

27 May 2014

Australian Securities Exchange
Level 40, Central Park
152–158 St Georges Terrace
Perth WA 6000

Dear Sir/ Madam

Notice of General Meeting

Please find attached the Notice of General Meeting which has been dispatched to shareholders today.

Yours sincerely



Darren Crawte
Company Secretary

For personal use only



Notice of General Meeting

A General Meeting of Solco Limited (ACN 084 656 691) will be held at Nexia Perth, Level 3, 88 William Street, Perth (WST) on 25 June 2014 at 2pm (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on +61 8 9463 2463 or Darren.Crawte@nexiaperth.com.au if you wish to discuss any matter concerning the Meeting.

For personal use only

Solco Limited

ABN 44 084 656 691

Notice of General Meeting

Notice is hereby given that a General Meeting of the Shareholders of Solco Limited will be held at Nexia Perth, Level 3, 88 William Street, Perth on 25 June 2014 at 2pm (Western Standard Time) (**Meeting**).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 2pm (WST) on 23 June 2014.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

Agenda

1 RESOLUTION 1 - DISPOSAL OF WHOLESALE PUMPING AND PV BUSINESS

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the Company to dispose of the assets which together form the business known as the Solco Wholesale Pumping and PV Business on the terms and conditions described in the Explanatory Statement.”

The Company will disregard any votes cast on Resolution 1 by a party to the transaction and a person who might obtain a benefit, and their associates, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors



Darren Crawte

Solco Limited

26 May 2014

Solco Limited

ABN 44 084 656 691

Explanatory Memorandum

1 INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Nexia Perth, Level 3, 88 William Street, Perth on 25 June 2014 at 2pm (WST). The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolution set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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2	ACTION TO BE TAKEN BY SHAREHOLDERS	2
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A Proxy Form is located at the end of Explanatory Memorandum.

Please contact the Company Secretary on +61 8 9463 2463 or darren.crawte@nexiaperth.com.au if you wish to discuss any matter concerning the Meeting.

2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolution.

2.1 Proxies

All Shareholders are invited and encouraged to attend the Meeting. If a Shareholder is unable to attend in person, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on the Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 2pm (WST) on 23 June 2014. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

By Mail or Hand Solco Limited, C/- Nexia Perth, Level 3, 88 William St,
Perth, Western Australia, 6018

By Facsimile 61 8 9463 2499 (Attention: Darren Crawte)

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

2.2 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (Computershare).

2.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 4.00pm (WST) on 23 June 2014.

3 INTRODUCTION

3.1 Background

As a result of the downturn in the wholesale solar sector and reduced margins in PV and panel & inverter sales in 2012-2013, the Company undertook a corporate restructuring and transformation process to reduce overheads and reassessed its ability to continue trading profitably within the PV business and whether the wholesale pumping business could continue to support corporate overheads. As part of this process, the Board considered various opportunities to sell either or both of the PV and pumping businesses (**Wholesale Business**) and began developing other service lines, including the development of a financing product.

On 15 May 2014 the Company announced that it had agreed terms to sell the majority of its remaining pumping and solar PV assets to a subsidiary of FPW Holdings Pty Limited (trading as Fire Power Water Group) (**Purchaser**), an unrelated third party (**Sale**). The Sale follows an extensive process to obtain the best conclusion for the Company and the Wholesale Business, and is superior to other proposals considered.

The Sale is subject to Shareholder and third party approval, with final payment for the sale to be received by 29 August 2014.

Solco's exit from the Wholesale Business will enable it to further reduce overheads and leave it well funded to develop and expand on other opportunities which may add Shareholder value.

The Board unanimously recommend that Shareholders approve the Sale for the reasons set out below. The Company's Chairman, and his associates intend to vote Shares (equal to 45.7% of the Company's Shares) in favour of the Sale.

3.2 Material terms of the Agreement

The material terms of the Sale are as follows:

- (a) The Purchaser will acquire the Company's remaining pumping and solar PV stock (**Stock**) for a cash payment, to be made over several instalments ending on 29 August 2014.
- (b) The Sale is conditional upon Shareholder and third party approval, to be obtained by 27 June 2014.
- (c) Prior to completion of the Sale:
 - (i) risk to the Stock is with the Purchaser, who also has the right to sell the Stock; and

- (ii) the Wholesale Business' employees will work at the direction of the Purchaser, who will meet their direct and indirect costs.
- (d) Following completion, the Purchaser will:
- (i) employ certain of the Wholesale Business' employees,
 - (ii) meet all warranty claims for Pumping stock sold by the Company; and
 - (iii) assist the Company in collecting pre-completion debtors.
- (e) The Purchaser's director personally guarantees the Purchaser's obligations under the Sale.

3.3 Effect of the Sale of the Company and its financial position

The transaction will not result in any material changes to the Company's net assets.

The Company intends to use the proceeds of the Sale to meet residual liabilities of the Wholesale Business with the remaining Sale proceeds to be added to cash reserves to support the Board's business development strategy and identification of a potential transaction. Employees of the Wholesale Business who are not employed by the Purchaser will be made redundant.

Schedule 2 to this Explanatory Memorandum is a pro forma unaudited statement of financial position as at 30 April 2014, and which shows the effect of the Sale on the Company's financial position.

3.4 Advantages, disadvantages and risks of the Sale

The Board considers the following factors to be advantages of the Sale:

- (a) The Sale is the result of an extensive sale process during which the Board negotiated with several potential purchasers. The Board is satisfied that the terms of the Sale are superior to terms that may have been negotiated with other potential purchasers.
- (b) The Sale will result in the Company realising a cash payment for the Stock. This will allow the Board to better utilise those funds to increase Shareholder value.
- (c) Whilst the Company had reduced the Wholesale Business' operating costs, the business remained break even and unable to sustain the corporate overheads of a listed entity. The Sale will relieve the Company of the risks (including losses, continued cash burn and lack of return on capital) from owning the Wholesale Business.

The Board considers the following factors and risks to be disadvantages of the Sale:

- (a) The Sale will result in the Company having no material undertaking. Under the Listing Rules, the Company is required to acquire a new undertaking within 6 months, failing which quotation of its Shares may be suspended.
- (b) Shareholders will be exposed to the risks associated with any acquisition of a new undertaking, including acquisition risk and dilution.
- (c) Any acquisition is likely to require the Company to re-comply with the admission requirements to ASX (Chapters 1 and 2 of the Listing Rules). This includes raising sufficient capital and having sufficient shareholder spread. There is a risk that these conditions may not be satisfied, in which case trading of the Company's Shares will, following Shareholder approval of any such acquisition be suspended.

The factors to be considered may not be limited to the above. Shareholders should have regard to their own personal circumstances and seek their own advice before

deciding how to vote on the Resolutions and, if necessary, seek their own professional advice.

3.5 Intentions of the Company if the Sale is approved and implemented

As previously announced, the Board is actively considering potential acquisitions which may add Shareholder value. Any acquisition is likely to be subject to Shareholder approval and re-compliance with Chapters 1 and 2 of the Listing Rules.

3.6 Intentions of the Company if the Sale is not approved and implemented

In the event Shareholders do not approve the Sale, the Company will continue to own and operate the Wholesale Business. This is likely to result in continued depletion of cash reserves to support that business and the Company may seek to raise additional capital to supplement existing working capital, which is likely to be dilutive to Shareholders who do not participate.

3.7 Indicative timetable

Completion of the Sale is expected to occur on 27 June 2014, with the balance of the purchase price due by 29 August 2014.

3.8 Other information

The Directors are each satisfied that this Explanatory Memorandum contains such information as will fully and fairly inform Shareholders of the matters to be considered and enable them to make a properly informed judgment on Resolution 1.

3.9 Directors' recommendation

For the reasons set out above, the Board unanimously recommends that Shareholders vote in favour of Resolution 1.

4 RESOLUTION 1 - DISPOSAL OF WHOLESALE PUMPING AND PV BUSINESS

Listing Rule 11.2 provides that an entity must seek the approval of its shareholders before disposing of its main undertaking. As the Sale represents the disposal of the Company's main undertaking, Shareholder approval is sought pursuant to Resolution 1 for the sale of the Company's wholesale pumping and PV business on the terms set out in this Explanatory Memorandum.

The Company is not aware that the Purchaser intends to issue or offer securities with a view to becoming listed.

1 **DEFINITIONS**

In this Notice and Explanatory Memorandum:

ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chairman	means the Chairman of the Company.
Company	means Solco Limited (ACN 084 656 691).
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Explanatory Memorandum	means this explanatory memorandum.
Listing Rules	means the listing rules of the ASX.
Meeting or General Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Notice	means this notice of meeting.
Proxy Form	means the proxy form attached to this Notice.
Purchaser	has the meaning given in section 3.1.
Resolution	means a resolution set out in the Notice.
Sale	has the meaning given in section 3.1.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Stock	has the meaning given in section 3.2.
Wholesale Business	has the meaning given in section 3.1.
WST	means Western Standard Time.

2 PRO FORMA (UNAUDITED) STATEMENT OF FINANCIAL POSITION

Pro-Forma Balance Sheet After Sale As at 30 April 2014 (unaudited)

	30 April 2014	Adjustments	Pro forma
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	953,912	75,000	1,028,912
Trade and other receivables	664,108	1,034,234	1,698,342
Inventories	1,345,795	(950,561)	395,234
Other assets	36,474	-	36,474
TOTAL CURRENT ASSETS	3,000,289	158,673	3,158,962
NON-CURRENT ASSETS			
Property, plant and equipment	51,572	-	51,572
Intangibles	158,000	-	158,000
Other assets	24,544	-	24,544
TOTAL NON-CURRENT ASSETS	234,116	-	234,116
TOTAL ASSETS	3,234,405	158,673	3,393,078
CURRENT LIABILITIES			
Trade and other payables	394,369	100,840	495,209
Provisions	177,591	(4,717)	172,874
TOTAL CURRENT LIABILITIES	571,960	96,123	668,083
NON CURRENT LIABILITIES			
Provisions	86,751	-	86,751
TOTAL NON CURRENT LIABILITIES	86,751	-	86,751
TOTAL LIABILITIES	658,711	96,123	754,834
NET ASSETS	2,575,694	62,550	2,638,244
EQUITY			
Issued capital	19,829,795	-	19,829,795
Reserves	94,000	-	94,000
Accumulated losses	(17,348,101)	62,550	(17,285,551)
TOTAL EQUITY	2,575,694	62,550	2,638,244

Pro-forma adjustments

The adjustments substantially represent the sale of Stock (exclusive of GST), being the subject of Resolution 1 and between 1 May 2014 and the date of this Notice, with \$75,000 being received by the Company as an upfront cash payment. The remaining balance (inclusive of GST) is to be collected over several instalments ending on 29 August 2014. The sale transaction will reduce the Company's warranty obligations by \$4,717 as these will transfer with the Stock.

solco

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'x') should advise your broker of any changes.

Form of Proxy

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

PLEASE NOTE: This proxy is solicited on behalf of the management of Solco Limited ACN 084 656 691 (the "Company") for use at the meeting of the shareholders of the Company to be held at 2.00 pm (WST), on 25 June 2014 at Nexia Perth, Level 3, 88 William Street, Perth WA or any adjournment thereof (the "Meeting").

I/We being a member/s of Solco Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: If you leave the section blank, the Chairman of the Meeting will be your proxy.

If you have not appointed the Chairman of the Meeting as your proxy and you are appointing a second proxy please complete the following: Proxy 1 is appointed to represent _____% of my voting right and Proxy 2 is appointed to represent _____% of my total votes. My total voting right is _____ shares.

PLEASE NOTE: If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.

With respect to any amendment or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting, I/we confer discretionary authority on the person voting on behalf of me/us to vote as that person sees fit. At the time of printing this Form of Proxy, management knows of no such amendment, variation or other matter.

STEP 2 Items of Business

PLEASE NOTE: If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and your votes will not be counted in computing the required majority on that item.

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.

FOR AGAINST ABSTAIN

Resolution 1 – Disposal of Wholesale Pumping and PV Business

If no choice is specified, the shareholder is conferring discretionary authority on the proxy to vote at his or her discretion. However, the Chairman intends to vote FOR the resolution.

SIGN Signing by member

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Member 1

Sole Director and Sole Secretary

Member 2 (if joint holding)

Director/Company Secretary

Member 3 (if joint holding)

Director

/ /

Date



ACN 084 656 691

Lodge your vote:



By Mail or hand:

Solco Limited
C/- Nexia Perth
Level 3, 88 William Street
Perth Western Australia 6000

Alternatively you can fax your form to
Facsimile: +61 (8) 9463 2499 for attention
Darren Crawte

Proxy Form

Instructions

1. Every shareholder has the right to appoint some other person or company of their choice, who need not be a shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person or company other than the Chairman, please insert the name of your proxyholder(s) in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name that appears on the proxy.
4. If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
5. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
6. To be effective, proxies must be delivered by shareholders as follows:
Shareholders must deliver their proxies prior to 2.00 pm (WST) on 23 June 2014 by mail or hand deliver to Solco Limited C/- Nexia Perth Level 3, 88 William Street, Perth WA 6000 or by facsimile at +61 (8) 9463 2499 for attention Darren Crawte.
7. For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that shareholders holding shares at 4.00pm (WST) on 23 June 2014 will be entitled to attend and vote at the Meeting.
8. The Chairman intends to vote in favour of all resolutions set out in the Notice of Meeting.
9. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.
10. This proxy should be read in conjunction with the accompanying documentation provided by management of the Company.
11. The shares represented by this proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any poll that may be called for, and if the shareholder has specified a choice in respect of any matter to be acted upon, the shares will be voted accordingly.

Turn Over to Complete the Form →