solco

ASX/Media Release

31 August 2015

ASX code: SOO

2015 Appendix 4E and Annual Report

Attached are the following documents relating to Solco Limited's results for the year ended 30 June 2015:

- Appendix 4E statement
- Annual Report

For further information please contact:

Adam Pearse
Chief Executive Officer
Solco Limited
E: info@goenergy.com.au
Ph: 02 8907 7400

James Moses
Media and investor relations
Mandate Corporate
E: james@mandatecorporate.com.au
Ph: 0420 991 574

About Solco

Solco Limited (ASX: SOO) is an independent, ASX-listed clean tech energy retailer and financier. Holding energy retail licenses in New South Wales, Victoria and Queensland, Solco provides business customers with an innovative approach to reduce energy costs through a combination of solar based power purchase agreements, energy efficiency products and grid energy solutions.

Solco Limited

Appendix 4E

Preliminary Final Report
Results for announcement to the market
For the year ended 30 June 2015

		%	2015	2014
Revenue	up	6123%	23,187,963	372,623
Net loss for the period attributable to members	down	265%	(7,993,545)	(2,190,210)
Basic and diluted loss per share (cents per share)	down	61%	(1.16)	(0.72)
Net tangible assets per ordinary securities (cents per share)	down	nm	(0.02)	31.94

nm - not meaningful

No dividends were paid or provided during or since the end of the financial year.

Brief Commentary on the results

The year ended 30 June 2015 marked a transitional year for Solco Limited (Solco). On 23 February 2015 Solco completed the acquisition of Goenergy Pty Limited and other related businesses (GO Group).

GO Group provides integrated energy solutions to commercial and industrial businesses, which includes retail sale of electricity and gas, design and installation of solar systems and energy management solutions. GO Group is also a large participant in the aggregation and sale of renewable energy certificates.

As the vending shareholder of GO Group held a controlling interest in Solco Limited at the completion of the acquisition, the financial statements have been prepared on the basis that Goenergy Pty Limited was the acquiring entity. Accordingly the financial statements for the 2015 and 2014 years contained in the attached Annual report are the results solely of Goenergy Pty Limited until 23 February 2015 and thereafter the consolidated results for the combination of Solco Limited, its subsidiaries and GO Group.

The net loss after tax for the year of $7,993,545 was impacted by a combination of accounting write-offs associated with the acquisition of GO energy, delays in the implementation of the Group's business plan from an extended period to achieve re-listing on the ASX, and inclusion of only part-year results for a profitable GO Group entity.

A more detailed operational and financial review is contained in the attached Annual Report.

For purposes of Listing Rules 3.13.1 and 14.3 it is advised that the Annual General Meeting of Solco is expected to be held on 19 November 2015. A venue will be advised at a later date.

Solco Limited

ABN 27 084 656 691

Annual report for the financial year ended
30 June 2015

Solco Limited

Contents to Annual Report

Solco Limited
Definition and terms

BMQ	Bank Minimum Quantity (amount of energy a financier will assume is produced in determining the cash flows of an SGU subject to PPA)
CER	Clean Energy Regulator
CMQ	Customer Minimum Quantity (minimum amount of energy a customer agrees to purchase under a PPA)
GO energy	Goenergy Pty Limited
GO Group	Go energy and other related businesses and entities acquired by Solco Limited on 23 February 2015
the Company or Solco	Solco Limited
Group	Solco Limited and its subsidiary companies
LGC	Large-scale generation certificate
PPA	Power plant agreement, which is an agreement whereby customers contract to purchase energy generated by a solar generation unit installed on their premises.
Prospectus	Entitlement Issue Prospectus dated 24 November 2014
RET	Renewable Energy Target
SGU	Solar generating unit
STC	Small-scale renewable technology certificates
UGE	Urban Group Energy Holdings Pty Limited

Solco Limited

Chairman's letter

Dear Fellow Shareholders,

I am pleased to present the Solco Limited 2015 Annual Report, and I would like to thank all shareholders for their ongoing support.

The past year has been one of significant transition with a substantial investment of time and resources to position the Company as a leading provider of clean energy solutions to its customers. This investment will form the foundation of a successful business model in the years ahead.

A key focus during the year was the acquisition of the GO Group business and the relisting of Solco on the ASX. Although the acquisition and relisting process took longer than initially anticipated, in part due to greater regulator scrutiny on backdoor listings in the Australian market, the Company successfully relisted and commenced trading again on the ASX on 5 August 2015, after completing a $3 million entitlements issues to shareholders earlier in the year.

The Company continued the development of the GO Group businesses in parallel with the acquisition and relisting process. The core focus here was to prepare the company for its entry into the retail energy market by installing a proven billing platform, developing channels to market, building a strong and experienced team and creating financial structures to facilitate solar system sales. This process has been successfully implemented.

The Federal Government's review of the renewable energy target created considerable uncertainty during this period, however the recent resolution has resulted (in part) in an uplift of our sales and installations of our key 10kW to 100kW systems.

During the year our retail electricity business commenced activity and secured foundation customers, some of them large businesses with multi-site activities.

We have also secured some initial customers for retail gas supply. Our product structure allows customers to take advantage of lower cost gas compared with long term supply contracts offered by other retailers, and our risk is minimised as we receive a set margin on revenue.

Our business strategy is to build a substantial retail energy business and help customers reduce their energy costs through the use of renewable energy sources. While we work to build a customer base of traditional grid energy supplied customers, we will seek to establish a marketing channel through which we can transition these customers to be more reliant on cost effective renewable energy sources.

During the 2016 financial year our primary focus will be on enlarging our grid electricity customer base and our installed base of solar generation systems.

Our staff have worked hard during the past year in order to achieve our objective of operating one of the few ASX-listed "clean tech" energy retailers, and the Board and I commend them for their efforts.

I would also like to thank those directors that retired after the completion of the acquisition and relisting - David Richardson, Craig Vivian and Ian Campbell - all of whom contributed to a successful outcome of the GO Group transaction.

We look forward to a strong 2016 year.

Mr Brian Thomas
Chairman

Solco Limited

CEO report

Acquisition of GO Group

Following the acquisition of the GO Group, Solco now has a significant investment in the clean energy retail market, with an experienced management team, scalable operating systems and developed channels to market. Since the acquisition was completed we have undertaken substantial activity to increase our market presence in both retail energy and green certificates aggregation.

CO2markets: Renewable energy certificates

Uncertainty created by the Federal Government's renewable energy policies and higher solar installation costs caused by the depreciation of the Australian dollar resulted in 10% lower year-on-year residential installations of solar systems. This, in turn, led to a lower level of certificates traded, and resulted in a marginal reduction in our volumes. However our market share improved and we aggregated 1.7 million certificates. Increased levels of competition for the smaller number of certificates also saw reduced margins from April to June 2015.

To provide a higher value service for our customer network of solar installers we have increased our product offering to include cost effective supply solutions of key products. Through agreements with large scale suppliers we are able to provide customer solutions that increase their competitiveness. We have designed this process to minimise our overheads in the product delivery process. Providing this broader service helps create a stronger customer relationship and helps maintain and build our market share in the Small-scale Technologies Scheme (STC) trade.

We have also begun to integrate our retail energy business, so that our customers can increase sales to their customers. By providing a service that brings together energy retail, solar component supply, STC aggregation and energy efficiency services we provide a "full service" relationship with greater benefits.

GO energy: Solar systems and retail electricity

Leveraging our scale and knowledge from STC aggregation, we have enlarged our energy retail business with a focus on small to medium sized business customers. During the 2015 financial year, while developing operational capability including the installation of a market proven billing solution, we were able to complete the installation of 1.5MW of solar systems. This built on a pilot installation program in the previous year of 0.85MW. About half of these systems were sold utilising a Power Plant Agreement (PPA) model, whereby customers enter into long term contracts for energy supply.

Utilising our $25 million PPA funding facility approved earlier this year, we offer customers a contract based on consumption only – which mirrors their existing grid supply arrangement – at competitive rates. Under these arrangements our risk of customer default is minimised, and leaves us with an upfront financing fee and a residual income once the financing term is completed. The financing term is usually 10 years, while PPA agreements typically last 15 to 25 years, reflecting the life of the solar panels. We expect to build this part of our business in the coming years.

During the year we signed customers with annual grid consumption of 140GWh, including several substantial retail and business customers. We plan to grow our customer base in the small to medium sized commercial customers utilising a number of sales channels. In this process our existing relationships with solar installers will form a key component.

We also signed a number of large scale gas customers to our "wholesale pass through" model. This model involves minimal wholesale risk and operating costs to our company, while providing customers with significant reductions in their overall gas costs. We are in discussion with a number of other gas consumers and expect to increase the scale of activity in this area of the business over the next 12 months.

Solco Limited

CEO report

Development projects

The uncertainty created by the Federal Government's RET changes, particularly for projects of more than 100kW, and other factors like the impact of exchange rates on solar costs, resulted in the withdrawal of the proposed Mt Majura project.

Despite the best intentions from parties involved in the project, we were unable to reach an agreement on energy pricing that provided a reasonable return to Solco shareholders. Subsequent to year-end the memorandum of understanding for the Mt Majura project was terminated. Costs associated with the project to date were provided for in the 2015 results.

At this stage of the Group's development we remain focused on building our retail energy and renewable aggregate businesses. Large scale projects will only be considered where a long term return can be achieved that benefits Solco shareholders.

Financial results

Revenue reported for the year was $23 million and resulted in a net loss pre tax of $9.7 million. However excluded from revenue was $49 million of billings from the CO2markets business for the eight months to 23 February 2015, due to the acquisition accounting treatment. As a consequence, our reported loss before tax was $1.5 million higher compared to an internal view of the GO Group's activities that includes the whole year of CO2markets' results.

The pre tax loss also included a number of write downs including $3.7 million arising from the GO Group acquisition and the write down of development projects of $450,000. After adjusting for these items, and the CO2markets earnings, the Company incurred a net loss pre tax for the year of $3.9 million. This figure represents our "investment" in the development of systems, processes and people needed to build a scalable retail energy business. With this amount now expended, the Company is well positioned for future financial growth.

To fund its growth the Company issued new shares to increase its capital base and raised $3.06 million in new capital.

Please note that the structure of the acquisition of the GO Group means results presented in this report for the current and past financial year are for the Goenergy Pty Limited entity rather than the previous listed Solco entity.

The Year Ahead

During the 2016 financial year our key priorities are to:

- Grow our retail energy customer base. Initially, the majority of our electricity load will be sourced from traditional energy sources, however our goal is to transition our customers to drawing a significant proportion of their energy from renewable sources;
- leverage our network of CO2markets customers to increase our customer reach;
- diversify our energy base by enlarging our presence in the gas market for business customers; and
- continue the development of our operational and financial capacity to support our growth.

I wish to thank our staff and Board for their committed efforts in what has been a key year of transition. Our business is now well structured and positioned to achieve our corporate objectives in the years ahead. We look forward to providing our shareholders and customers a platform with which to build an independent energy retailer, focused on enlarging the use of renewable energy sources.

Mr Adam Pearse
Managing Director and CEO

Solco Limited

Directors' Report

Your directors submit their report for the Solco Limited (Solco or the Company) and its subsidaries (the Group) for the year ended 30 June 2015.

DIRECTORS DETAILS

The details of directors of the Company at any time during or since the end of the financial year to the date of this report are set out below.

Mr Brian Thomas	appointed 23 February 2015	
Mr Adam Pearse	appointed 23 February 2015	
Mr Lui Pangiarella	appointed 23 February 2015	
Mr Craig Vivian	appointed 22 October 2012	resigned 12 August 2015
Mr Ian Campbell	appointed 23 November 2007	resigned 12 August 2015
Mr David Richardson	appointed 28 August 2006	resigned 23 February 2015

Names, qualifications, experience and special responsibilities

Mr Brian Thomas
BSC, MBA, Grad Cert App Fin Inv
Chairman, Non-executive Director, Independent

Brian is the principal of a corporate advisory practice working with small to mid-market capitalisation companies on corporate finance, mergers and acquisitions and investor relations. He is an experienced company director in both executive and non-executive roles in listed and unlisted companies.

Brian has a comprehensive knowledge of equity and debt capital markets, project finance, corporate advisory, investor relations and broader communications strategies which was gained in a 15 year career in the financial services industry. He held a director level business development role with an Australian institutional bank and an international investment banking group after career as a corporate stockbroker sourcing and managing initial public offerings, equity capital market and mergers and acquisition transactions. Brian is a member of the Nomination and Remuneration Committee and the Audit and Risk Management Committee.
During the past three years Brian has been a director of Condoto Platinum NL, Potash Minerals Ltd, Orinoco Gold Ltd, Ensurance Ltd and Tempo Australia Ltd.

Mr Adam Pearse
Chief Executive Officer & Managing Director, Non-independent

Adam founded the GO Group in 2011 and developed the business into offering energy retail, certificate trading and renewables services. Adam has more than 22 years experience in the energy, property development, investment and import industries. Adam's business interests have been conducted nationally and internationally including extensive international trade experience gained from over 20 years of doing business with China and other countries throughout Asia.

Mr Lui Pangiarella
B Comm, CA, GAICD
Non-executive Director, Independent

Lui is an experienced facilitator and executive coach particularly in the areas of organisational performance, strategy, culture and leadership development. Lui has over 15 years of experience in the areas of mergers, acquisitions and integrations, project management and finance firstly within the Wesfarmers Group of companies and later as a Consultant to various organisations. Lui's experience spans a broad range of industries including hardware retail, transport and logistics, fertiliser and chemicals manufacturing and distribution, heavy construction and insurance.

Lui graduated from Curtin University with a Bachelor of Commerce with Honours. He is a Member of the Institute of Chartered Accountants of Australia, the Australian Institute of Company Directors. Lui currently is the non-executive chairman of Worldwide Online Printing. He is also a non-executive director of the Future Living Trust and a member of its Finance and Investment Committee . Lui is Chair of the Audit and Risk Committee.

Solco Limited

Directors' Report

Mr Craig Vivian
Non-executive Director, Independent (resigned 12 August 2015)

Craig is a Chartered Accountant with over 25 years' experience in the accounting and banking industries. He was a former partner of an international affiliated accounting practice and the managing director of his own practice which focused on small to medium sized businesses.

He has experience across a wide variety of business transactions including business acquisitions, property transactions and various due diligence reviews. Craig also holds non-executive director roles with a small group of private companies and is the Responsible Manager of an Australian Financial Services Licensee. Craig was a member of the Group's Audit and Risk Management Committee and the Nomination and Remuneration Committee.

Mr Ian Campbell
Non-executive Director, Independent (resigned 12 August 2015)

Mr Campbell is a former Federal Government Minister. Prior to his Parliamentary career he was a commercial and industrial property executive with national and international realty firms. In 1990 Mr Campbell entered Federal politics as a WA Senator, holding high level Cabinet and other offices including Parliamentary Secretary to the Treasurer, Minister for Human Services Parliamentary Secretary to the Minister for Communications and Information Technology, Minister for Environment and Heritage and Minister for Local Government, Territories and Roads. During the last three years Ian has been a director of ASG Group Limited, Austal Limited, Proto Resources and Investments Limited and Enerii Limited. Ian was a member of the Group's Nomination and Remuneration

Mr David Richardson
MIEAust
Former non-executive director and chairman (resigned 23 February 2015)

David is a qualified mechanical engineer and established the successful engineering enterprise of Toussaint & Richardson in 1982, which he ran until it was acquired in 2000. David was also a senior executive of Worley Parsons Limited, serving as head of the Minerals and Metals division. David was a non-executive director of Emerson Stewart Group Ltd until April 2011.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares of the Company are set out below. There were no share options on issue during or since the financial year.

Director [1]	Number of Ordinary Shares
Mr Brian Thomas	300,000
Mr Adam Pearse [2]	175,659,170
Mr Lui Pangiarella	-

Note 1 - Details of shareholdings of directors who resigned during or since the end of the financial year are provided in the attached Remuneration Report.

Note 2 - Adam Pearse is a director of Urban Group Energy Holdings Pty Limited (UGE). UGE holds 698,236,678 ordinary shares of the Company. Parties related to Mr Pearse hold an option to acquire 174,559,170 of UGE's shareholding in the Company. In addition Mr Pearse's related parties hold a further 1,100,000 ordinary shares.

Solco Limited

Directors' Report

COMPANY SECRETARY

Mr Warren Kember
B Comm, MBA, Dip Applied Finance
Mr Warren Kember has been the co-company secretary of the Company since 25 May 2015, and the sole company secretary from 5 August 2015.

Warren Kember is the Chief Financial Officer of the Group and is responsible for directing all financial, legal and risk management. He was appointed as Chief Financial Officer 23 February 2015 and Company Secretary from 25 May 2015.

Warren has significant experience in accounting, finance and business development having served as Chief Financial Officer for a number of ASX listed companies. Warren was been active in the Australian energy markets for over 10 years, being the Chief Financial Officer and, ultimately, the Chief Executive Officer of Australian Power & Gas Limited, a high growth, ASX listed energy retailer. Warren was also the Chief Executive Officer of a residential solar sales and marketing organisation. Warren's background also includes roles with listed construction, mining and engineering companies.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend.

SIGNIFICANT CHANGES IN ACTIVITIES

From 16 May 2014 until 23 February 2015 the Company was focused on resolving issues relating to its previous business activities and reviewing possible new business activities. On 23 February 2015 the Company legally acquired Goenergy Pty Limited (GO energy) and related businesses (GO Group). The acquisition of GO Group involved the issue of 627,606,378 ordinary shares and the reimbursement to GO energy's shareholders of costs of $2,223,828. As a result of the issue of ordinary shares the previous shareholder of GO energy held, at the date of acquisition, 70.8% of the issue share capital of the Company.

From a legal and taxation perspective Solco is considered to be the acquiring entity. However the acquisition of GO Group by Solco has the features of a reverse acquisition as described in Australian Accounting Standard AASB 3 "Business Combinations" notwithstanding Solco being the legal parent of the Group. This transaction is outside the scope of AASB 3 as the accounting acquiree does not constitute a business as defined by this standard. In this instance, the principles of reverse acquisition accounting are applied to determine the accounting acquirer but the transaction is accounted for as a share-based payment by the accounting acquirer for the net identifiable assets of the accounting acquiree in accordance with AASB 2 "Share-based Payments".

In the aforementioned transaction GO energy has been identified as the accounting acquirer. The financial statements therefore reflect GO energy until the date of acquisition of Solco and those of the combined Group thereafter.

PRINCIPAL ACTIVITIES

The principal activities of the Group, following the legal acquisition of the GO Group, are the aggregation of environmental certificates, sale of solar generation systems and the provision of electricity and gas to business customers. The Group operates under two business units: CO2markets and GO energy.

CO2markets is a provider of services to solar installers and retailers, with an active customer base of over 300 solar installation companies. CO2markets provides wholesale supply of key components, such as panels and inverters, from leading manufacturers. The CO2markets aggregation business has been in operation since 2011 and is one of the largest participants in its market segment.

GO energy provides its customers retail energy supply. Its product range includes energy retail (electricity and gas), energy efficiency products such as lighting and energy management, and solar generation solutions. GO energy has been in development since 2011 but has expanded its product range and customer base over the last eighteen months.

The Group employed 45 staff at 30 June 2015 (2014: 1 employee).

Solco Limited

Directors' Report

OPERATING RESULTS FOR THE YEAR

The loss after tax of the Group for the year ended 30 June 2015 was $7,993,545 (2014: $2,190,210).

The acquisition of the GO Group by Solco has been treated using the principles of reverse acquisition accounting. The GO Group consisted of Goenergy Pty Limited and in addition a number of businesses (principally CO2markets) where Solco purchased the business as opposed to the company itself. Under the principles of reverse acquisition accounting, Goenergy Pty Limited was identified as the accounting acquirer and the financial statements are a continuation of the financial statements of Goenergy Pty Limited. Accordingly, the results, cash flows and changes in equity are those of Goenergy Pty Limited for the period until the acquisition date and those of the combined group (including Solco and the other businesses acquired) thereafter. Therefore, the pre-acquisition results do not include significant components of the combined post-acquisition parts of the business. Refer to Note 21 for further information.

As a result of this accounting treatment, included in the results for the year was an expense of $1,626,393 for the write off that occurred on consolidation of GO Group for the first time. A further $2,272,220 was also expensed during the year relating to amounts owed by the Group to its previous shareholder.

CO2markets

During FY2015 CO2markets aggregated 1.7 million small scale renewable energy certificates (STCs), however reported revenue of $14.5 million for the year excluded turnover of $49 million that arose during the eight months to the 23 February 2015. Price risk, the difference between the buy and sell price, is managed by the selling of aggregated parcels via a financial facility with the Group's bankers usually within 24 to 48 hours. This facility effectively locks in the pricing received and affords immediate cash flow to fund payments to customers. The facility is subsequently "repaid" by the bank assuming ownership of the STCs once their registration is validated by the Clean Energy Regulator.

To minimise exposure to potential unidentified liabilities or other legacy issues, the acquisition of CO2markets was achieved by the purchase of the right to operate the business in future years. Its previous corporate entity (CO2 Environmental Trading Pty Limited), and its business assets and liabilities (such as receivables, inventory and payables) were not acquired. The CO2markets business acquired is therefore included prospectively from the date of acquisition, being 23 February 2015.

During the year the business increased its product offering to customers to include wholesale supply of key components from leading producers. Through a combination of competitive pricing and providing local supply of pallet lots, we have been able to reduce our customers' costs and working capital requirements and enable us to sustain our market share in STC aggregation.

GO energy

GO energy recorded revenue for the year of $8.3 million from the sale and installation of 1.5MW of solar systems and the sale of grid energy of 20,000MWh. At the end of the financial year there were 281 billable sites, consisting of two large volume customers and the remainder smaller to medium sized enterprises. GO energy targets business customers that have potential to incorporate a solar system into their operations.

Activity in the 2015 financial year was focused on building operational capability through the installation of industry specific billing and customer management systems. An initial customer base of solar and grid customers was achieved largely to test the business model and operations.

Other activities

Other revenue of $366,120 and loss before interest and tax of $144,517 related to various activities of the Group that are no longer actively pursuing.

Cash flows

As at 30 June 2015 the group had cash and cash equivalents of $1,042,301. Included in the total cash balance is $41,707 to secure the issue of bank guarantees to energy market counterparties.

As indicated above, the cash flows of CO2markets are included prospectively from the acquisition date being 23 February 2015 and the operating cash outflow of $4.1 million excluded its activities prior to that date.

Financial position

As at 30 June 2015 the Group had net assets of $1,260,301 and net tangible assets per share of 0.01 cents.

As part of the acquisition of GO Group, the Company undertook a rights issue and placement. A cash amount of $1,643,294 was raised by the issue of 82 million shares. A further 71 million shares was issued as part of the consideration for the acquisition of GO Group, which brought the equity raised to a total of $3 million.

Financial facilities at 30 June 2015 consisted of:

- finance leases of $876,606. These leases relate to the purchase of solar generation systems during the 2014 financial year which are subject to power purchase agreements with our customers for the supply of energy;
- CO2markets STC funding facility with a maximum approved amount of $5,000,000. This facility is used to provide funding of STC's between the purchase date from our customers and the ultimate date that the STCs are registered by the Clean Energy Regulator. This period can be typically between two and four weeks.

Since February 2015, a new funding facility has been in place which enables the Group to continue to offer its customers power plant agreements (PPA). PPA's consist of a solar generation unit (SGU) being provided to a customer at nil upfront cost, and the energy consumed being charged at agreed rates during the life of the system. A facility of $25 million is available to fund the development cost of SGUs. Under the terms of this new facility the customer assumes the obligations of a finance lease, and this receivable amount is then on-sold to the financier. During the financial year a total of $0.8 million was funded utilising this facility.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs, other than as set out below.

Subsequent to 30 June 2015, the Company expects to conclude negotiations with M&H Developments Pty Limited, a party associated with its majority shareholder, Urban Group Energy Holdings Pty Limited (UGE), for the provision of a debt facility of $1 million.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group intends to continue to build its market presence in the next twelve months leveraging the operation and business foundations that have been put in place. The Group will focus on enlarging its installed SGU customer base and business retail energy customers.

Apart from the matters referred to the Operating Results for the year as to other likely developments in the operations of the Group, the expected results of those operations in subsequent financials years has not been included in this report because the directors believe this could result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is not subject to any significant environmental regulation.

SHARE OPTIONS

No option to shares in the Company have been granted. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

Solco Limited

Directors' Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the directors (as named above), the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such by an officer or auditor.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Board meetings		Audit & Risk Committee		Nomination & Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Current directors						
Mr Brian Thomas	3	3	-	-	1	1
Mr Adam Pearse	3	3	-	-	-	-
Mr Lui Pangiarella	3	3	-	-	-	-
Former directors						
Mr David Richardson	3	1	1	1	-	-
Mr Craig Vivian	5	5	1	1	1	1
Mr Ian Campbell	5	5	1	1	1	1

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility for the company for all or any part of those proceedings.

NON-AUDIT SERVICES

No non-audit services have been provided by the external auditor, HLB Mann Judd during the financial year ended 30 June 2015. Amounts paid to the auditor for audit services are shown in the notes to the Financial Report.

AUDITOR INDEPENDENCE

A copy of the external auditor's declaration under Section 370C of the Corporations Act in relation to the audit for the financial year is attached to the Financial Report.

CORPORATE GOVERNANCE STATEMENT

A copy of the Company's Corporate Governance Statement as of 30 June 2015 is located on the Group's web site at www.solco.com.au/investor-centre/.

Solco Limited

Directors' Report

REMUNERATION REPORT

The directors present the Remuneration Report for Solco Limited (Company) and its controlled entities (Group) for the year ended 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001. This report provides information on the remuneration of key management personnel of the Group, along with general principles that apply to all Group employees. Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include directors of the Company.

During the financial year the Company conducted limited activities until it acquired GO Group on 23 February 2015. Similar to the principles involved with the presentation of the financial statements and discussed in the Directors' Report, the information provided in this report includes remuneration details in relation to the GO Group prior to the date of its acquisition.

Status of remuneration policy

Prior to its legal acquisition by the Company, GO Group was a privately controlled enterprise with no formalised incentive schemes linked to performance for its employees. In the period since its acquisition the Board has been considering what is an appropriate structure for fixed and “at risk” remuneration and incentives for its executives. The process of review and evaluation, including the formulation of appropriate remuneration policies, is still in development as of the date of this report.

As a result, during the current financial year, KMP were only entitled to fixed remuneration and the information provided in this report comprises only the fixed remuneration components of executive remuneration that are currently in place.

The Board has not sought, to the date of this report, external advice on remuneration levels and structures.

Key Management Personnel

The directors and other KMP of the Group during or since the end of the financial year were:

Non-Executive Directors

Brian Thomas (Chairman)	appointed 23 February 2015	
Lui Pangiarella	appointed 23 February 2015	
Craig Vivian	appointed 22 October 2012	resigned 12 August 2015
Ian Campbell	appointed 23 November 2007	resigned 12 August 2015
David Richardson	appointed 28 August 2006	resigned 23 February 2015

Executives (from date of acquisition of GO Group 23 February 2015)

Adam Pearse	Managing Director and CEO	
Warren Kember	Chief Financial Officer and Joint Company Secretary	
Emile Abdurahman	General Manager Sales and Marketing	
Neil Purser	Chief Operations Officer	
Phillip Livingston	Chief Technology Officer	resigned 30 June 2015

Prior to 23 February 2015 executive management functions within the Company were undertaken by the full board.

Fees payable to Non-Executive Directors

Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Benchmarking of remuneration is performed by reference to publications detailing remuneration levels of directors for comparable companies. The maximum aggregate amount of fees that can be paid to non-executive directors is approved by shareholders and has been set at $200,000. It was last approved at the Annual General Meeting held on 30 November 2005.

Solco Limited

Directors' Report

REMUNERATION REPORT

Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company. No shares or share options were provided to non-executive directors as an incentive during the year ended 30 June 2015.

The current fee structure is an annual base payment of $60,000 for the role of Chairman and $45,000 for the role of non-executive director. The amounts paid to directors (other than Adam Pearse - refer below) during the current or prior financial year by either the legal group or GO Group (prior to its legal acquisition) are set out in the table below.

		Short-term benefits	Post-employment benefits	
		Cash salary and fees	Super-annuation	Total remuneration
		$	$	$
Current Directors				
Brian Thomas [1]	**2015**	**28,829**	**1,480**	**30,309**
	2014	-	-	-
Lui Pangiarella [1]	**2015**	**15,577**	**1,480**	**17,057**
	2014	-	-	-
Craig Vivian [2]	**2015**	**45,000**	**4,275**	**49,275**
	2014	45,000	4,162	49,162
Ian Campbell [2]	**2015**	**45,000**	**4,275**	**49,275**
	2014	45,000	4,162	49,162
David Richardson [3]	**2015**	**39,236**	**3,727**	**42,963**
	2014	60,000	5,551	65,551
Total	**2015**	**173,642**	**15,237**	**188,879**
	2014	150,000	13,875	163,875

1. Appointed 23 February 2015
2. Directors of Solco that continued post acquistion of GO Group, resigned 12 August 2015
3. Solco director, Resigned 23 February 2015

Chief Executive Officer remuneration

Adam Pearse founded the GO Group and has been its Chief Executive Officer (CEO) since inception. Upon the legal acquisition of the GO Group by the Company, Adam was appointed as Chief Executive Officer and Managing Director of the Group. Prior to its acquisition the CEO's remuneration was paid by the entity that was the holding company for the GO Group. To formalise his engagement with the Group, an agreement for the CEO's services was put in place that was effective from 23 February 2015.

The agreement included reference to a fixed salary, however the amount and terms of any short or long term incentive arrangements were noted to be agreed at a later date. It is envisaged by the directors that short and long term incentive arrangements will be put in place for the CEO (and other KMP) during the 2016 financial year.

The CEO's fixed remuneration was determined by the Board by reference to employment market information for comparable companies, considering the stage of development and type of business of the Group. The key terms of the CEO's employment contract in effect during the year ended 30 June 2015 are set out over.

REMUNERATION REPORT

Term:	No fixed
Fixed Remuneration:	$345,000 per annum plus superannuation. The CEO has agreed to defer receiving payment for $100,000 of the fixed remuneration for twelve months (**Deferred Amount**). Subject to shareholder approval, the CEO may agree to receive ordinary shares of the Company in lieu of a cash payment for the Deferred Amount. The number of shares to be issued would be 1.25 times the Deferred Amount at the lower of a 5 day volume weighted price at the would be date issue to a maximum of 2 cents per share.
Restraint post-employment:	During the period of employment and for up to three months following the termination of employment, the CEO must not approach any customer or employee to entice them to discontinue their relationship with the Group. The CEO must not engage in a business activity substantially similar to the Group.
Termination benefit:	Employment can be terminated by either party by mutual agreement and the provision of six months notice. The Company may elect to not require the notice period to be worked and to pay the six month notice period immediately. The Company may terminate the CEO's employment without notice in the following circumstances, if the CEO: • commits a serious or persistent breach of the provisions of his employment agreement; or • becomes bankrupt; or • is convicted of any significant criminal offence, other than where the Board consider it does not affect the ability to carry out duties. If employment is terminated due to one of the above, then payment is limited to accrued salary and leave entitlements. The CEO may terminate the employment agreement without notice in the following circumstances: • failure to pay remuneration package within 14 days of when due; or • the company goes into administration or liquidation (referring to the subsidiary company within the Group with which the agreement was signed); • a material breach of the agreement or diminution of duties occurs which is not remedied. If employment is terminated by the CEO due to one of the above, then the CEO is entitled to payment of six months benefits under his remuneration package.

Executives' remuneration (excluding Chief Executive Officer)

Executives have employment agreements or are engaged under the Group's employment policies. There are no fixed terms of employment and their services can be terminated with one month notice by either the executive or the Group. A system of performance review for each executive is currently under consideration.

The current remuneration packages provide only for a fixed salary. It is envisaged by the directors that short and long term incentive arrangements will be put in place for KMP during the 2016 financial year.

Solco Limited

Directors' Report

REMUNERATION REPORT

KMP Remuneration

The amounts paid to Executives during the current or prior financial year by either the legal Group or GO Group (prior to its legal acquisition) are set out in the table below. Other than as noted, there was no remuneration linked to performance during the current or proceeding financial year and accordingly the percentage of total remuneration is nil.

		Short-term benefits			Post-employment benefits	
		Cash salary and fees	Deferred salary[6]	Other benefits[7]	Super-annuation	Total remuneration
		$	$	$	$	$
Current KMP						
A Pearse[1]	**2015**	**357,949**	**33,333**	**40,800**	**6,855**	**438,937**
	2014	305,000	-	40,000	-	345,000
W Kember [2]	**2015**	**89,809**	**16,666**	**4,500**	**8,506**	**119,481**
	2014	-	-	-	-	-
E Abduraham[3]	**2015**	**270,000**	**8,333**	-	**1,900**	**280,233**
	2014	275,000	-	-	-	275,000
N Purser[4]	**2015**	**183,100**	-	**19,500**	**17,888**	**220,488**
	2014	127,542	-	12,508	10,944	150,994
P Livingston[5]	**2015**	**119,725**	-	**4,500**	**11,374**	**135,599**
	2014	146,392	-	-	13,541	159,933
Former KMP						
Anthony Coles[8]	**2015**	**34,475**	**-**	**-**	**658**	**35,133**
	2014	180,000	-	78,809	16,650	275,459
Total	**2015**	**1,055,058**	**58,332**	**69,300**	**47,181**	**1,229,871**
	2014	1,033,934	-	131,317	41,135	1,206,386

1. Founder of GO Group.
2. Commenced with GO Group 17 November 2014.
3. Commenced with GO Group 1 August 2013.
4. Commenced with GO Group 4 November 2013.
5. Commenced with GO Group 1 February 2013, resigned 30 June 2015.
6. Deferred Salary refers to amounts agreed with the executive to be paid by July 2016. The executive may elect to receive the amounts owing by the issue of shares of the Company. The number of shares to be issued would be 1.25 times the Deferred Salary at the lower of a 5 day volume weighted price at the date issue to a maximum of 2 cents per share.
7. Other benefits provided to Mr Anthony Coles included share based payments of $62,668. The percentage of compensation linked to performance was 22.8% of total remuneration. Other benefits provided to other KMP related to vehicle or parking costs.
8. Retrenched 11 July 2014.

Details of long term incentives

Details of shares issued to KMP pursuant to the Group's long term incentive scheme in existence during the current or prior financial year are set out below. No new issues were made to KMP during the current financial year.

2,000,000 Series VI share options that had been granted on 30 November 2011 expired on 30 November 2013. The Series VI share options had an exercise price of 14 cents each and a fair value at grate date of 2.2 cents each ($65,527).

Solco Limited

Directors' Report

REMUNERATION REPORT

In March 2013 the Group issued 5,000,000 shares at $0.024 each under the Company's Long Term Incentive Scheme to the Group's then Chief Executive Officer, Mr Anthony Coles. Payment for the issue was funded through a limited recourse loan provided by the Group to Mr. Coles. The loan was not repaid on its due date of 11 January 2015 and the Board has agreed to extend the due date of the loan until 9 September 2015.

The number of ordinary shares in the Company held during the financial year by each director and other KMP, including their personally related parties, is set out below. No share options were on issue during the financial year.

	Balance at the start of the year	Received as part of remuneration	Additions[4]	Disposals/ other	Balance at the end of the year
Continuing personnel					
Brian Thomas	-	-	300,000	-	300,000
Lui Pangiarella	-	-	-	-	-
Adam Pearse [1]	-	-	175,659,170	-	175,659,170
Warren Kember	-	-	-	-	-
Emile Abdurahman	-	-	-	-	-
Neil Purser	-	-	500,000	-	500,000
Craig Vivien	169,000	-	181,000	-	350,000
Ian Campbell	-	-	-	-	-
	169,000	-	176,640,170	-	176,809,170
Resigned during the year					
David Richardson [2]	93,769,391	-	-	-	93,769,391
Phillip Livingston[3]	-	-	15,100,000	-	15,100,000
Anthony Coles	5,000,000	-	-	-	5,000,000
	99,107,391	-	191,921,170	-	291,028,561

1. Adam Pearse is a director of Urban Group Energy Holdings Pty Limited (UGE). As at 30 June 2015 UGE held 698,236,678 ordinary shares of the Company. Related party to Mr Pearse hold an option to acquire 174,559,170 of UGE's shareholding in the Company. Related parties of Mr Pearse hold a further 1,100,000 ordinary shares.
2. David Richardson resigned on 23 February 2015 and was no longer part of KMP from that date
3. Phillip Livingston resigned on 30 June 2015 and was no longer part of KMP from that date
4. Shares acquired during the year by KMP were purchased as part of an Entitlement Issue by Solco.

Other information

At the annual general meeting of the Company on 28 November 2014 the Remuneration Report for the year ended 30 June 2014 was considered and approved by shareholders. The resolution received 96.5% votes "for" by valid proxies. In addition the resolution received in excess of 75.0% of "for" votes on a show of hands. The Company did not receive any specific feedback regarding its remuneration policy at the annual general meeting.

Signed in accordance with a resolution of the directors.

Mr Brian Thomas
Director
Perth, 31 August 2015

Solco Limited

ABN 27 084 656 691

Financial Statements
for the year ended 30 June 2015

Solco Limited

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2015

	Notes	CONSOLIDATED 2015 $	2014 $
Continuing operations			
Revenue	4(a)	23,187,963	372,623
Other income	4(b)	(25,519)	31,669
Raw materials and consumables used		(21,798,078)	(383,774)
Depreciation and amortisation expense	4(c)	(423,053)	(105,418)
Impairment of current and non-current assets	4(d)	(119,873)	(743,113)
Listing expenses on acquisition	21	(1,626,393)	-
Write down on acquisition	21	(2,272,220)	-
Other expenses	4(e)	(6,541,246)	(2,250,207)
Finance costs	4(f)	(130,100)	(25,106)
Loss before income tax		**(9,748,519)**	**(3,103,326)**
Income tax benefit	5	1,754,974	913,116
Loss after tax from continuing operations		**(7,993,545)**	**(2,190,210)**
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the year attributable to the owners of the company		**(7,993,545)**	**(2,190,210)**
Loss per share (cents per share)			
– basic and diluted	6	(1.16)	(0.72)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Solco Limited

Consolidated Statement of Financial Position
As at 30 June 2015

	Notes	CONSOLIDATED 2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	1,042,301	219,901
Trade and other receivables	9	1,777,895	1,052,217
Inventories	10	2,504,940	2,148,630
Other	11	645,308	552,483
Total Current Assets		**5,970,444**	**3,973,231**
Non-current Assets			
Deferred tax assets	5	821,555	-
Property, plant and equipment	12	869,954	921,194
Intangible assets	13	1,490,495	485,091
Total Non-current Assets		**3,182,004**	**1,406,285**
TOTAL ASSETS		**9,152,448**	**5,379,516**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	4,080,757	1,934,120
Interest-bearing loans and borrowings	15	2,029,557	101,573
Other liabilities	16	484,791	120,267
Provisions	17	229,989	-
Total Current Liabilities		**6,825,094**	**2,155,960**
Non-current Liabilities			
Interest-bearing loans and borrowings	15	763,379	876,606
Provisions	17	303,674	-
Total Non-current Liabilities		**1,067,053**	**876,606**
TOTAL LIABILITIES		**7,892,147**	**3,032,566**
NET ASSETS		**1,260,301**	**2,346,950**
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	18	12,736,896	38,203,609
Accumulated losses		(11,476,595)	(35,856,659)
TOTAL EQUITY		**1,260,301**	**2,346,950**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Solco Limited

Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	Notes	CONSOLIDATED 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		23,485,900	398,830
Payments to suppliers and employees		(27,551,407)	(2,328,490)
Interest received		20,215	4,947
Interest paid		(50,335)	-
Net cash flows used in operating activities	8	**(4,095,627)**	**(1,924,713)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property plant and equipment		(179,374)	(778,784)
Payments for intangible assets		(879,372)	(381,614)
Payment for subsidiaries net of cash acquired		(754,122)	-
Purchase of investments		-	(74,543)
Net cash flows used in investing activities		**(1,812,868)**	**(1,234,941)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		690,192	1,013,299
Proceeds from related parties		3,593,264	2,363,339
Proceeds from repurchase agreement		1,044,800	-
Proceeds from issue of shares		1,643,294	-
Share issue transaction costs		(240,655)	-
Net cash flows from financing activities		**6,730,895**	**3,376,638**
Net increase in cash and cash equivalents		822,400	216,984
Cash and cash equivalents at beginning of period		219,901	2,917
Cash and cash equivalents at end of period	8	**1,042,301**	**219,901**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Solco Limited

Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	Attributable to equity holders of the parent		*Total equity*
	Issued capital	*Accumulated losses*	
	$	*$*	*$*
CONSOLIDATED			
Balance at 30 June 2013	**36,203,609**	**(33,666,449)**	**2,537,160**
Loss for the year	-	(2,190,210)	(2,190,210)
Total comprehensive income for the period	**-**	**(2,190,210)**	**(2,190,210)**
Transactions with owners in their capacity as owners:			
Contributions of equity net of transaction cost	2,000,000	-	2,000,000
Balance at 30 June 2014	**38,203,609**	**(35,856,659)**	**2,346,950**
Loss for the year	-	(7,993,545)	(7,993,545)
Total comprehensive income for the period	-	(7,993,545)	(7,993,545)
Transactions with owners in their capacity as owners:			
Capital raising costs	(575,852)	-	(575,852)
Issue of ordinary shares in settlement of debt to holding company	2,100,000	-	2,100,000
Contributions of equity net of transaction cost	3,060,000	-	3,060,000
Capital reduction	(32,373,609)	32,373,609	-
Adjustment on acquisition of GO Group	2,322,748	-	2,322,748
At 30 June 2015	**12,736,896**	**(11,476,595)**	**1,260,301**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Solco Limited

Notes to the Financial Statements

For the year ended 30 June 2015

1 CORPORATE INFORMATION

The financial report of Solco Limited (Solco or the Company) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 31 August 2015.

The Company is a listed public company incorporated in Australia.

The nature of the operations and principal activities of the Company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Company and its subsidiaries (Group). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

The principal accounting policies are set out below.

(b) Going concern

The directors have prepared the financial statements on a going concern basis which contemplates the continuity of normal business and the realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2015 the Group's total assets of $9,152,448 exceeded total liabilities of $7,892,147 and the Group's current assets of $5,970,444 was exceeded by current liabilities of $6,825,094.

For the year ended 30 June 2015 the Group recorded a loss before taxation of $9,748,519 and a net cash outflow from operating and investing activities was $5,908,495. These results include the impact of accounting for the legal acquisition of Goenergy Pty Limited and other related entities as a reverse acquisition.

These results are in line with management and the Board's expectations as the Group and Company undertake the development phase of their business. During the development phase the generation of sufficient funds from operating and financing activities in accordance with the Group's current business plan and growth forecasts is dependent on:

- the availability of financing facilities to fund working capital requirements; and
- increased revenue and cash flows from current trading. This is dependent upon increases in customer numbers and generating cash inflows to offset the forecast expenditure.

(b) Going concern (continued)

Subsequent to the signing of this financial report, the Company expects to conclude negotiations with M&H Developments Pty Ltd, a party associated with its majority shareholder Urban Group Energy Holdings Pty Ltd, for a $1m debt facility (M&H Facility) that will be drawdown over the coming three months. The M&H Facility will be used to fund security deposits required for a new retail electricity contract (which commences on 1 October) and working capital. Discussions are also occurring with a number of both traditional and alternative debt providers.

The Group's and Company's current forecasts indicate that in order to meet their current business plans further capital is required. As part of the ongoing business operations and capital structure planning the Group and Company continues to investigate funding requirements and opportunities. In the event that sufficient cash flows from operations are not generated and/or the financial support of the Company's majority shareholder is not sufficient the Group and Company would seek to implement alternative arrangements. These would include alternative funding arrangements and/or operational changes to ensure the Group and Company has sufficient working capital.

The directors are of the opinion that the use of going concern basis of accounting is appropriate as they are satisfied regarding the Group's and Company's ability to maintain the continued support of current financiers and creditors and/or other sources of funding. The ability of the Group and Company to find support amongst existing and new investors has been demonstrated during the current financial year with the entitlement rights issue by the Company that increased share capital by $3,060,000.

As a growing company that is dependent on the continued support of its current shareholders and other financiers, there is significant uncertainty as to the ability of the Group and Company to continue as going concerns and they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

The Financial Report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group and Company not continue as going concerns.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have most significant effect on the amounts recognised in the consolidated financial statements:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment was considered principally in consideration to the Group's intangible assets. Based upon management's assessment and analysis of forecast performance and discounted cashflows, the intangible assets are not considered to be impaired.

Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the condition prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Management have considered the future forecast trading performance and budgeted results in assessing the likelihood of obtaining sufficient future taxable income to realise the benefits inherent in the deferred tax assets. Based upon this assessment, management have recognised the deferred tax asset to the extent it is considered probable that the benefit of the losses will be realised.

Employee provisions

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cashflows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increase through promotion and inflation have been taken into account.

Unbilled revenue

The Group recognises revenue from electricity and gas services once the energy has been consumed by its customers. Customers are billed on a periodic basis. Management estimates consider customers consumption between last invoice and the end of the reporting period as part of deferred revenue for the year. A number of assumptions and estimates are applied to determine the amount of revenue that is incurred but unbilled at the reporting period (refer to Note 9).

Warranty provision

In determining the level of provision required for warranties the consolidated entity has made judgement in respect of the expected performance of the product, the number of customers who will actually claim under the warranty and how often, and the cost of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Acquisition accounting

The fair value of the consideration transferred by the accounting acquirer (GO energy) for its interest in the accounting acquiree (Solco) was estimated based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition.

(e) Revenue recogntion

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of Solar Generation Units (SGU)

Revenue from the outright sale of SGUs is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, i.e. on completion of installation.

SGUs can also be a subject to an operating lease, in relation to which revenue is recognised on a monthly basis.

Electricity and gas

Revenue comprises amounts earned from provision of products or services to parties outside the consolidated entity, including estimated amounts from customers' unearned and unbilled meters and is measured at fair value of consideration received or receivable. Revenue is recognised in accordance with contractual arrangements where applicable and only once significant risks and rewards of ownership of energy products passes to a customer, i.e. when electricity and gas are supplied to a customer.

Sale of RECs

Revenue for sale of RECs is recognised when STCs are transferred out of the Company's REC registry account.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred with the exception of those which relate to the acquisition, construction or production of qualifying assets, which can be capitalised until the asset is substantially ready for its intended use or sale.

(g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependant on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on straight-line basis over the lease term.

(h) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand, short-term deposits and highly liquid investments with a maturity of three months or less.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. Trade receivables are generally due for settlement within 14 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

Other receivables are recognised at amortised cost, less any provision for impairment.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Renewable energy certificates (RECs)

Small-Scale Technology Certificates (STCs) are treated as inventory and are held for sale in the ordinary course of business. STCs are valued at the lower of cost and net realisable value. RECs on hand are recognised based on average cost.

Large Scale Generation Certificates (LGCs) are treated as inventory and are valued at the lower of cost and net realisable value.

Materials

All materials are stated at the lower of cost and net realisable value on an average cost basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Work in progress

Panels, inverters and labour costs incurred in the construction process of an Solar Generating Unit (SGU) are recognised as inventory - Work in progress and measured at cost. Once the installation process is complete the solar system is invoiced to a customer.

(k) Financial Instruments - initial recognition and subsquent measurement

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets as fair value through profit or loss, loans and receivables, held-to-maturity investments, available -for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition based on the nature and purpose of a financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial Instruments - initial recognition and subsquent measurement (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit and loss.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under AASB 139 are satisfied. The Group has not designated any financial assets at fair value through profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit and loss when the instrument are derecognised or impaired as well as through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised costs using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit and loss when the instrument are derecognised or impaired as well as through the amortisation process.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit and loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial Instruments - initial recognition and subsequent measurement (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group or similar financial assets) is derecognised when:

- The rights to receive the cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal repayments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial Instruments - initial recognition and subsequent measurement (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as, at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial Instruments - initial recognition and subsquent measurement (continued)

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arms length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 20.

(l) Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated using a combination of straight-line and diminishing-value basis over the estimated useful life of all assets:

- Leasehold improvements: 4 years
- Office furniture and equipment: 1 - 10 years
- Solar Generating Units (SGUs): 5 years (finance lease term)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption or future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Software and development costs

Costs incurred in developing systems and acquiring and building software that will contribute to future financial benefits through revenue generation and/or cost reduction are capitalised as software and development costs. Costs capitalised include external cost of services, direct payroll and payroll related costs of employees' time spent on a particular project.

A summary of the policies applied to the Group's intangible assets is as follows:

Software and development costs

- Useful lives: 1-5 years
- Amortisation method used: straight line
- Internally generated or acquired: Both internally generated and acquired

(p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less costs to sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expenses, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(q) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Comparative figures, that is amounts shown for the 2014 financial year, are the results of GoEnergy Pty Limited only under principals of reverse acquisition accounting.

(t) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period.

The Directors assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

(u) Reverse acquisition

The acquisition of Go Group by Solco Limited has the features of a reverse acquisition under Australian Accounting Standard AASB 3 "Business Combinations" notwithstanding Solco being the legal parent of the Group. These transactions are outside the scope of AASB 3 as the accounting acquiree does not constitute a business as defined by this standard. In this instance, the principles of reverse acquisition accounting are applied to determine the accounting acquirer but the transactions are accounted for as share-based payments by the accounting acquirer for the net identifiable assets of the accounting acquiree in accordance with AASB 2 "Share-based payment".

The legal structure of the group subsequent to the acquisition of Go Group is that Solco Limited remains as the parent entity. However, the principles of reverse acquisition accounting are applicable where the owners of the acquired entities (in this case Go Group) obtain control of the acquiring entity (in this case Solco Limited) as a result of the business combination.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (Solco) but are a continuation of the legal subsidiary (Goenergy Pty Limited) with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair value.

Solco Limited

Notes to the Financial Statements (continued)

For the year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

(w) Parent entity financial information

The financial information for the parent entity disclosed in Note 26 has been prepared on the same basis as the consolidated financial statements.

(x) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3 SEGMENT INFORMATION

Information is reported to the chief operating decision maker (the Chief Executive Officer) for the purposes of resource allocation and assessment of segment performance is considered in two business units, GO energy and CO2markets. No operating segments have been aggregated in arriving at the reportable segments of the Group.

CO2markets purchases energy certificates which have been generated from customer's installation of an energy saving project (either PV solar or solar water heating installation) and then sells the certificates to a major Australian bank at a fixed margin less financing costs.

GO energy comprises the sale of electricity and gas and Solar Generating Units (SGUs).

All other acitivty of the Group is considered immaterial and their results are not separately provided to the chief operating decision maker. There was no single external customer whose turnover exceeded ten percent of the Group's revenue. The Group only operates in Australia and conisders it as one market.

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2015 and 30 June 2014. Comparative figures, that is amounts shown for the 2014 financial year, are the results of GO energy only and do not include any amounts for the results of Solco Limited and its pre-acquisition subsidiaries.

No deferred tax asset was recognised as at 30 June 2014, as GO energy was a 100% owned subsidiary and formed a part of a tax consolidated group not related to the Group. Refer to Note 5 for further details in relaton to income tax.

Solco Limited

Notes to the Financial Statements (continued)

For the year ended 30 June 2015

3 SEGMENT INFORMATION (Continued)

	CO2markets	*GO energy*	*Other*	*Total*
	$	*$*	*$*	*$*
Year ended 30 June 2015				
Revenue				
Sales to external customers	14,515,037	8,306,806	366,120	23,187,963
Other revenues from external customers				(25,519)
Total consolidated revenue				23,162,444
Result				
Segment result	(491,545)	(5,083,744)	(144,517)	(5,719,806)
Unallocated expenses				(3,898,613)
Profit before tax and finance costs				(9,618,419)
Finance costs				(130,100)
Profit before income tax				(9,748,519)
Income tax expense				1,754,974
Net profit for the year				(7,993,545)
Assets and liabilities				
Segment assets	1,641,912	5,668,797	1,841,739	9,152,448
Segment liabilities	2,140,660	5,369,604	381,883	7,892,147
Other segment information				
Capital expenditure	461,596	1,048,723		1,510,319
Depreciation	-	230,614	-	230,614
Amortisation	51,345	141,094	-	192,439
Impairment losses	-	119,873	-	119,873
Other non-cash expenses:				
Warranty provision	-	-	362,539	362,539

	CO2markets	*GO energy*	*Other*	*Total*
	$	*$*	*$*	*$*
Year ended 30 June 2014				
Revenue				
Sales to external customers	-	372,623	-	372,623
Other revenues from external customers				31,669
Total consolidated revenue				404,292
Result				
Segment result	-	(3,078,220)	-	(3,078,220)
Unallocated expenses				-
Profit before tax and finance costs				(3,078,220)
Finance costs				(25,106)
Profit before income tax				(3,103,326)
Income tax expense				913,116
Net profit for the year				(2,190,210)
Assets and liabilities				
Segment assets	-	5,379,516	-	5,379,516
Segment liabilities	-	3,032,566	-	3,032,566
Other segment information				
Depreciation	-	97,780	-	97,780
Amortisation	-	7,638	-	7,638
Impairment losses	-	743,113	-	743,113

Solco Limited

Notes to the Financial Statements (continued)
For the year ended 30 June 2015

		CONSOLIDATED 2015 $	2014 $
4	**REVENUE AND EXPENSES**		
	Revenue and Expenses from Continuing Operations		
(a)	**Revenue**		
	Energy certificates trading	14,515,037	-
	Energy revenue	8,306,806	372,623
	Other revenue	366,120	-
	Total revenue	**23,187,963**	**372,623**
(b)	**Other income**		
	Net foreign currency gain/(loss)	(45,734)	26,722
	Interest received	20,215	4,947
	Total other income	**(25,519)**	**31,669**
(c)	**Depreciation and amortisation expense**		
	Depreciation of non-current assets		
	• Leasehold improvements	9,311	16,521
	• Office furniture & equipment	25,664	9,684
	• Solar Generating Units - under lease	195,639	71,575
	Total depreciation of non-current assets	230,614	97,780
	Amortisation of non-current assets		
	Development costs	192,439	7,638
	Total amortisation of non-current assets	192,439	7,638
	Total depreciation and amortisation expense	**423,053**	**105,418**
(d)	**Impairment of assets**		
	Impairment of inventory	38,344	-
	Impairment of intangibles	81,529	743,113
	Total impairment of assets	**119,873**	**743,113**
(e)	**Other expenses**		
	Bad and doubtful debts	99,850	-
	Wages and salaries	4,323,061	1,340,152
	Advertising and marketing	358,881	153,339
	Operating expenses	1,759,454	756,716
	Total other expenses	**6,541,246**	**2,250,207**

		CONSOLIDATED	
		2015	2014
		$	$
4	**REVENUE AND EXPENSES (continued)**		
(f)	**Finance costs**		
	Greenbook facility interest charges	50,335	-
	Finance charges under finance leases & hire purchase contracts	79,765	25,106
	Total finance costs	**130,100**	**25,106**

5 INCOME TAX

Major components of income tax benefit for the years ended 30 June 2015 and 30 June 2014 are:

Income Statement		
Current income tax		
Current income tax benefit	(933,414)	(930,998)
Deferred income tax		
Increase in deferred tax asset	(829,381)	(19,588)
Increase in deferred tax liability	7,826	37,470
Total deferred tax benefit	(821,555)	17,882
Income tax benefit reported in income statement	**(1,754,974)**	**(913,116)**

A reconciliation of income tax benefit applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2015 and 30 June 2014 is as follows:

Accounting loss before tax from continuing operations	(9,748,519)	(3,103,326)
At the statutory income tax rate of 30% (2014: 30%)	(2,924,556)	(930,998)
Tax effect of amounts which are not deductable in calculating taxable income:		
Listing expense on acquisition	487,916	-
Forgiveness of loans on acquisition	681,666	-
Sundry items	-	17,882
Income tax benefit	**(1,754,974)**	**(913,116)**

	CONSOLIDATED 2015 $	2014 $
5 INCOME TAX (continued)		
Deferred income tax		
Deferred income tax at 30 June relates to the following:		
BALANCE SHEET		
Deferred income tax liabilities		
Accrued revenue	(7,826)	-
Gross deferred income tax liabilities	**(7,826)**	**-**
Deferred income tax assets		
Accrued expenses	364,931	-
Provisions	160,099	-
Bad debts provision	13,756	-
Losses carried forward	290,594	-
Gross deferred income tax assets	**829,381**	**-**
	821,555	**-**

Deferred amounts for GO energy for financial year 2014 are not recognised on the face of the financial statements, as they were attributable to the then parent entity and recognised through intercompany balances.

Tax consolidation

The Company created a tax consolidated group as of 1 August 2004 and its subsidiaries have entered into tax sharing and funding agreements under the tax consolidation legislation. The agreements provide that wholly-owned entities fully compensate the Company for any amounts payable it assumes and are compensated by the Company for any current tax receivable (and deferred tax assets relating to unused tax credits) that are transferred to the Company.

Pre-acquisition GO energy was a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd (UGE) and formed part of its tax consolidated group. On acquisition at 23 February 2015 GO energy exited the UGE tax consolidated group.

Tax losses

As at 30 June 2014 the Group had tax losses arising in Australia of $13,045,127. The availability of these losses to be utilised in the future is currently under review and these losses are not recognised as at 30 June 2015.

GO energy's tax losses accumulated prior to the date of acquisition remained with UGE (as discussed above).

The Group expects to make taxable profit in future periods, however current and prior year tax losses will only be available to offset against future profits if:

(a) the Group and the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and

(b) the Group and the Company continue to comply with the conditions for deductibility imposed by tax legislation; and

(c) no changes in tax legislation adversely affect the Group and the Company in realising the benefit from the deductions for the losses.

The Group has no franking credits available as at 30 June 2015.

	CONSOLIDATED 2015 $	2014 $

6 LOSS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Loss attributable to ordinary equity holders (used in calculating diluted EPS).	(7,993,545)	(2,190,210)
Weighted average number of ordinary shares	690,773,051	305,324,014
– basic and diluted	(1.16)	(0.72)

7 DIVIDENDS PAID AND PROPOSED

No dividends have been paid or declared since the start of the financial year. The directors do not recommend the payment of a dividend in respect of the financial year.

8 CASH AND CASH EQUIVALENTS

Cash in hand	1,400	-
Cash at bank	999,194	15,957
Restricted cash	41,707	203,944
	1,042,301	**219,901**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash that is on deposit with the financial institutions as security for bank guarantees issued to various counterparties is defined as restricted cash (refer also to Note 22).

Reconciliation from the loss after tax to the net cash flows from operations

Net loss	(7,993,545)	(2,190,210)
Adjustments for:		
Depreciation and amortisation	423,053	105,418
Impairment expense	119,873	743,113
Bad debts	99,850	-
Changes in assets and liabilities		
(Increase)/decrease in trade debtors	(725,678)	167,724
(Increase)/decrease in other assets	944,210	(656,754)
(Increase)/decrease in inventory	356,310	(2,004,459)
Increase/(decrease) in provisions	533,663	-
Increase/(decrease) in trade creditors	2,146,637	1,910,455
	(4,095,627)	**(1,924,713)**

Disclosure of financing facilities

Refer to Note 15.

	CONSOLIDATED	
	2015	2014
	$	$
9 TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade receivables	977,816	40,602
Allowance for doubtful debts	(45,854)	-
	931,962	40,602
Accrued revenue	845,933	-
Related party receivables:		
Directors and director-related entities		
– director-related	-	1,011,615
	-	1,011,615
	1,777,895	**1,052,217**

Trade receivables are non-interest bearing and are generally on 14-30 day terms. Past due debtor balances are reviewed regularly. An allowance for doubtful debts is made based on a customer by customer basis as part of internal debtor review management process.

Before accepting a new customer, the Group uses an external credit scoring system to access the potential customer's credit quality and defines credit limits by customer. For electricity customers credit scoring is generated and maintained on an ongoing basis. For other energy projects the credit assessment is done on an ongoing basis as part of debtor management process.

Accrued gas and electricity revenue is not collectable until such time as customer's meters are read and bills rendered.

Refer to note 23 for further information in relation to related party transactions.

Details regarding the effective interest rate and credit risk of current receivables is disclosed in note 20.

Aging of debtor balance		
within terms	543,433	21,687
15-30 days	256,531	7,283
31-60 days	118,510	11,632
61-90 days	17,377	-
over 91 days	41,965	-
	977,816	40,602

Movement in allowance for doubtful debts		
Opening balance	-	-
Additional provision recognised	45,854	-
Receivables written off during the year as uncollected	-	-
Closing balance	45,854	-

	CONSOLIDATED	
	2015	*2014*
	$	*$*
10 INVENTORIES		
Materials		
At cost	471,778	2,004,458
Work in progress		
At cost	35,924	144,172
Renewable energy certificates		
At cost	1,997,238	-
	2,504,940	**2,148,630**

Work in progress are solar generating units that are under construction.

The cost of inventory recognised as an expense during the year is cost of sales recognised in the statement of comprehensive income.

There was $38,344 of inventory written off as impaired during the financial year 2015 (2014: 0).

Renewable energy certificates held at balance date consisted of Large Scale Generation Certificates (LGCs) $952,500 and Small-Scale Technology Certificates (STCs) $1,044,738. All certificates were pledged as security for amounts owing to counterparties.

Refer to notes 14 and 15 for further details.

11 OTHER ASSETS		
Prepayments	407,625	36,782
Goods and services tax	-	467,207
Other	237,683	48,494
	645,308	**552,483**

Solco Limited

Notes to the Financial Statements (continued)
For the year ended 30 June 2015

	CONSOLIDATED 2015 $	2014 $
12 PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	112,346	66,084
Accumulated depreciation	(9,311)	(26,780)
Net carrying amount	103,035	39,304
Office furniture & equipment		
At cost	134,612	32,905
Accumulated depreciation	(37,525)	(11,861)
Net carrying amount	97,087	21,044
Solar Generating Units - under lease		
At cost	914,791	923,270
Accumulated depreciation	(244,959)	(62,424)
Net carrying amount	669,832	860,846
Total property, plant and equipment		
At cost	1,161,749	1,022,259
Accumulated depreciation	(291,795)	(101,065)
Net carrying amount	**869,954**	**921,194**
Movement in property, plant and equipment		
Leasehold improvements		
Balance at the beginning of the year		
At cost	66,084	66,084
Accumulated depreciation	(26,780)	(10,259)
Net carrying amount	39,304	55,825
Additions	112,346	-
Disposals	(39,304)	-
Depreciation charge for the year	(9,311)	(16,521)
Balance at the end of the year	103,035	39,304

	CONSOLIDATED 2015 $	2014 $
12 PROPERTY, PLANT AND EQUIPMENT (continued)		
Movement in property, plant and equipment (continued)		
Office furniture & equipment		
Balance at the beginning of the year		
At cost	32,905	47,905
Accumulated depreciation	(11,861)	(6,826)
Net carrying amount	21,044	41,079
Additions	101,707	60,000
Impairment	-	(70,351)
Depreciation charge for the year	(25,664)	(9,684)
Balance at the end of the year	97,087	21,044
Solar Generating Units - under lease		
Balance at the beginning of the year		
At cost	923,270	318,224
Accumulated depreciation	(62,423)	(5,834)
Net carrying amount	860,847	312,390
Additions	16,894	1,572,397
Disposals	(12,270)	(808,192)
Reclassification	-	(144,174)
Depreciation charge for the year	(195,639)	(71,575)
Balance at the end of the year	669,832	860,846
Total Property, plant and equipment		
Balance at the beginning of the year	`	
At cost	1,022,259	432,213
Accumulated depreciation	(101,064)	(22,919)
Net carrying amount	921,195	409,294
Additions	230,947	1,632,397
Disposals	(51,574)	(808,192)
Impairment	-	(70,351)
Reclassification	-	(144,174)
Depreciation charge for the year	(230,614)	(97,780)
Balance at the end of the year	**869,954**	**921,194**

Solar generating units (SGUs) completed in financial year 2013 and provided as security for a financing arrangement were designated as a sale and lease backs under AASB 117 and treated as finance leases. The SGUs were recognised as non-current assets and depreciated over the tem of a lease.

	CONSOLIDATED 2015 $	2014 $
13 INTANGIBLES		
Development costs		
Cost (gross carrying amount)	1,752,031	507,206
Accumulated amortisation and impairment	(261,536)	(22,115)
Net carrying amount	**1,490,495**	**485,091**
Movement in intangibles		
Development costs		
Balance at the beginning of the year		
Cost (gross carrying amount)	507,206	843,774
Accumulated amortisation and impairment	(22,115)	(14,477)
Carrying amount - opening	485,091	829,297
Additions	1,279,372	396,091
Impairment	(81,529)	(718,182)
Amortisation	(192,439)	(22,115)
Balance at the end of the year	1,490,495	485,091

Development costs included projects undertaken during the year to establish operational systems. Amortisation is recognised on a straight line basis over project's expected life. Refer to Note 2 for further information on accounting policies relevant to development costs.

14 TRADE AND OTHER PAYABLES (CURRENT)		
Trade creditors	1,487,099	1,892,456
Other creditors	501,424	41,664
Accrued expenses	1,216,438	-
Goods and services tax	756,220	-
	3,961,181	**1,934,120**
Related party payables:		
Directors and director-related entities		
– director-related	119,576	-
	119,576	-
	4,080,757	1,934,120

Trade and other payables are non-interest bearing and are generally settled on 7-30 day terms. Information regarding the effective interest rate and credit risk of current payables is set out in Note 20.

	CONSOLIDATED 2015 $	2014 $
15 INTEREST-BEARING LOANS AND BORROWINGS		
Current		
Borrowings secured - at amortised cost		
– finance lease and hire purchase borrowings	113,227	101,573
– Greenbook facility	871,530	-
– Borrowing under repurchase agreement - related party	1,044,800	-
	2,029,557	**101,573**
Non-current		
Borrowings secured - at amortised cost		
– finance lease and hire purchase borrowings	763,379	876,606
	763,379	**876,606**

Refer to Note 20 for further information regarding interest-bearing liabilities.

(a) Finance leases

Finance leases have a 5 year term and are part of sale lease back arrangement detailed in Note 12.

(b) Borrowings under repurchase agreement

On 22 June 2015, GO energy entered into a repurchase agreement over LGCs with UGE Environmental Trading Pty Ltd (a director related entity), with a settlement date of 22 July 2015. Repurchase agreement charges recognised in the statement of comprehensive income for the financial year 2015 are $8,541. The value of LGCs pledged as security under the repurchase agreement as at 30 June 2015 is $952,500 (refer Note 10).

(c) Greenbook facility

The Group's financiers provide a facility which allows the Group to forward sell renewable energy certificates specifically STCs that have been generated pursuant to the Federal Government Renewable Energy Trade Scheme as security for advances under the facility. The STCs are usually forward sold when they have a status "pending registration" and are then pledged as security. Once the STCs are considered as "available registered" by the Clean Energy Regulator (CER) they are then applied to reduce the facility balance.

The main terms of the Greenbook facility are:

- A limit of $5 million;
- At all times the aggregated quantity of STCs pledged as security with "available registered" or "pending registration" must be greater than a minimum coverage ratio (MCR). The MCR is 110% of the quantity of STCs that have been forward sold if a related party to UGE holds directly or indirectly at least 50% interest in the share capital of the Company or 112% otherwise.
- Forward sale transactions must be settled (by transferring STCs to the financier) within 42 days.
- The facility is subject to annual review and contains conditions normally included in bank facility agreements.
- Interest charge incurred since acquisition to 30 June 2015 was $50,335.

Refer to Note 10 for further information in relation to STCs pledged as security.

The facility was drawn to the extent possible by the security provided as at 30 June 2015.

	CONSOLIDATED 2015 $	2014 $
16 OTHER LIABILITIES		
Current		
Customer deposits	403,748	16,626
Deferred revenue	81,043	103,641
	484,791	120,267

Deferred revenue arises from sale lease back finance arrangements of SGU's. Gain on sale is amortised over the lease term of the arrangement, which is 5 years.

17 PROVISIONS		
Current		
Employee entitlements	171,124	-
Product warranty	58,865	-
	229,989	**-**
Non-current		
Product warranty	303,674	-
Total provisions	533,663	-
Employee entitlements		
At 30 June 2014	-	-
Arising during the year	202,690	-
Utilised	(31,566)	-
At 30 June 2015	171,124	-

The provision for employee entitlements related to annual leave for employees. No provision was recognised for long service leave as no employee of the Group has been employed for over 5 years. Current annual leave obligation expected to be settled after 12 months is $43,422.

Product warranty		
At 30 June 2014	-	-
Arising during the year	484,183	-
Utilised	(121,644)	-
At 30 June 2015	362,539	-

Product provision recognised is in relation to inverters sold by a subsidiary company in a prior financial year. The provision was reviewed during the current financial year based on claims lodged.

Total Provisions		
At 30 June 2014	-	-
Arising during the year	686,873	-
Utilised	(153,210)	-
At 30 June 2015	533,663	-

	CONSOLIDATED 2015 $	2014 $

18 ISSUED CAPITAL

Ordinary shares

985,706,502 fully paid ordinary shares (2014: 5,830,000)	13,312,748	38,203,609
Capital raising cost	(575,852)	-
	12,736,896	**38,203,609**

Movement in Fully paid ordinary shares

Fully paid ordinary shares	**Number of shares No**	**Share capital $**
Balance at 1 July 2013	3,830,000	36,203,609
Issue of ordinary shares in settlement of debt to holding company	2,000,000	2,000,000
Balance at 30 June 2014	5,830,000	38,203,609
Issue of ordinary shares in settlement of debt to holding company	2,100,000	2,100,000
Capital reduction	-	(32,373,609)
Adjustment on acquisition of GO Group	197,170,124	2,322,748
Shares issued in consideration for acquisition of GO Group	627,606,378	-
Shares issued via Entitlement Placement	153,000,000	3,060,000
Balance at 30 June 2015	985,706,502	13,312,748

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore , the company does not have a limited amount of authorised capital and issued shares do not have par value.

Oridinary shares issued purusant to an Entitlement Placement of 153,000,000 at an issue price of 2 cents were partially paid in cash in the amount of $1,643,294 and the balance by way of $1,416,706 offset against amounts owed on settlement for the GO Group acquisition.

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings under a repurchase arrangement, finance leases, forward sale funding and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Group's Risk management committee (ARMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The ARMC oversees the Group's senior management implementation of the policies and procedures, and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The board of directors, via ARMC reviews and agrees policies for managing each of these risks which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings, deposits and forward sale funding.

The sensitivity analyses in the following sections relate to the position as at 30 June 2015 and 30 June 2014.

The following assumptions have been made in calculating the sensitivity analyses:

• The statement of financial position sensitivity relates to interest bearing liabilities.

• The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and liabilities held at 30 June 2015.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase / decrease in basis points	Effect on profit before tax
		$
30 June 2015		
Australian dollar	+50	(52,296)
Australian dollar	-50	52,296
30 June 2014		
Australian dollar	+50	-
Australian dollar	-50	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's direct exposure to the risk of changes in foreign exchange rates is minimal as Group currently only with Australian suppliers and has no operation outside of Australia. However Australian supply of predominantly oversees produced materials can be subject to price movement from exchange variation.

Commodity price risk

Commodity price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of Small-scale Technology Certificates (STC's) and Large Scale Generation Certificates (LGCs) , collectively known as green energy certificates.

The Group's policy is to reflect certificates price fluctuation in its margin and price offered to customers and undertake hedging of the estimated future requirements to minimise the commodity price risk and the impact on profit.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that customers are credit worthy and includes the utilisation of systems or the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers. Such monitoring is used in assessing receivables for impairment.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. The calculation is based on actual incurred historical data and customer background information. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low.

The maximum exposure to credit risk at the reporting date is the carrying value disclosed in Note 9.

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to its financial liabilities. The Group manages this risk through the following mechanisms:

• preparation of forward-looking cash flow models in relation to its operational, investing and financing activities;

• maintaining a reputable credit profile; and

• managing credit risk related to financial assets.

Solco Limited

Notes to the Financial Statements (continued)

For the year ended 30 June 2015

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and does not reflect management's expectations that bank facilities will be rolled forward. Cash flows realised from financial assets reflect management's expectations as to timing of realisation. Actual timing may therefore differ from that disclosed.

Year ended 30 June 2015	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Financial assets cash flows realisable				
Cash and cash equivalents	1,042,301	-	-	1,042,301
Trade and other receivables	1,777,895	-	-	1,777,895
Other financial assets	645,308	-	-	645,308
Total anticipated inflows	**3,465,504**	**-**	**-**	**3,465,504**

Year ended	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities due for payment				
Trade and other payables	4,080,757	-	-	4,080,757
Interest-bearing loans and borrowings	2,029,557	763,379	-	2,792,936
Other liabilities	484,791	-	-	484,791
Total expected outflows	**6,595,105**	**763,379**	**-**	**7,358,484**
Net inflow / (outflow)	**(3,129,601)**	**(763,379)**	**-**	**(3,892,980)**

Year ended 30 June 2014	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Financial assets cash flows realisable				
Cash and cash equivalents	219,901	-	-	219,901
Trade and other receivables	1,052,217	-	-	1,052,217
Other financial assets	552,483	-	-	552,483
Total anticipated inflows	**1,824,601**	**-**	**-**	**1,824,601**
Financial liabilities due for payment				
Trade and other payables	1,934,120	-	-	1,934,120
Interest-bearing loans and borrowings	101,573	876,606	-	978,179
Other liabilities	120,267	-	-	120,267
Total expected outflows	**2,155,960**	**876,606**	**-**	**3,032,566**
Net inflow / (outflow)	**(331,359)**	**(876,606)**	**-**	**(1,207,965)**

Solco Limited

Notes to the Financial Statements (continued)

For the year ended 30 June 2015

20 FINANCIAL INSTRUMENTS

Fair values

All financial assets and liabilities have been recognised at the balance date at their net fair values.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

All financial instruments are Level 1 hierarchy for both financial periods presented.

	Carrying amount		*Fair value*	
	2015	*2014*	*2015*	*2014*
	$	*$*	*$*	*$*
CONSOLIDATED				
Financial assets at amortised cost				
Cash	1,042,301	219,901	1,042,301	219,901
Trade and other receivables	1,777,895	1,052,217	1,777,895	1,052,217
	2,820,196	**1,272,118**	**2,820,196**	**1,272,118**
Financial liabilities at amortised cost				
Trade and other payables	4,080,757	1,934,120	4,080,757	1,934,120
Interest-bearing loans and borrowings:				
Obligations under finance leases and hire purchase contracts	876,606	978,179	876,606	978,179
Borrowing under repurchase agreement - related entity	1,044,800	-	1,044,800	-
	6,002,163	**2,912,299**	**6,002,163**	**2,912,299**

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Year ended 30 June 2015	*Less than 1 year*	*1-2 years*	*2-3years*	*3-4 years*	*4-5years*	*Over 5 years*	*Total*	*Weighted average effective interest rate*
	$	*$*	*$*	*$*	*$*	*$*	*$*	*%*
CONSOLIDATED								
FINANCIAL ASSETS								
Floating rate								
Cash assets	1,042,301	-	-	-	-	-	1,042,301	0.04%
FINANCIAL LIABILITIES								
Fixed rate								
Obligations under finance leases and hire purchase contracts	113,227	126,085	140,184	497,110	-	-	876,606	8.67%
Greenbook facility	871,530	-	-	-	-	-	871,530	5.78%
Borrowing under repurchase agreement	1,044,800	-	-	-	-	-	1,044,800	6.00%

20 FINANCIAL INSTRUMENTS (continued)

Year ended 30 June 2014	*Less than 1 year*	*1-2 years*	*2-3years*	*3-4 years*	*4-5years*	*Over 5 years*	*Total*	*Weighted average effective interest rate*
	$	*$*	*$*	*$*	*$*	*$*	*$*	*%*
CONSOLIDATED								
FINANCIAL ASSETS								
Fixed rate								
Cash assets	203,944	-	-	-	-	-	203,944	3.15%
Floating rate								
Cash assets	15,957	-	-	-	-	-	15,957	0.00%
FINANCIAL LIABILITIES								
Fixed rate								
Obligations under finance leases and hire purchase contracts	101,800	113,258	126,120	140,223	496,778		978,179	8.67%

21 REVERSE ACQUISITION

On 23 February 2015 the Group completed the acquisition of 100% of Go Group. The acquisition of GO Group involved the issue of 627,606,378 ordinary shares. As a result the shareholder of GO Group held at the date of acquisition 70% of the issue share capital of the Company, prior to the issue of shares under an entitlement rights issue. The GO Group acquisition consisted of the purchase of a number of entities and businesses (that is without the associated company that owned the businesses in some cases), which were not structured into a single legal group. Under Australian Accounting Standards for reverse acquisitions a single entity is nominated as the acquirer and the results of that entity and its subsidiaries deemed to be the results of the merged entity. Applying this methodology means that the trading results presented in the financial report exclude significant parts of the businesses that were acquired. While for legal and taxation issues the Company was the acquiring entity, under Australian Accounting Standards the transaction was required to be considered as a "reverse takeover". As a result GO energy is considered the acquiring entity and the Company the acquiree.

As a consequence the Income Statement in the Financial Statements comprise the financial performance of GO energy for the full twelve months even though it was not a subsidiary of the Company until 23 February 2015. The trading activity of the Company and its pre-acquisition subsidiaries are included only for the period from 23 February 2015 until the end of the financial year. Comparative figures, that is amounts shown for the 2014 financial year, are the results of GO energy only and not include any amounts for the results of the Company and its pre-acquisition subsidiaries.

22 COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments – as lessee

The Group has entered into leases on its office. These leases have an average life of between 1 and 2 years. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under operating leases as at 30 June are as follows:

	2015	*2014*
	$	*$*
Within one year	139,656	52,952
After one year but not more than five years	200,103	-
	339,759	52,952

(b) Finance lease and hire purchase commitments - Company as lessee

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2015	*2014*
	$	*$*
Within one year	183,733	181,166
After one year but not more than five years	902,335	1,086,068
Total minimum lease payments	1,086,068	1,267,234
Less amounts representing finance charges	(209,462)	(289,054)
Present value of minimum lease payments	876,606	978,180

Fair value of the finance lease liability is approximately equal to their carrying amount.

Further details in relation to finance leases are disclosed in note 15.

22 COMMITMENTS AND CONTINGENCIES (continued)

(c) Solar generating units utilisation - post 1 March 2015

The Group installs Solar Generation Units (SGUs) at customers' premises that are subject to Power Plant Agreements (PPA). During the life of the SGU, the PPA requires the customer to pay a minimum of either the actual generation by the SGU or a minimum quantity (CMQ) specified in the contract. Where the receivable amount is then on sold to a financier, a minimum quantity (FMQ) is specified as being required to be received by the financier, which is usually between 90% and 100% of the CMQ. In the event that actual generation is less than the FMQ then the Group can be required by the financier to pay the value of the difference between the actual generation and the FMQ at the contracted rate. There were no instances of actual generation being less than FMQ during the financial year for SGU's subject to sale of the receivable to the financier. The Group calculates the contracted CMQ and FMQ figures so that it is unlikely to be less than actual generation.

(d) Bank guarantees

The Group has a facility of up to $3,000,000 to issue bank guarantees. The facility requires cash to be provided for 100% of the amount of the bank guarantee.

The following amounts have been provided as security to counterparties in the form of bank guarantees.

	CONSOLIDATED	
	2015	*2014*
	$	*$*
Australian Energy Market Operator [i]	230,000	203,944
Lease arrangements[ii]	61,707	-
	291,707	203,944
Issue by:		
Group's financier secured by cash and deposits (Note 8)	41,707	203,944
Related parties - issued on behalf of the Group	250,000	-
	291,707	203,944

(i) The Group has provided bank guarantees in favour of the Australian Energy Market Operator to support its obligations to settle electricity and gas purchases from the National Electricity Market and Short Term Trading Market.

(ii) The Group has also provided a bank guarantees in relation to office lease arrangements.

Refer to Note 23 for further details in relation to related party transactions.

Solco Limited

Notes to the Financial Statements (continued)
For the year ended 30 June 2015

23 RELATED PARTY DISCLOSURES

(a) Parent entity

The Group is controlled by the following entities:

Name	*Type*	*Place of incorporation*	*2015*	*2014*
Urban Group Energy Holdings Pty Ltd	Immediate and ultimate parent entity	Australia	70%	-

(b) The consolidated financial statements include the financial statements of Solco Limited and the subsidiaries listed in the following table:

Name	*Country of incorporation*	*% Equity interest*		*Investment ($)*	
		2015	*2014*	*2015*	*2014*
GoEnergy Installations Pty Limited	Australia	100%	0%	100	-
GoQuote Pty Limited	Australia	100%	0%	100	-
Go Markets Environmental trading	Australia	100%	0%	100	-
GoEnergy Solar PPA Fund 1 Pty Ltd	Australia	100%	0%	100	-
GoEnergy Shared Services Pty Ltd	Australia	100%	0%	100	-
CO2 Global Exports Australia Pty Ltd	Australia	100%	0%	1,000	-
Solco Solar Products Pty Ltd	Australia	100%	100%	5,444	5,444
Solco Finance Pty Ltd	Australia	100%	100%	1	1
Goenergy Pty Ltd	Australia	100%	0%	4,382,832	-
				4,389,977	5,445

GO Group companies were acquired on 23 February 2015

Balances and transactions between the Company and its wholly owned subsidiaries, have been eliminated on consolidation and are not disclosed in this note. During the year, Group entities entered into the following transactions with related parties that are not members of the Group.

(c) Key management personnel compensation

	2015	*2014*
	$	*$*
Short-term employee benefits	1,182,690	1,165,251
Post-employment benefits	47,181	41,135
	1,229,871	**1,206,386**

Solco Limited

Notes to the Financial Statements (continued)
For the year ended 30 June 2015

23 RELATED PARTY DISCLOSURES (continued)

(d) Transactions with director related parties

The following transactions occurred with related parties:

	CONSOLIDATED	
	2015	*2014*
	$	*$*
Sales and purchases of goods and services:		
Sales of goods and purchases of services [i]	4,368,446	274,305
Purchases of various good and services	7,219,480	842,660

[i] The Group acquired renewable energy certificates to fulfil its obligations as an energy retailer. The certificates were on sold at the acquisition price to UGE Environmental trading Pty Ltd (UGET) a subsidiary of director related entity to assist the Group with its funding requirements. The Group has the obligation to repurchase the certificates from UGET at the original acquisition costs plus market based costs to carry.

For further information in relation repurchase agreement, refer to Notes 15 and 10.

	CONSOLIDATED	
	2015	*2014*
Amounts outstanding at balance date:	$	$
Current payables		
Ultimate parent	180,967	581,461
Other related entities	1,044,800	-
Current receivables		
Other related parties	34,976	204,956
Loans to/(from) director related parties:		
Ultimate parent		
Beginning balance	1,639,244	663,791
Loan advances	3,593,264	3,929,699
Loan repayments	(3,471,800)	(954,246)
Loan to equity conversion	(2,100,000)	(2,000,000)
Loan adjustment on acquisition	339,292	-
Closing balance	**-**	**1,639,244**

Debt forgiven by the Ultimate parent was part of acquisition adjustments.

Other related entities		
Beginning balance	(819,838)	-
Loan repayments	(2,566,555)	(2,651,556)
Loan advances	3,386,393	1,831,718
Closing balance	**-**	**(819,838)**

23 RELATED PARTY DISCLOSURES (continued)

Balances outstanding from key management personnel

During 2013 Solco's then Chief Executive Officer, Mr Anthony Coles, was issued 5,000,000 shares in Solco Limited which were funded through a limited recourse loan provided by the Group to Mr Coles. The shares were issued at $0.024 per share, being 5-day volume weighted average price (VWAP) of the company's share as determined prior to the issue date. The loan was provided in line with the terms and conditions of the Group's long term incentive scheme.

The loan was interest free with recourse limited to the value of the underlying shares. The loan was made based on the market price of underlying shares on the grant date and is subject to certain conditions, which include a required 12 month employment period from the grant date.

The loan is repayable within a period not exceeding five years from the date of issue or after 6 months from Mr Coles ceasing to be eligible employee. As Mr Coles was made redundant on 11 July 2014, the loan became repayable by 11 January 2015. In view of the delays to the Company's relisting on the Australian Stock Exchange, the Board agreed to extending this loan until 9 September 2015.

There are no other loans outstanding from key management personnel at 30 June 2015.

Guarantee facility:

	CONSOLIDATED	
	2015	*2014*
	$	$
Provision of bank guarantees to counter parties on behalf of the Group (Note 23 (c))	250,000	-

Guarantee of performance:
Urban Group Energy Holdings Pty Ltd (UGE) has provided guarantees to a financier of the Group in respect of certain financing arrangements that were entered into prior to 23 February 2015. The guarantees are in relation to:

- amounts owing sale and lease back of SGUs (refer Note 12 and 15(a)); and
- amounts owing for lease receivables sold pursuant to a Master Deed of Assignment of Receivables dated 5 February 2015, where the SGUs were installed prior to 23 February 2015. The amount owing at the time of the sale of the lease receviables was $422,237.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arms length transactions at both normal market prices and normal commercial terms. No interest was charged during the year on amounts outstanding.

24 EVENTS AFTER BALANCE SHEET DATE

There have been no significant events occurring after balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs other than as discussed below.

Subsequent to 30 June 2015, the Company expects to conclude negotiations with M&H Developments Pty Limited, a party associated with its majority shareholder, Urban Group Energy Holdings Pty Limited (UGE), for the provision of a debt facility of $1 million.

25 AUDITORS REMUNERATION

The auditor of the Company and the Group is HLB Mann Judd. All fees disclosed in relation to financial year 2015 are in relation to the audit services provided by them. Audit fees disclosed in relation to financial year 2014 were paid to Stannard Accountants and Advisors for audit services provided to Go energy.

	CONSOLIDATED	
	2015	*2014*
	$	*$*
Amounts charged by the auditors for the Company:		
• An audit or review of the financial report	64,000	-
• Audit of subsidiary company	-	19,750
	64,000	19,750

26 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

	2015	*2014*
	$	*$*
Balance Sheet		
Current assets	803,948	108,094
Total assets	5,111,978	2,370,227
Current liabilities	165,672	169,722
Total liabilities	4,197,951	1,218,296
Shareholders equity		
Issued capital	27,567,741	19,829,796
Reserve - share based payment	94,000	94,000
Accumulated losses	(26,747,714)	(18,771,865)
	914,027	1,151,931
Profit or loss for the period	(6,791,630)	135,645

(b) Guarantees entered into by parent

The Company has guaranteed the performance of a subsidiary in respect of a financing facility provided. The balance outstanding as at 30 June 2015 was $871,530 (refer to Note 16 (c)).

(c) Commitments and contingencies of parent entity

In the opinion of the directors, there were no contingent assets or liabilities and commitments as at 30 June 2015 which related to the Company.

Solco Limited

Directors' Declaration

In the opinion of the directors:

(a) The financial statements and notes set out on pages 18 to 59 are in accordance with the *Corporations Act 2001* , including:

  (i) complying with Accounting Standards, the Corporation Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debtor as and when they become due and payable, and

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declaration by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Mr Brian Thomas
Director
Perth, 31 August 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Solco Limited for the year ended 30 June 2015, 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 audit; and

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

Perth, Western Australia
31 August 2015

M R W Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Solco Limited

Report on the Financial Report

We have audited the accompanying financial report of Solco Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Solco Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(b) in the financial report, which indicates that as at 30 June 2015 the consolidated entity's current assets of $5,970,444 were exceeded by current liabilities of $6,825,094. In addition, for the year ended 30 June 2015, the consolidated entity recorded a loss before taxation of $9,748,519 and a net cash outflow from operating and investing activities of $5,908,495. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Solco Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
31 August 2015

Solco Limited
Security Holder Information

The following information is provided regarding the issued capital of Solco Limited as at 5 August 2015.

1 The issued ordinary share capital consisted of 988,003,252 shares. Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

2 There were 1,534 holders of the issued ordinary shares.

3 There were 847 holders of less than a marketable parcel of 33,334 shares (at 1.5 cents per share).

4 The distributor of holders was:

Range of holding	Ordinary shares held	No. of holders	%
1-1,000	10,989	54	-
1,001-10,000	2,635,399	418	0.3
10,001-100,000	46,011,239	878	4.7
100,001 and over	939,345,625	184	95.0
	988,003,252	1,534	100.0

5 Listing of the twenty largest holders of ordinary share capital

Shareholder	Ordinary shares held	%
Urban Group Energy Holdings Pty Ltd	698,236,678	70.7
Gypsy Hill Pty Limited	93,769,391	9.5
Wytown Pty Limited	34,500,000	3.5
JP Morgan Nominees Australia Limited	24,458,851	2.5
Diana Coburn House	15,100,000	1.5
Dr Paul Francis Morton	5,585,627	0.6
Mr Anthony Craig Coles	5,000,000	0.5
Running Water Limited	3,000,000	0.3
National Nominees Limited	1,883,950	0.2
Squire Holdings Pty Limited	1,786,830	0.2
Mr Robin Robinson and Mrs Lynette Robinson	1,450,000	0.2
Mr Bruce Dixon	1,300,000	0.1
Mrs Anne Elizabeth Morton	1,045,636	0.1
Mr Daniel Kevin Mouat	1,019,500	0.1
Brooksfield Capital Pty Limited	1,000,000	0.1
Mr Fang Cheng	1,000,000	0.1
Mr David Edward Hough	1,000,000	0.1
Mr Guy Francois Le Clezio	1,000,000	0.1
Lemon Shine Pty Limited	1,000,000	0.1
Pearse Property Holdings	1,000,000	0.1
Total of top 20 shareholders	**894,136,463**	**90.6**
Other holders	93,866,789	9.4
Total issued ordinary shares	**988,003,252**	**100.0**

Solco Limited
Security Holder Information

6 The names and holdings of substantial shareholders:

Shareholder	Ordinary shares held
Urban Group Energy Holdings Pty Limited	698,236,678
Gypsy Hill Pty Limited	93,769,391

627,606,378 shares held by Urban Group Energy Holdings Pty Limited's are escrowed until 5 August 2017

7 There is no current on-market buy-back.

8 Use of cash on listing

In accordance with the Australian Stock Exchange's (ASX) listing rule 4.10.19, the first annual report since the Company's re-admission to the ASX is required to contain a table that presents a comparison of the proposed use of funds held at the time of admission and whether those funds were applied in a manner consistent with the Company's objectives. Due to the delays that occurred between the raising of funds by an entitlement offer prospectus dated 25 November 2014 (**Prospectus**) and the ultimate relisting date of 5 August 2015 the table below presents a comparison of the proposed use of funds as indicated in the Prospectus and the end of the reporting period 30 June 2015.

The cash raised by the Prospectus and held by Solco Limited at the issue date of 23 February 2015 was:

	Underwritten Amount
Amount issued under the prospectus	3,000,000
Amount issued under the prospectus (shortfall)	60,000
Deduct: value of shares issued for reimbursement of costs	(1,416,706)
Cash raised by the Prospectus	1,643,294
Add cash held by Solco Limited	1,389,000
Cash held at 23 February 2015	3,032,294

The proposed use of funds contained in the Prospectus and the actual application to 30 June 2015 is presented in the table below. The use of funds to 30 June 2015 varies from prior expectations due to the delay to financial close of the Mount Majura project.

Use of funds	Actual application to 30 June 2015
Capital expenditure	606,231
Mt Majura project[1]	-
Costs of the transaction	423,000
Payment for acquisition of GO Group assets[2]	754,122
Working capital	206,640
Cash on hand	1,042,301
	3,032,294

1. Mt Majura development project did not commence during the period to 30 June 2015.
2. Payment for acquisition of Go Group assets – amounts to Urban Group in accordance with the agreement to acquire the Go Group, a total of $2,223,828 was payable. $1,416,706 of the amount was settled by way of offset against amounts due for the underwriting of 70,835,300 ordinary shares by Urban Group Energy Holdings Pty Limited. An amount of $754,122 was paid in cash to 30 June 2015 and a further $53,000 remains outstanding.

Solco Limited

Corporate Directory

ABN: 27 084 656 691

Registered office:
C/- Nexia
Level 3, 88 William Street
Perth, Western Australia, 6000
Telephone: 08 9463 2463

Principal place of business
Level 6, 221 Miller Street
North Sydney New South Wales, 2060
Telephone: 02 8907 7400

Share registry:
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, Western Australia,6000
Telephone: 1300 787 272

Auditors:
HLB Mann Judd
Level 4, 130 Stirling Street
Perth, Western Australia, 6000
Telephone: 08 9227 7500

Bankers:
Australian and New Zealand Banking Corporation
242 Pitt Street
Sydney New South Wales

Securities Exchange Listing:
Solco Limited's ordinary shares are listed on the Australian Securities Exchange (ASX:SOO).

Website:
www.solco.com.au