently resolved that the Rights Issue should be withdrawn until pricing stability returns to the solar industry and Solco can again demonstrate to its shareholders the benefits of making an additional investment in the Company.

On 6 October 2011, following a weak first quarter, Solco released guidance on expected revenues for the 2012 financial year that indicated they would be in the vicinity of \$40m. This was based on the solar market experiencing no further deterioration. A weak second quarter combined with the volatility of panel prices has made it extremely difficult to provide an accurate update to shareholders. However, the Company intends to provide further guidance based on the half year results, once these results are finalised in the New Year.

The Board remains confident that Solco is well placed to see through the downturn and in a better position than its competitors in the market to take advantage of the current conditions. The Board remains confident that there is upside to the fact that falling panel prices will mean a more rapid bring forward of price parity for both residential and commercial customers. Solco is continuing to assess new opportunities in commercial solar projects and in potential acquisitions whilst managing its cost base in line with reduced revenues.

The Board would like to thank shareholders for their support.

Refunds

The Company is currently arranging for refunds to be made to those parties who have taken up their entitlements as soon as possible and the Company will advise via ASX when cheques have been despatched by Computershare. This is likely to be within 5 business days.

Underwriting

As a result of the Board's decision to withdraw the Offer Document, the underwriting agreement with Investorfirst Securities is automatically terminated. The Board would like to thank Investorfirst for their continued support of the Company.

SOLCO LTD

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About Solco

Solco is one of the leading national solar power and pumping product wholesalers, 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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