



SOLCO LTD

ABN 27 084 656 691

**Annual report for the financial year ended
30 June 2014**

Annual financial report for the financial year ended 30 June 2014

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Corporate Directory

Directors:

David Richardson	Non-Executive Chairman
Ian Campbell	Non-Executive Director
Craig Vivian	Non-Executive Director

Joint Company Secretaries:

Darren Crawte
Henko Vos

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Share Registry:

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Level 4, 130 Stirling Street
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Securities Exchange Listing:

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

Corporate Governance Statement for the year ended 30 June 2014

INTRODUCTION

The Company is committed to implementing sound standards of corporate governance. In determining what those standards should involve, the Company has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments ("Recommendations"). The Company will report against the updated ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) in its 30 June 2015 Annual Report.

A copy of the Company's Corporate Governance Charter ("Charter") has been placed on the Company's website in the corporate governance section.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The functions and responsibilities of the Board compared with those delegated to management are reflective of the Recommendations and are disclosed in the Board Charter on the Company's website. It should be noted that, following the Company's exit from its wholesale pumping and PV business during May 2014, the Company reduced its staff to only one, resulting in the Board being responsible for a greater than normal volume of responsibilities normally reserved for management. Effective from 11 July 2014, all such executive responsibilities fell under the Board's responsibility.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Nomination and Remuneration Committee is charged in the terms of the Charter with periodic review of the job description and performance of the Managing Director and/or CEO according to agreed performance parameters.

Senior executives were the subject of informal evaluations against both individual performance and overall business measures. These evaluations were undertaken by the CEO in conjunction with the Directors progressively and periodically. The CEO's evaluation was undertaken by the Board of Directors.

Outcomes arising from these evaluations included identifying skill improvement needs, redescription of positions of employment, remuneration reviews and where necessary remedial action.

The Charter contains a section formally setting out the Company's Board and Management Performance Enhancement Policy.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

The Company is not aware of any departure from Recommendations 1.1 or 1.2. Performance evaluations for senior executives have taken place in the reporting period in accordance with the process disclosed.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: A majority of the board should be independent directors.

The Board respects independence of thought and decision making as critical to effective governance, and is satisfied that its Board composition meets these requirements.

The Board comprises of three Directors, being:

- David Richardson (Non-executive Chairman, non-independent)
- Ian Campbell (Non-executive, independent director)
- Craig Vivian (Non-executive, independent director)

Given the current composition of the Board the Company complies with this recommendation, with only Mr Richardson not considered to be an independent director based on his shareholding and previous executive role (for the period to April 2012) in the Company.

The Board considers the current structure to be reflective of the needs of the Company at its current stage of development.

Recommendation 2.2: The chairperson should be an independent director.

The Chairperson is not an independent director. The Board believes, notwithstanding Mr. Richardson's shareholding and his executive role during the last three years (for the period to April 2012), that the Company is best served with his appointment as Chairman due to the strength of his skills, experience and commitment to that role.

Recommendation 2.3: The roles of chairperson and chief executive officer should not be exercised by the same individual.

The Company complied with this recommendation throughout the year. The role of the Chairman was performed by Mr David Richardson with the role of Chief Executive Officer being performed by Mr Anthony Coles to the point of his resignation on 11 July 2014.

Recommendation 2.4: The board should establish a nomination committee.

The Board has a Nomination and Remuneration Committee comprising Messrs Ian Campbell, David Richardson and Craig Vivian.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Nomination and Remuneration Committee is charged in the terms of the Charter with Board and Board Committee membership, succession planning and performance evaluation, as well as Board member induction, education and development.

The Company has adopted policies and procedures in the Charter concerning the evaluation and development of its directors, executives and Board committees, and including an induction protocol.

Performance reviews of the Board, its Committees and individual Directors are currently informal and are done progressively over the year and are based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may have been identified.

The Company's Board and Management Performance Enhancement Policy is also incorporated in the Charter and is publicly available on the Company's website.

Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

Details of the skills, experience and expertise of each Director in office at the date of this Annual Report are contained in the Directors' Report section of this Annual Report are.

Each director's status as executive/non-executive and independent/non-independent for the year ending 30 June 2014 were as follows (with all directors noted as continuing in office at the date of this annual report):

David Richardson	Non-executive, non-independent
Ian Campbell	Non-executive, independent
Craig Vivian	Non-executive, independent

The Company has accepted the definition of "independence" in the Recommendations in the above analysis. (Notwithstanding that the Company is not reporting against the 3rd Edition, the status of each director remains unchanged when assessed against the new Recommendation 2.3 (Box 2.3)).

The Board seeks to achieve a balance in its structure that best reflects the needs of the Company at any particular time. Appointment to the Board will be dependent on candidates demonstrating an appropriate breadth of experience in a field of expertise that is relevant to the ongoing supervision of the Company's affairs. This diversity of experience may include a commercial, technical, legal, corporate finance, business development, manufacturing or other background as the Board and management determine as part of its selection processes. The policy and process for the nomination, selection and appointment of new directors is available on the Company's website.

The Company's Corporate Governance Charter empowers a director to take independent professional advice at the expense of the Company.

Members of the Board's Nominations and Remuneration Committee consist of Messrs Richardson, Campbell and Vivian. Although no specific Nominations and Remuneration Committee was held during the period, tasks allocated to the Committee were attended to by the full Board.

The process for Board, Board Committee and Director evaluation is described in the Charter. Evaluations were performed during the year on a progressive basis and are based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may have been identified.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- 3.1.1 the practices necessary to maintain confidence in the company's integrity;**
- 3.1.2 the practices necessary to take into account legal obligations and reasonable expectations of stakeholders;**
- 3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

The Company has established a formal code of conduct in the Charter to guide the Directors, the CEO, the CFO (or equivalent) and other key executives with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The Company was in compliance with this Recommendation throughout the year.

The policy has been agreed by the Board and the Company has directed its efforts to ensure these objectives are met on a continuous basis in all activities. The policy, which has clearly identifiable measurable objectives, is publicly available on the Company's website.

Progress towards meeting the objectives is detailed below, but was significantly affected by the exit of the Company from the wholesale pumping and PV business in May 2014, which reduced the current workforce to nil.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The measurable objectives that underpin the Company's commitment to increasing diversity of participation in the Company are focused on:

- the adoption, publication and promotion of this Policy by the Company;
- structuring recruitment and selection processes to recognise the value that diversity brings to the Company in recruiting the best candidate for each role;
- providing relevant and challenging professional development and training opportunities to employees;
- providing flexible work and salary arrangements to accommodate family commitments, external study, cultural traditions and other personal choices of employees;
- having a clear and transparent governance process around reward and recognition.

During the year the Company has directed its efforts to ensure these objectives are met, as best as possible or, where not possible, that processes and procedures are developed, amended and implemented to ensure they are met in future periods.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

At reporting date the Company's workforce consisted of only the CEO, Mr Anthony Coles (30 June 2013: 36% female employees). The decrease is directly attributable to the reduced workforce following the wholesale pumping and PV business sale transaction in May 2014 (as approved by shareholders on 25 June 2014).

As reflected in the remuneration report there are no senior executive positions or positions on the Board filled by females. The Company remains committed to filling available senior and Board positions as they arise with appointments based on an individual's capability to enhance the contributions of the existing Board and executive team.

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.

The Company is not aware of any departures from Recommendations 3.1, 3.2, 3.3 or 3.4.

Copies of the Company's current Board Members Code of Conduct and Group Code of Conduct/Values and the Company's Diversity Policy are publicly available on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The board should establish an audit committee.

The Board has established a combined Audit and Risk Management Committee.

Recommendation 4.2: The audit committee should be structured so that it:

- **consists only of non-executive directors;**
- **consists of a majority of independent directors;**
- **is chaired by an independent chair, who is not chair of the board;**
- **has at least three members.**

The Company's Audit and Risk Management Committee currently consists of Messrs David Richardson, Ian Campbell and Craig Vivian, with Mr Campbell serving as the independent chairman of this Committee.

Messrs Campbell and Vivian are both non-executive, independent directors of the Company, with Mr Richardson being a non-executive, non-independent Director.

Recommendation 4.3: The audit committee should have a formal charter

The Company's Audit and Risk Management Committee has a formal charter as set out in the Charter on the Company's website.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

Members of the Board's Audit and Risk Management Committee, and their attendance at meetings of that Committee were as follows (a total of 3 meetings were held):

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Ian Campbell (Chairman)	3	3
David Richardson	3	3
Craig Vivian	3	3

The qualifications of the Directors on the Audit and Risk Management Committee appear in the Directors' Report section of this Annual Report.

The Company is not aware of any departures from Recommendations 4.1, 4.2, 4.3 and 4.4.

The Company's Audit and Risk Management Committee charter and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, are all set out in the Charter which is publicly available on the Company's website.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for compliance with those policies.

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

The Company is not aware of any departure from Recommendations 5.1 or 5.2.

The Company's current written policies and procedures on ASX Listing Rule disclosure requirements are all set out under the heading "Release of Price Sensitive Information Policy" in the Charter which is publicly available on the Company's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Charter contains a section formally setting out the Company's communications strategy with its stakeholders including the effective use of electronic communications.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

Details of how the Company will communicate with its shareholders publicly is set out under the heading "Communications with Stakeholders" which is publicly available on the Company's website. The Company is not aware of any departure from Recommendations 6.1 or 6.2.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Charter includes a formal policy on risk oversight and management. The Board also has established the Audit and Risk Management Committee of the Board.

The Company has developed an internal "Quality Manual" which includes strategies and processes towards addressing risk oversight and management. In addition, the Board has completed the process of developing a robust system for identifying, assessing, monitoring and managing material risk throughout the organisation, including internal compliance and control systems, and procedures.

Details of the Company's policy on these matters are set out under the "Risk Management Policy" which is publicly available on the Company's website.

Recommendation 7.2: The board to require management to design and implement the risk management and internal control system to manage the Company's material business risks, and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

An Audit and Risk Management Committee has been established as set out in the Charter with preliminary responsibility for establishment and maintaining effective risk management and internal control systems.

The Board, including through the Audit and Risk Management Committee, has required management to progress matters and report to it in the terms of this Recommendation on a progressive basis. Effective from 11 July 2014, it should be noted that the Company did not have any employees and that all required activities are currently undertaken directly by the Board.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Mr Richardson provided the Board assurance in compliance with this Recommendation that the declaration provided in accordance with S.295A of the Corporations Act was founded on a sound system of risk management and internal control and that the system was operating effectively in all material respects in relation to financial reporting risks. Mr Richardson, being the Company's Chairman, acted as the CEO and CFO for the purposes of this declaration.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

The Company is not aware of any departure from Recommendations 7.1, 7.2 or 7.3.

A summary of the Company's policies on risk oversight and management of material business risks is publicly available on the Company's website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The board should establish a remuneration committee.

The Board has established a combined Nomination and Remuneration Committee. Refer reporting on Recommendation 2.6 above.

The remit and responsibilities of the Nominations and Remuneration Committee in respect of remuneration are set out in the Board Charter.

Recommendation 8.2: The remuneration committee should be structured so that it:

- **consists of a majority of independent directors**
- **is chaired by an independent chair**
- **has at least three members**

The Company departed from the Recommendations in that the Chair of the Nomination and Remuneration Committee is not an independent Director, with the role being fulfilled by Mr Richardson.

In explanation of the reasons for the departure the Company advises:

- it is satisfied with the level of independence of thought and decision making being contributed by its non-executive and (previous) executive directors;
- the size of the Company's business operations did not warrant an expanded Board merely to satisfy the independence Recommendations;
- the members of the Nominations and Remunerations Committee were considered able, without the need for an extra independent member, to discharge the functions of that Committee.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The structure of non-executive remuneration is clearly distinguishable from that of executive directors and senior executives.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the economic entity was as follows:

- Executives receive a base salary (based on factors such as skills, experience, value to the Company and length of service), superannuation and, as appropriate, performance incentives, including by way of longer term share based incentive and shorter term cash bonus entitlements. The Nomination and Remuneration Committee (on reference from, and in consultation with, the CEO) reviews executive packages from time to time by reference to the Group's performance, executive performance and comparable information from industry standards;
- The maximum remuneration of non-executive directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing rules, as applicable. The apportionment of non-executive director remuneration within that maximum is made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive director. The Board may also award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company. As a cash preservation strategy, some longer term share based incentives might be awarded to non-executive directors in lieu of no increases in cash remuneration and or for extra demand for non-executive director time input for the Company's benefit. All share based incentives are subject to approval by Shareholders. Where relevant, details of such awards are set out in the Remuneration Report within the Directors' Report;
- Greater detail on the remuneration arrangements for Directors, Officers and senior executives are contained in the Remuneration Report comprised in the Directors' Report forming part of this Annual Report.

Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

Directors are prohibited from entering into transactions which limit the risk of participating in invested entitlements under any equity based remuneration scheme.

Non-executive directors are entitled to statutory superannuation. There are no other schemes for retirement benefits for non-executive directors.

Information concerning the Company's Nomination and Remuneration Committee has been identified in Recommendation 2.6 above.

Further details are set out in the Charter, which contains a section formally setting out the charter of the Company's Nominations and Remuneration Committee. Details are publicly available on the Company's website.

The issue of options to the non-executive directors as referred to above is not consistent with the statement in item 2 of Box 8.3 of the Recommendations.

In explanation thereof:

- the level of remuneration paid by the Company to its non-executive directors is perceived to be modest, especially having regard to the additional service and contributions expected to be made by them at this stage of the Company's development and re-positioning;
- the issue of options to the non-executive directors is a "non-cash" means by which they can receive some modest recompense for such additional service and contributions.

It is noted that all such previously issued options expired unexercised in November 2013.

Directors' report

The directors of Solco Ltd submit herewith the annual financial report of the Company and its subsidiaries (together "the Group") for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about directors

The names and particulars of the directors of the Company during or since the end of the financial year and up to the date of this report are:

Name	Particulars
David Richardson MIEAust	<p><u><i>Non-Executive Chairman</i></u></p> <p>Mr Richardson is a qualified mechanical engineer who has over 30 years of high level business experience. Mr Richardson established the successful engineering enterprise of Toussaint & Richardson in 1982, which he ran until it was acquired in 2000. More recently he was a senior executive of the large, publicly listed engineering firm Worley Parsons, serving as head of the Minerals and Metals division. Mr Richardson also acted as a non-executive director of Emerson Stewart Group Ltd until April 2011.</p> <p>Mr Richardson has extensive operational, commercial and engineering experience in Australia and internationally.</p>
Ian Campbell	<p><u><i>Non-Executive Director</i></u></p> <p>Mr Campbell is tertiary-educated, including studies in accounting, business law, valuation and management. Prior to his distinguished Parliamentary career he was a commercial and industrial property executive with national and international realty firms.</p> <p>In 1990 Mr Campbell entered Federal politics as a WA Senator, holding high level Cabinet and other offices including:</p> <ul style="list-style-type: none">• Parliamentary Secretary to the Treasurer• Parliamentary Secretary to the Minister for Communications and Information Technology• Minister for Environment and Heritage• Minister for Human Services• Minister for Local Government, Territories and Roads. <p>His international experience includes:</p> <ul style="list-style-type: none">• World Bank of Governors and IMF Annual Meetings in 2002/2003;• Leading international delegations on climate change including at UN Conventions, G8 plus 5 summits, and Asia Pacific conferences. <p>Mr Campbell has worked at the highest levels with international and national political and business leaders, and holds a number of non-executive directorships with other ASX listed entities.</p>
Craig Vivian	<p><u><i>Non-Executive Director</i></u></p> <p>Mr Vivian is a Chartered Accountant and has a Bachelor of Business Degree with a Double Major in Accounting & Finance. Mr Vivian has been a Director of Solco since October 2012 and is also Non-Executive Director of Nimble Asset Management, a Canadian based company. Previously Mr Vivian has been Managing Director of Boutique Chartered Accounting PBC Group and a Director/Partner of Ord Nexia, based in Perth.</p>

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Directors	Company	Period of directorship
David Richardson	-	-
Ian Campbell	Austal Ltd	August 2007 to June 2012
	ASG Group Ltd	June 2007 to current
	Proto Resources & Investments Ltd	March 2008 to June 2013
	Enerji Ltd	November 2009 to Jan 2014
Craig Vivian	-	-

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
David Richardson	93,769,391	-
Ian Campbell	-	-
Craig Vivian	169,000	-

Outstanding options

The Group had no outstanding options at year end or at the date of this report.

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report.

Share options granted to Directors and executives

There have been no share options granted to directors and executives or shares issued as a result of the exercise of any option during or since the end of the financial year.

Joint Company Secretaries

Darren Crawte

Darren is a qualified Chartered Accountant with 13 years experience working within public practice, specifically within the area of audit and corporate services both in Australia and the United Kingdom. He holds similar secretarial roles in various other listed public companies in both industrial and resource sectors. He is also a director of Nexia Perth, a mid tier corporate advisory and accounting practice.

Mr Henko Vos (appointed 18 August 2014)

Mr Vos is a qualified Chartered Secretary and Certified Practising Accountant with 15 years experience working within public practice, specifically within the area of audit and assurance both in Australia and South Africa. He is also an employee of Nexia Perth.

Principal activities

The Group's principal activity during the period 1 July 2013 to 16 May 2014 was the wholesale distribution of water pumping and PV products, along with developing its financing business.

On 16 May 2014 the Group sold its wholesale pumping and PV business and ceased all development work on its finance business. The Group is currently assessing merger and/or business acquisition opportunities.

Operating and financial review

The loss for the Group after providing for income tax amounted to \$2,439,755 (30 June 2013: net loss after income tax of \$5,605,210).

The renewable energy sector continued to experience a downturn and on-going price cuts with the Group not immune to the impacts brought on by these conditions. In order to reserve shareholder value, the Group announced on 15 May 2014 that it had agreed terms with a subsidiary of FPW Holdings Pty Ltd, trading as Fire Power Water Group ("FPW"), to sell the majority of its remaining pumping and solar PV stock. The transaction, which was approved by shareholders on 25 June 2014, represented the Group's exit from the wholesale pumping and pv business.

The Group is currently focused on preserving its cash reserves while assessing future merger and/or business acquisition opportunities.

Changes in state of affairs

On 16 May 2014 the Group sold its wholesale pumping and pv business and ceased development work on its finance business. The Group is currently assessing merger and/or business acquisition opportunities.

There was no other significant change in the state of affairs of the Group during the financial year.

Subsequent events

Subsequent to reporting date, and up to the date of this report, the Group continued its assessment of potential merger and/or business acquisition opportunities. The Group will make announcements on any merger and/or business acquisition once it is in a position to do so.

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the current operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future developments

The Group is continuing its assessment of potential merger and/or business acquisition opportunities following the sale of its wholesale pumping and PV business in May 2014. The Group is not currently in a position to make any specific disclosures about future operations nor the expected results of those operations. Accordingly, no information has been disclosed in this report.

Environmental regulations

The Group's environmental obligations are regulated under both State and Federal legislation. Performance with respect to environmental obligations is monitored by the Board of Directors and subjected from time to time to government agency audits and site inspections. No environmental breaches have been notified by any government agency during the year ended 30 June 2014.

Dividends

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.

Insurance of officers

During the financial year, the Company entered into a contract insuring the directors and executive officers of the Company and of any related body corporate against a liability incurred as a director 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.

Indemnification of officers

The Company has agreed to indemnify the directors of the Company and its controlled entities:

- (a) against any liability to a third party (other than the Company or a related body corporate) unless liability arises out of conduct involving lack of good faith; and
- (b) for costs and expenses incurred in successfully defending civil or criminal proceedings or in connection with an application, in relation to such proceedings, in which relief is granted under the *Corporations Act 2001*.

No liability has arisen under these indemnities as at the date of this report.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 10 board meetings, no nomination and remuneration committee meeting and 3 audit committee meetings were held. Matters for the attention of the nomination and remuneration committee were incorporated in the Group's board meetings.

Directors	Board of directors		Remuneration & Nomination committee		Audit committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
David Richardson	10	9	-	-	3	3
Ian Campbell	10	10	-	-	3	3
Craig Vivian	10	10	-	-	3	3

Proceedings on behalf of the Company

No persons have applied for leave pursuant to s.237 of the *Corporation Act 2001* to bring, or intervene in, proceedings on behalf of Solco Ltd.

Non-audit services

There were no non-audit services provided by the Group's auditor during the year.

Auditor's independence declaration

The auditor's independence declaration is included on page 17 in the annual report and forms part of this directors' report for the year ended 30 June 2014.

Remuneration report

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel of Solco Ltd (the "Company") for the financial year ended 30 June 2014.

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel details;
- remuneration policy and relationship between the remuneration policy and company performance;
- remuneration of key management personnel; and
- key terms of employment contracts

Key management personnel details

The key management personnel of Solco Ltd during the year or since the end of the year were:

Directors

- David Richardson Non-Executive Chairman
- Ian Campbell Non-Executive Director
- Craig Vivian Non-Executive Director

Executives

- Anthony Coles Chief Executive Officer (made redundant on 11 July 2014)

Remuneration policy and relationship between the remuneration policy and company performance

The Board's policy for determining remuneration is based on the principle of remunerating Directors and senior executives on their ability to add value to the Company (taking into account the Company's strategic plan and operations) whilst also considering market remuneration packages for similar positions within the industry and, where deemed relevant, in consultation with external consultants.

The Board appreciates the inter-relationship between this policy and Company performance. It acknowledges that it is in the best interests of shareholders to provide challenging but achievable incentives to reward senior executives for reaching the Company's stated goals. The Board discusses these issues internally and with candidates prior to engaging additional Directors or senior executives.

Key management personnel (excluding non-executive directors)

The Nomination and Remuneration Committee is responsible for determining the remuneration policies for the Group, including those affecting executive directors and other key management personnel.

The Committee may seek appropriate external advice to assist in its decision making.

Remuneration policies and practices are directed primarily at attracting, motivating and retaining key management personnel.

The remuneration policy for executive directors and other key management personnel has three main components: fixed remuneration, annual incentive and long term incentive.

- Fixed remuneration
Executive directors and other key management personnel receive fixed remuneration in the form of a base salary (inclusive of statutory superannuation).

- Short term incentive
The Remuneration Committee may assess whether a cash bonus should be paid to key management personnel on the basis of the performance of the Group. The assessment is made with reference to the Company's performance during the year against budget and the market as a whole.
- Long term incentive
To align the interests of key management personnel with the long term objectives of the Company and its shareholders, the Company's policy, is to issue equity-based incentives on the recommendation of the Remuneration Committee and at the complete discretion of the Board.

During the previous financial year, the Company adopted a limited recourse, loan funded share scheme to achieve this aim.

Non-executive directors

The Company's non-executive directors receive only fees (excluding statutory superannuation) for their services and the reimbursement of reasonable expenses.

The fees paid to the Company's non-executive directors reflect the demands on, and responsibilities of those directors. They do not receive any retirement benefits (other than, where relevant, compulsory superannuation).

The Board decides annually the level of fees to be paid to non-executive directors with reference to market standards.

A non-executive directors' fee pool limit of \$200,000 per annum was approved by the shareholders and is currently utilised to a level of \$163,875 per annum.

The fees currently paid to non-executive directors are \$60,000 per annum for the Chairman and \$45,000 per annum for the non-executive directors, excluding any superannuation entitlements.

Non-executive directors may also receive equity-based incentives where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such incentives are primarily designed to provide an incentive to non-executive directors to remain with the Company.

Remuneration of key management personnel

2014	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	Total	% of compensation linked to performance
	Salary & fees	Bonus	Non-monetary	Other	Superannuation		Shares & Options		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Directors									
David Richardson	60,000	-	-	-	5,551	-	-	65,551	-
Ian Campbell	45,000	-	-	-	4,162	-	-	49,162	-
Craig Vivian	45,000	-	-	-	4,162	-	-	49,162	-
Executives									
Anthony Coles ⁽ⁱ⁾	180,000	-	16,141 ⁽ⁱⁱ⁾	-	16,650	-	62,668	275,459	22.8%
	330,000	-	16,141	-	30,525	-	62,668	439,334	

⁽ⁱ⁾ Terminated 11 July 2014

⁽ⁱⁱ⁾ The non-monetary amount reflects the reportable fringe benefit amount for Mr Coles' motor vehicle.

No member of key management personnel received a payment as part of his or her consideration for agreeing to hold the position.

2013	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	Total	% of compensation linked to performance
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation		Shares & Options		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Directors									
David Richardson	60,008	-	-	-	5,401	-	4,550	69,959	6.5%
Ian Campbell	45,000	-	-	-	4,050	-	4,550	53,600	8.5%
Craig Vivian ⁽ⁱ⁾	31,154	-	-	-	2,804	-	-	33,958	-
Mark Norman ⁽ⁱⁱ⁾	26,135	-	-	-	2,337	-	4,550	33,022	13.8%
Executives									
Anthony Coles	150,836	-	16,141 ^(iv)	-	13,535	-	31,332	211,844	14.8%
Robert Matthews ⁽ⁱⁱⁱ⁾	61,438	-	-	-	5,529	-	-	66,967	-
Gary Deam ^(iv)	76,317	-	-	-	6,868	-	1,000	84,185	1.2%
	450,888	-	16,141	-	40,524	-	45,982	553,535	

⁽ⁱ⁾ Appointed - 22 October 2012

⁽ⁱⁱ⁾ Resigned - 2 January 2013

⁽ⁱⁱⁱ⁾ Resigned - 31 October 2012

^(iv) Resigned - 28 February 2013 (Mr Deam now provides periodic consulting services to the Group on normal market related consulting terms).

^(v) The non-monetary amount reflects the reportable fringe benefit amount for Mr Coles' motor vehicle.

Share based payments granted as compensation for the current financial year.

Incentive share-based payment arrangements

During the financial year the following share-based payment arrangements for key management personnel were in existence:

Options series	Grant date	Expiry date	Fair value per option at grant date	Vesting date
			\$	
Series VI	30 November 2011	30 November 2013	0.22 cents	50% vested on 30 November 2011, 50% vested on 30 November 2012.

Shares series	Grant date	Expiry date	Fair value per option at grant date	Vesting date
			\$	
Series I	1 March 2013	1 March 2018 ⁽ⁱ⁾	0.0188 cents	1 March 2014

⁽ⁱ⁾ Following Mr Coles redundancy termination on 11 July 2014, the expiry date will be brought forward to 11 January 2015, being 6 months after him ceasing as an eligible employee, as defined in the LTIS agreement.

Value of shares and options issued to Directors and executives

Options

The options issued to Mr Richardson and Campbell on 30 November 2011 lapsed unexercised on 30 November 2013. The fair value of these options were \$65,527.

There were no other options granted, or exercised by, any Director or executive during the annual reporting period.

Shares

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 Chief Executive Officer, Mr Anthony Coles. The fair value of the shares was assessed using a Binomial Model which estimated the fair value of each share at \$0.0188 (or a combined fair value of \$94,000), of which \$62,668 was recognised as a share-based payment during the financial year. Note 23 contains details of the assumptions used in that valuation.

Loans to key management personnel

During 2013 the Group's Chief Executive Officer, Mr Anthony Coles, was issued 5,000,000 shares in Solco Ltd 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 the 5-day Volume Weighted Average Price (VWAP) of the Company's shares as determined immediately prior to the issue date. The loan was provided in line with the terms and conditions of the Group's Long Term Incentive Scheme ('LTIS').

The LTIS is designed to encourage broad equity ownership and to align the rewards of participants with the strategic long term goals and performance of Group.

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

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 an eligible employee. As Mr Coles was made redundant on 11 July 2014, the loan becomes repayable by 11 January 2015. In the event that repayment is not received at that point in time, the shares will automatically be bought back by Solco.

There were no loans to other key management personnel during the current or previous financial years.

Key management personnel equity holdings

Fully paid ordinary shares of Solco Ltd

	Balance at 1 July No.	Balance on appointment No.	Other Changes during the year No.	Received on exercise of options No.	Balance on resignation No.	Balance at 30 June No.
2014						
Directors						
David Richardson	93,769,391	-	-	-	-	93,769,391
Ian Campbell	-	-	-	-	-	-
Craig Vivian	169,000	-	-	-	-	169,000
Executives						
Anthony Coles ⁽ⁱ⁾	5,000,000	-	-	-	-	5,000,000
	98,938,391	-	-	-	-	98,938,391

(i) Made redundant effective 11 July 2014

	Balance at 1 July No.	Balance on appointment No.	Other Changes during the year No.	Received on exercise of options No.	Balance on resignation No.	Balance at 30 June No.
2013						
Directors						
David Richardson	89,712,715	-	4,056,676 ^(a)	-	N/A	93,769,391
Ian Campbell	-	-	-	-	N/A	-
Craig Vivian ⁽ⁱ⁾	-	169,000	-	-	N/A	169,000
Mark Norman ⁽ⁱⁱ⁾	250,000	-	-	-	(250,000)	-
Executives						
Anthony Coles	-	-	5,000,000 ^(b)	-	N/A	5,000,000
Robert Matthews ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-
Gary Deam ^(iv)	-	-	1,000 ^(c)	-	(1,000)	-
	89,962,715	169,000	9,057,676	-	(251,000)	98,938,391

(i) Appointed – 22 October 2012

(ii) Resigned – 2 January 2013

(iii) Resigned – 31 October 2012

(iv) Resigned – 28 February 2013

(a) On market purchases

(b) Issued in March 2013 under the Group's Long Term Incentive Scheme and funded through a limited recourse loan

(c) Issued in November 2012 under the Group's Tax Exempt Employee Share Scheme

Share options of Solco Ltd

	Balance at 1 July No.	Balance on appointment/ (resignation) No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June No.	Vested but not exercisable No.	Vested during year No.	Vested and exercisable at 30 June No.
2014									
Directors									
David Richardson	1,000,000	-	-	-	(1,000,000)	-	-	-	-
Ian Campbell	1,000,000	-	-	-	(1,000,000)	-	-	-	-
	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2013

Directors

David Richardson	1,000,000	-	-	-	-	1,000,000	-	500,000	1,000,000
Ian Campbell	1,000,000	-	-	-	-	1,000,000	-	500,000	1,000,000
Mark Norman	1,000,000	(1,000,000)	-	-	-	-	-	500,000	-
	<u>3,000,000</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>1,500,000</u>	<u>2,000,000</u>

Other transactions with key management personnel of the Group

During the year Mr Richardson acquired property, plant and equipment from the Group. The value of the assets acquired amounted to \$8,550. The purchase was made on normal arm's length terms and conditions. There were no other transactions with key management personnel during the year (2013: Mr Richardson \$4,084 & Mr Coles \$200).

Transactions with other related parties

Gypsy Hill Pty Ltd, a company associated with Mr David Richardson, provided financial consulting services to and under the direction of Solco Ltd to the Group. During the year the Group paid an amount of \$7,441 (excluding GST) for these services, which included related expenditures. There were no other transactions entered into with related parties by the Group.

Key terms of employment contracts

Remuneration and other terms of employment for Directors and other senior executives were formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

Mr David Richardson

- No fixed term agreement
- Pro rated director's fees of \$60,000 (exclusive of statutory superannuation) per annum
- No termination benefits are payable

Mr Ian Campbell

- No fixed term agreement
- Pro rated director's fees of \$45,000 (exclusive of statutory superannuation) per annum
- No termination benefits are payable

Mr Craig Vivian

- No fixed term agreement
- Pro rated director's fees of \$45,000 (exclusive of statutory superannuation) per annum
- No termination benefits are payable

Mr Anthony Coles (made redundant on 11 July 2014)

- No fixed term agreement
- Pro rated annual base salary of \$180,000 (exclusive of statutory superannuation)
- Provided with an motor vehicle up to a value not exceeding \$45,000
- No termination benefits are payable other than for normal accrued leave entitlements

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



David Richardson

Chairman

Perth, 26 August 2014



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Solco Ltd for the year ended 30 June 2014, 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
26 August 2014

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

M R W Ohm
Partner



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Solco Ltd

Report on the Financial Report

We have audited the accompanying financial report of Solco Ltd ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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, 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.



Accountants | Business and Financial Advisers

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Solco Ltd 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 2014 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.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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 Ltd for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

M R W Ohm
Partner

Perth, Western Australia
26 August 2014

Directors' declaration

1. In the opinion of the directors of Solco Ltd (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

This declaration is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors



David Richardson
Chairman
Perth, 26 August 2014

**Statement of comprehensive income
for the financial year ended 30 June 2014**

	Note	Consolidated	
		2014	2013
		\$	\$
Revenue	5	5,288,057	10,188,355
Cost of Sales		(4,332,694)	(8,333,666)
Gross profit		955,363	1,854,689
Other income	5	48,807	118,859
Employee benefit expenses		(1,414,042)	(2,112,198)
Advertising expenses		(137,979)	(231,428)
Company overhead expenses		(1,342,138)	(1,321,002)
Allowance for bad and doubtful debts		13,935	(91,652)
Depreciation and amortisation expenses		(29,383)	(216,908)
Finance costs		(13,837)	(51,051)
Impairment of inventory		(362,481)	(192,894)
Impairment of intangible assets		(158,000)	-
Impairment of goodwill		-	(504,761)
Loss before tax	6	(2,439,755)	(2,748,346)
Income tax (expense)/benefit	7	-	(2,856,864)
Loss for the year		(2,439,755)	(5,605,210)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Cash flow hedges:			
Gain taken to equity		-	30,625
Income tax expense on items of other comprehensive income		-	(9,186)
Other comprehensive income for the year, net of tax		-	21,439
Total comprehensive loss for the year		(2,439,755)	(5,583,771)
Loss per share			
Basic (cents per share)	17	(1.19)	(2.78)
Diluted (cents per share)	17	(1.19)	(2.78)

Notes to the financial statements are included on pages 25 to 50

Statement of financial position
As at 30 June 2014

	Note	Consolidated	
		2014 \$	2013 \$
Current assets			
Cash and cash equivalents	21(a)	1,242,176	2,328,351
Trade and other receivables	8	1,013,379	666,251
Inventories	9	20,000	1,576,642
Other assets	10	63,651	53,167
Total current assets		2,339,206	4,624,411
Non-current assets			
Property, plant and equipment	11	24,106	90,260
Intangible assets	12	-	108,000
Other assets	10	-	56,919
Total non-current assets		24,106	255,179
Total assets		2,363,312	4,879,590
Current liabilities			
Trade and other payables	13	370,440	505,594
Provisions	14	220,464	192,603
Total current liabilities		590,904	698,197
Non-current liabilities			
Provisions	14	137,882	169,780
Total non-current liabilities		137,882	169,780
Total liabilities		728,786	867,977
Net assets		1,634,526	4,011,613
Equity			
Issued capital	15	19,829,795	19,829,795
Reserves	16	94,000	96,859
Accumulated losses		(18,289,269)	(15,915,041)
Total equity		1,634,526	4,011,613

Notes to the financial statements are included on pages 25 to 50

Statement of changes in equity for the financial year ended 30 June 2014

Consolidated

	Issued capital \$	Share-based payment reserve \$	Cash flow hedge reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2013	19,829,795	96,859	-	(15,915,041)	4,011,613
Loss for the year	-	-	-	(2,439,755)	(2,439,755)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(2,439,755)	(2,439,755)
Recognition of share-based payments	-	62,668	-	-	62,668
Lapsed options	-	(65,527)	-	65,527	-
Balance at 30 June 2014	19,829,795	94,000	-	(18,289,269)	1,634,526

	Issued capital \$	Share-based payment reserve \$	Cash flow hedge reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2012	19,811,832	51,876	(21,439)	(10,309,831)	9,532,438
Loss for the year	-	-	-	(5,605,210)	(5,605,210)
Other comprehensive income	-	-	21,439	-	21,439
Total comprehensive loss for the year	-	-	21,439	(5,605,210)	(5,583,771)
Shares issued during the year	17,963	-	-	-	17,963
Recognition of share-based payments	-	44,983	-	-	44,983
Balance at 30 June 2013	19,829,795	96,859	-	(15,915,041)	4,011,613

Notes to the financial statements are included on pages 25 to 50

**Statement of cash flows
for the financial year ended 30 June 2014**

	Note	Consolidated	
		2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		5,530,568	12,939,524
Payments to suppliers and employees		(6,592,231)	(13,422,940)
Interest and other costs of finance paid		(5,799)	(40,148)
Interest received		32,104	71,983
Income tax paid		-	(617,392)
Net cash used in operating activities	21(d)	(1,035,358)	(1,068,973)
Cash flows from investing activities			
Payments for intangible assets		(50,000)	(108,000)
Payments for property, plant and equipment		(817)	18,339
Net cash used in investing activities		(50,817)	(89,661)
Net decrease in cash and cash equivalents		(1,086,175)	(1,158,634)
Cash and cash equivalents at the beginning of the financial year		2,328,351	3,486,985
Cash and cash equivalents at the end of the financial year	21(a)	1,242,176	2,328,351

Notes to the financial statements are included on pages 25 to 50

Notes to the financial statements for the financial year ended 30 June 2014

1. General information

Solco Ltd (the “Company”, and together with its subsidiaries, the “Group”) is a public company listed on the Australian Securities Exchange (trading under the symbol “SOO”) operating in Australia.

Solco Ltd’s registered office and its principal place of business are as follows:

Solco Limited
c/- Nexia Perth, Level 3, 88 William Street
Perth WA 6000

The Group’s principal activity during the period 1 July 2013 to 16 May 2014 was the wholesale distribution of water pumping and PV products, along with developing its financing business. On 16 May 2014 the Group sold its wholesale pumping and PV business and ceased all development work on its finance business. The Group is currently assessing merger and/or business acquisition opportunities.

2. Significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements are for the Group consisting of Solco Ltd and its subsidiaries. The financial report has been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (‘AIFRS’). Compliance with AIFRS ensures that the financial statements and notes thereto complies with International Financial Reporting Standards (‘IFRS’).

The financial statements were authorised for issue by the directors on 26 August 2014.

Going Concern

The Group recorded a net loss after tax for the year ended 30 June 2014 of \$2,439,755 (2013: net loss after tax of \$5,605,210) and had a net cash operating cash out flow of \$1,035,358 (2013: \$1,068,973).

The solar industry continued to experience significant destabilisation and downturn during the reporting period which led to the Group’s decision in May 2014 to sell its wholesale pumping and PV business and to cease all development work on its finance business. The Group is currently assessing merger and/or business acquisition opportunities.

Notwithstanding the loss incurred for the financial year, the Directors are of the view that the Group is a going concern based on the following reasons:

- Current assets support at least 15 month operations with its current adjusted operating structure.
- The loss incurred during the 2013/14 financial year was attributable to operations no longer associated with the Group.
- The Group had a net working capital position of \$1,748,302 at 30 June 2014.
- The Group had a cash in bank balance of \$1,242,176 at 30 June 2014.
- The Group is uniquely positioned with nominal current trade creditors and no long term debt.

Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report. Accordingly the 30 June 2014 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

2. Significant accounting policies (contd)

Critical accounting judgements and key sources of estimation uncertainty (contd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods. Refer to Note 3 for a discussion of critical judgements made in applying the entity's accounting policies and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 30 June 2014

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

The following is a summary of Standards and Interpretations that have had a material impact on the Company.

- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to AASB 136 Impairment of Assets
These amendments remove the unintended consequences of AASB 13 on the disclosures required under AASB 136. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided AASB 13 is also applied. The Group has early adopted these amendments to AASB 136 in the current period since the amended/additional disclosures provide useful information as intended by the AASB. These amendments would continue to be considered for future disclosures.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Group.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Solco Ltd ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group").

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity. Business combinations have been accounted for using the acquisition method of accounting.

(b) Revenue and income recognition

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority to the extent that it is probable that the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. Significant accounting policies (contd)

(b) Revenue and income recognition (contd)

Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Contract income is recognised by reference to the total actual costs incurred at the end of the reporting period relative to the proportion of the total costs expected to be incurred over the life of the contract;
- Servicing fees are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Interest revenue

Interest revenue is recognised on an accruals basis using the effective interest rate method.

Sale of non-current assets

Income from the sale of assets is measured as the consideration received net of the carrying value of the asset and any costs of disposal.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group.

(d) Foreign currency translation

The consolidated financial statements are presented in Australian dollars, which is Solco Ltd's functional and presentation currency.

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the income statement in the financial year in which the exchange rates change.

(e) Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange differences net of hedged amounts on borrowings, including trade creditors and lease finance charges. Finance costs are recognised as expenses in the period in which they are incurred.

(f) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(g) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods 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 by the balance date. Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

2. Significant accounting policies (contd)

(g) Income tax (contd)

- 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 income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, 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 income 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.

The carrying amount of deferred income tax assets is reviewed at each balance 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 income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only 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 consolidation legislation

Solco Ltd and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own. Solco Ltd recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

(h) Acquisitions of assets

The acquisition method of accounting is used for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the effective acquisition date unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognized directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

(i) Trade receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group.

2. Significant accounting policies (contd)

(i) Trade receivables (contd)

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value. Inventories are valued using the weighted average cost basis.

Cost includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities. Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

(k) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and 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 and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit 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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 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 profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(l) Cash and cash equivalents

Cash and short term deposits in the balance sheet comprises of cash at bank, cash on hand and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(m) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

2. Significant accounting policies (contd)

(m) Property, plant and equipment

Depreciation is calculated on a diminishing value basis, and adjustments are made to write off the net cost of each item of property, plant and equipment over its expected useful life to the Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives of plant and equipment are as follows:

- Plant and equipment 2-8 years
- Motor vehicles 6 years
- Intangibles 10 years
- Technology rights 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The write down is expensed in the statement of comprehensive income in the reporting period in which it occurs.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter.

(n) Leases

A distinction is made between finance leases (including hire purchase agreements) which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases and hire purchase agreements are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense. The interest components of the lease payments are expensed.

The lease asset is amortised on a straight-line basis over the term of the lease or, where it is likely that the Group will obtain ownership of the asset, the life of the asset.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(o) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance date.

Warranties

Warranty periods on equipment supplied by the Company are variable. Rectification claims are settled either by repair or replacement of parts, at the discretion of the Company. Provisions for warranty claims are made for claims received and claims expected to be received in relation to sales made prior to reporting date, based on historical claim rates, adjusted for specific information arising from internal quality assurance processes.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(p) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2. Significant accounting policies (contd)

(q) Issued Capital

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

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

(t) Share-based payments

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes or Binomial option pricing model, further details of which are given in Note 23.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Solco Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 17).

(u) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

2. Significant accounting policies (contd)

(u) Financial assets (contd)

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(v) Derecognition of financial assets and financial liabilities

(i) Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) 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 and has neither transferred nor retained substantially all 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. 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 received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2. Significant accounting policies (contd)

(v) Derecognition of financial assets and financial liabilities (contd)

(ii) Financial liabilities

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(w) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed 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, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(x) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

2. Significant accounting policies (contd)

(x) Goodwill

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(y) Intangible assets

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

(z) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and participating forward contracts to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of participating forward contracts is determined by reference to option valuations using market rates as inputs.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction. A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the statement of comprehensive income when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

2. Significant accounting policies (contd)

(aa) Earnings/(loss) per share

Basic earnings/(loss) per share is calculated as net profit/(loss) 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/(loss) per share is calculated as net profit/(loss) 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.

(ab) Parent entity financial information

The financial information for the parent entity, Solco Ltd, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiary entities which are accounted for at cost in the parent entity's financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of intangible assets with indefinite useful lives

The Group determines whether intangible assets with indefinite useful lives are impaired at least on an annual basis unless there are other impairment indicators. Given the sale of the wholesale pumping and PV business in May 2014, the Group impaired its previously recognised intangible assets at that point as the Group does not believe it will obtain any future economic benefits from those assets. As a result of this assessment, Solco recorded an impairment charge of \$158,000 in the statement of comprehensive income.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using either a Binomial model or a Black-Scholes model, using the assumptions detailed in Note 23.

Warranty claims

The Group offers a variety of warranty periods depending upon the goods sold. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

4. Disposal of wholesale pumping and PV business

The Group announced on the 15 May 2014 that it had agreed terms with a subsidiary of FPW Holdings Pty Ltd, trading as Fire Power Water Group ("FPW"), to sell the majority of its remaining pumping and solar PV stock. The transaction, which was approved by shareholders on 25 June 2014, represented the Group's exit from the wholesale pumping and PV business.

Under the terms of the agreement, FPW acquired \$1,014,033 (inclusive of GST) of the remaining pumping and solar PV stock with agreed staged repayments of \$75,000 (deposit), \$225,000 (by 30 June 2014), \$225,000 (by 31 July 2014) and \$489,033 (by 31 August 2014). At reporting date, the Group had received \$295,565 towards settlement, with a further \$361,745 received between reporting date and the date of this report.

Prior to the transaction, the Group operated in one business segment and one geographical segment, namely the renewable energy industry in Australia (refer note 25). The transaction did not, in the Directors opinion, meet the definition of a discontinued operation as noted in AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Group accordingly did not account for the transaction as a discontinued operation as it did not relate to any specific identifiable component of the Group, but rather the Group's operations and cash flows as a whole.

Based on the decision to exit the wholesale pumping and PV business, future financial results might not be representative of those reported in the Group's 30 June 2014 Financial Report and will be directly influenced by any new activity the Group might undertake, including those of any mergers and/or business acquisitions.

5. Revenue

	Consolidated	
	2014	2013
	\$	\$
Revenue		
Revenue from the sale of goods	5,288,057	10,188,355
	<u>5,288,057</u>	<u>10,188,355</u>
Other income		
Interest revenue	32,104	71,983
Other income	16,703	46,876
Total other income	<u>48,807</u>	<u>118,859</u>

6. Loss for the year

Other expenses

The result for the year includes the following expenses:

	Consolidated	
	2014	2013
	\$	\$
Depreciation		
Plant and equipment	21,944	31,149
Leased motor vehicles	7,439	9,765
Software	-	175,994
	<u>29,383</u>	<u>216,908</u>
Foreign exchange losses	19,352	63,352
Rental expenses relating to operating leases	306,224	469,399
Loss on disposal of plant and equipment	28,952	-
Impairment of goodwill	-	504,761
Write down of inventories to net realisable value	362,481	192,894
Share-based payments		
Equity settled share-based payments	62,668	62,946

7. Income taxes

a) Recognised in the statement of comprehensive income

	Consolidated	
	2014	2013
	\$	\$
The major components of the tax expense are:		
Current tax expense	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	2,856,864
Total tax expense attributable to continuing operations	<u>-</u>	<u>2,856,864</u>

7. Income taxes (contd)

b) Amounts charged or credited directly to equity

Deferred income tax related to items charged directly to equity

Revaluation of cash flow hedges

Income tax expense reported in equity

Consolidated	
2014	2013
\$	\$
-	9,186
-	9,186

c) The prima facie income tax expense/(benefit) on loss before tax reconciles to the income tax expense in the financial statements as follows:

Loss before income tax expense	(2,439,755)	(2,748,346)
Income tax expense calculated at 30%	(731,927)	(824,504)
Sundry items	14	1,026
Impairment of intangible assets	47,400	151,428
Share based payments	18,800	18,884
Current year tax losses not recognised	583,118	873,055
Deferred tax asset not recognised as realisation is not regarded as probable	82,595	2,636,975
Income tax expense	-	2,856,864

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

d) Deferred tax assets

Temporary differences

Receivables

Other assets

Payables

Provisions

Unused tax losses

Deferred tax assets not brought to account as realisation is not regarded as probable

20,014	49,756
29,640	10,114
28,339	43,988
107,504	77,348
3,913,539	3,330,420
(4,099,036)	(3,511,626)
-	-

e) Deferred tax liability

Prepayments

Deferred tax liabilities not brought to account

Prepayments

-	1,596
-	(1,596)
-	-

f) Net deferred tax assets

Reflected in the statement of financial position as follows:

Deferred tax assets

Deferred tax liability

Deferred tax assets (net)

-	-
-	-
-	-

Reconciliation of net deferred tax assets

Opening balance as of 1 July

Tax (expense)/benefit during the year recognised in profit or loss

Tax expense during the year recognised in other comprehensive income

Closing balance as at 30 June

-	2,866,050
-	(2,856,864)
-	(9,186)
-	-

g) Tax Losses

Unused tax losses for which no deferred tax asset has been recognised

Potential tax benefit at 30%

13,045,127	11,101,402
3,913,539	3,330,420

The Group has tax losses arising in Australia of \$13,045,127, which currently remain available to the Group. Depending on the Group's future operations and/or capital structure, these losses might become unavailable in future periods if the Group does not meet the relevant taxation requirements for the use of such losses. A definitive assessment will only be known at a future point in time.

7. Income taxes (contd)

Consolidated	
2014	2013
\$	\$
-	-

i) Current tax liability provided for

Tax Consolidation Legislation

Solco Ltd implemented the tax consolidation legislation as of 1 August 2004. The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate Solco Ltd for any tax payable assumed and are compensated by Solco Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Solco Ltd under the tax consolidation legislation.

8. Trade and other receivables

	Consolidated	
	2014	2013
	\$	\$
<u>Current</u>		
Trade receivables	1,080,093	832,103
Allowance for doubtful debts	(66,714)	(165,852)
	<u>1,013,379</u>	<u>666,251</u>
<u>Ageing of past due but not impaired trade receivables</u>		
30 – 60 days	120,665	234,952
60 – 90 days	4,315	10,466
90 + days	35,664	130,283
Total	<u>160,644</u>	<u>375,701</u>

The average credit period on sales of goods and rendering of services is 30 days. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods, determined by reference to past default experience.

During the current financial year, the allowance for doubtful debts decreased by \$99,138 (2013: decreased by \$319,630). This movement was recognised in the statement of comprehensive income as part of the loss for the year.

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the balance date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for impairment.

	Consolidated	
	2014	2013
	\$	\$
<u>Ageing of impaired trade receivables</u>		
30 – 60 days	-	11,513
60 – 90 days	-	7,178
90 – 120 days	6,361	-
120 + days	60,353	147,161
Total	<u>66,714</u>	<u>165,852</u>

9. Inventories

	Consolidated	
	2014	2013
	\$	\$
Finished goods	20,000	1,576,642
	<u>20,000</u>	<u>1,576,642</u>

Inventory expense

Inventories recognised as an expense for the Group during the year ended 30 June 2014 amounted to \$2,842,728 (2013: \$7,209,580). Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2014 amounted to \$362,481 (2013:192,894). The expense has been included in the the statement of comprehensive income as part of the loss for the year.

10. Other assets

	Consolidated	
	2014 \$	2013 \$
<u>Current</u>		
Prepayments	39,107	53,167
Deposits ⁽ⁱ⁾	24,544	-
	63,651	53,167
<u>Non Current</u>		
Deposits	-	56,919
	-	56,919

- (i) Current deposits includes those held as security for the Group's two warehouse leases, which are expected to be surrendered in the short term, allowing for the return of those securities.

11. Property, plant and equipment

	Consolidated		
	Plant and Equipment at cost \$	Motor Vehicles at cost \$	Total \$
Gross carrying amount			
Balance at 1 July 2012	310,311	87,696	398,007
Additions	1,603	-	1,603
Disposals	(22,774)	(26,272)	(49,046)
Assets written off	(61,134)	-	(61,134)
Balance at 30 June 2013	228,006	61,424	289,430
Additions	817	-	817
Disposals	(228,006)	(22,175)	(250,181)
Balance at 30 June 2014	817	39,249	40,066
Accumulated depreciation/ amortisation and impairment			
Balance at 1 July 2012	(207,361)	(41,133)	(248,494)
Disposals	10,377	18,727	29,104
Assets written off	57,322	3,812	61,134
Depreciation expense	(31,149)	(9,765)	(40,914)
Balance at 30 June 2013	(170,811)	(28,359)	(199,170)
Disposals	192,469	20,124	212,593
Depreciation expense	(21,944)	(7,439)	(29,383)
Balance at 30 June 2014	(286)	(15,674)	(15,960)
Net book value			
As at 30 June 2013	57,195	33,065	90,260
As at 30 June 2014	531	23,575	24,106

12. Intangible assets

Gross carrying amount

Balance at 1 July 2012

Additions/(disposals)

Balance at 30 June 2013

Additions/(disposals)

Balance at 30 June 2014

Accumulated amortisation and impairment

Balance at 1 July 2012

Impairment expense

Balance at 30 June 2013

Impairment expense

Balance at 30 June 2014

Net book value

As at 30 June 2013

As at 30 June 2014

	Goodwill \$	Consolidated Intellectual Property \$	\$
Balance at 1 July 2012	2,981,589	-	2,981,589
Additions/(disposals)	-	108,000	108,000
Balance at 30 June 2013	2,981,589	108,000	3,089,589
Additions/(disposals)	-	50,000	50,000
Balance at 30 June 2014	2,981,589	158,000	3,139,589
Balance at 1 July 2012	(2,476,828)	-	(2,476,828)
Impairment expense	(504,761)	-	(504,761)
Balance at 30 June 2013	(2,981,589)	-	(2,981,589)
Impairment expense	-	(158,000)	(158,000)
Balance at 30 June 2014	(2,981,589)	(158,000)	(3,139,589)
As at 30 June 2013	-	108,000	108,000
As at 30 June 2014	-	-	-

Intellectual Property

During the first half of the financial year, the Company completed the acquisition of intellectual property and other assets to help establish its financing business. Notwithstanding work undertaken during the financial year in furthering its finance business, the Group impaired these intangible assets when it sold its wholesale pumping and PV business. Solco recorded an impairment charge of \$158,000 in the statement of comprehensive income.

13. Trade and other payables

Trade payables⁽ⁱ⁾

Employee entitlements

Other payables

	Consolidated	
	2014 \$	2013 \$
Trade payables ⁽ⁱ⁾	196,275	236,666
Employee entitlements	7,296	147,143
Other payables	166,869	121,785
	370,440	505,594

(i) Trade payables are non-interest bearing and are normally settled on 30 day terms.

14. Provisions

Current

Warranty

Onerous lease contracts⁽ⁱ⁾

Employee benefits

	Consolidated	
	2014 \$	2013 \$
Warranty	115,525	168,404
Onerous lease contracts ⁽ⁱ⁾	104,939	-
Employee benefits	-	24,199
	220,464	192,603

Non-current

Warranty

Warranty	137,882	169,780
	137,882	169,780

(i) - The Group recognised a provision for onerous contracts relating to its current warehouse leases, as the unavoidable costs of meeting the lease obligations under these contracts exceed the economic benefits expected to be received.

14. Provisions (contd)

	Consolidated
	\$
Movement in warranty provisions	
Balance at 1 July 2012	641,372
Additional provisions recognised	22,681
Reductions arising from payments/other sacrifices of future economic benefits	(325,869)
Balance at 30 June 2013	338,184
Additional provisions recognised	178,000
Reductions arising from payments/other sacrifices of future economic benefits	(262,777)
Balance at 30 June 2014	253,407

The warranty provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The total also includes a post sale service provision.

15. Issued capital

	Consolidated	
	2014	2013
	\$	\$
205,100,124 fully paid ordinary shares (2013: 205,100,124)	19,829,795	19,829,795

	2014		2013	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	205,100,124	19,829,795	199,613,638	19,811,832
Issue – November 2012 ⁽ⁱ⁾	-	-	486,486	17,963
Issue – March 2013 ⁽ⁱⁱ⁾	-	-	5,000,000	-
Balance at end of financial year	205,100,124	19,829,795	205,100,124	19,829,795

⁽ⁱ⁾ Issued to employees under the Group's Tax Exempt Employee Share Scheme, as approved at the 2013 Annual General Meeting.

⁽ⁱⁱ⁾ Issued to the Group's Chief Executive Officer as part of the Group's Long Term Incentive Scheme. The shares were issued under a limited recourse loan which is payable within 5 years from the date of issue. Under the terms of the share issue there is a 12 month escrow period attached to these shares. At both the reporting date and the date of this report the full settlement amount of the loan remains outstanding against these shares.

As a result of the sale of the Group's wholesale pumping and PV business in May 2014, Mr Coles, along with all other staff, was made redundant (effective date being 11 July 2014). Under the terms of the LTS, the loan is repayable no later than 5 years from the date the loan was made, or 6 months after an employee ceasing to be an eligible employee of the Group. Due to the redundancy, the loan is now repayable by 11 January 2015.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Share options

The Company has a share based payment option scheme under which options to subscribe for the Company's shares have been granted to certain executives and other employees. Details of options granted and on issue are contained in note 23 to the financial statements.

16. Reserves

	Consolidated	
	2014	2013
	\$	\$
Equity-settled employee benefits	94,000	96,859
	94,000	96,859

16. Reserves (contd)

Share based payment reserve

The share-based payment reserve arises on the grant of share options to directors, executives and senior employees. Amounts are transferred out of the reserve and into issued capital when options are exercised or when shares issued under the Group's Long Term Incentive Scheme are paid or forfeited by an employee. Further information about share-based payments to directors and employees is made in note 23 to the financial statements.

17. Loss per share

Basic loss per share

Consolidated	
2014	2013
Cents per share	Cents per share
(1.19)	(2.78)

Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

Net loss

2014	2013
\$	\$
(2,439,755)	(5,605,210)

Weighted average number of ordinary shares for the purposes of basic loss per share

2014	2013
No.	No.
205,100,124	201,499,902

Diluted loss per share

Diluted loss per share is the same as basic loss per share.

18. Commitments for expenditure

Operating lease commitments

Operating leasing arrangements

Operating leases relates to the rent of offices and warehouses. The leases have varying terms, escalation clauses and renewal rights. The Group is currently in the process of negotiating early termination of all its leases and have recognised a provision at reporting date for all onerous contracts (refer note 14 for details). The Group did not have any other operating lease commitments at reporting date (2013: \$220,129), a position that remains unchanged at the date of this report.

19. Contingent liabilities and contingent assets

In the opinion of the directors, there were no contingent assets or liabilities as at 30 June 2014 and no contingent assets or liabilities were incurred in the interval between the period end and the date of this financial report.

20. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2014 %	2013 %
Parent entity			
Solco Ltd	Australia	N/A	N/A
Subsidiaries			
Solco Solar Products Pty Ltd	Australia	100	100
Solco Finance Pty Ltd *	Australia	100	100
Solco Industries Pty Ltd **	Australia	-	100
Poly Tuff (WA) Pty Ltd **	Australia	-	100
Solar Energy Systems Infrastructure Pty Ltd **	Australia	-	100
Sustainable Global Business Solutions Pty Ltd **	Australia	-	100

* - Incorporated on 23 June 2013

** - Deregistered on 10 November 2013

21. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2014	2013
	\$	\$
Cash and cash equivalents per cashflow and statement of financial position	1,242,176	2,328,351

(b) Non-cash financing and investing activities

During the current financial year and the prior financial year, there were no non-cash financing or investing activities.

(c) Financing facilities

The Group did not have any financing facilities at reporting date, nor at the date of this report.

(d) Reconciliation of loss for the year to net cash outflows from operating activities

	Consolidated	
	2014	2013
	\$	\$
Loss for the year	(2,439,755)	(5,605,210)
Allowances for bad and doubtful debts	(13,935)	91,652
Write-down of inventories	362,481	192,894
Depreciation and amortisation	29,383	216,908
Loss on disposal of plant and equipment	28,952	-
Equity-settled share based payment	62,668	62,946
Impairment of intangible asset	158,000	-
Impairment of goodwill	-	504,761
Net foreign exchange loss	19,352	63,352
(Increase)/decrease in assets:		
Trade and other receivables	(333,194)	1,464,622
Inventories	1,194,161	1,763,371
Other assets	35,982	52,341
Deferred tax asset	-	2,868,865
Increase/(decrease) in liabilities:		
Trade and other payables	(135,415)	(1,812,951)
Deferred tax liability	-	(2,815)
Current tax liability	-	(617,392)
Derivative financial instrument	-	(12,137)
Provisions	(4,038)	(300,180)
Net cash outflow from operating activities	(1,035,358)	(1,068,973)

22. Financial instruments

(a) Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Capital Management

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this note and the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the receivables from customers and receivables due from subsidiaries. The Group has no significant concentrations of credit risk, excluding the receivable from Power Pump and Engineering, to whom the Group sold a significant portion of its stock upon closing down its wholesale pumping and PV business. The Group obtained relevant guarantees and securities to ensure recoverability of the amount owed.

The Group has policies in place to ensure that sale of products and services are made to customers with an appropriate credit history. Cash deposits are limited to high credit quality financial institutions. In order to mitigate the risk of sales to overseas customers, the Group ensures sufficient deposits are received and where possible letters of credit set up for the balance of payments due.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(c) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 6 months, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturities for its non-derivative financial assets and liabilities and have been prepared on the following basis:

- Financial assets - based on the undiscounted contractual maturities including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period; and
- Financial liabilities - based on undiscounted cash flows on the earliest date on which the Group can be required to pay, including both interest and principal cash flows.

	CONSOLIDATED						
	Less than 1 month \$	1 - 3 months \$	3 months to 1 year \$	1 - 5 years \$	5+ years \$	No fixed term \$	Total \$
2014							
Financial assets							
Non-interest bearing	222,585	977,715	35,664	-	-	-	1,235,964
Variable interest rate	1,019,591	-	-	-	-	-	1,019,591
	1,242,176	977,715	35,664	-	-	-	2,255,555
Financial liabilities							
Non-interest bearing	370,440	-	-	-	-	-	370,440
Fixed interest rate	-	-	-	-	-	-	-
	370,440	-	-	-	-	-	370,440

22. Financial instruments (contd)

(c) Liquidity risk management

	CONSOLIDATED						
	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years	No fixed term	Total
2013	\$	\$	\$	\$	\$	\$	\$
Financial assets							
Non-interest bearing	70,759	290,550	375,701	-	-	-	737,010
Variable interest rate	2,257,592	-	-	-	-	-	2,257,592
	<u>2,328,351</u>	<u>290,550</u>	<u>375,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,994,602</u>
Financial liabilities							
Non-interest bearing	-	433,167	72,427	-	-	-	505,594
Fixed interest rate	-	-	-	-	-	-	-
	<u>-</u>	<u>433,167</u>	<u>72,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505,594</u>

The Group did not have any unsettled derivative financial instruments at reporting date (2013: \$Nil).

(d) Market risk

Market risk is the risk that changes in market prices will affect the Group's income. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk including foreign exchange forward contracts to hedge the exchange rate. In addition, the Group manages market risks as follows:

Customers - by diversifying supply into different markets.
- by packaging solutions to meet specific needs.

Suppliers - by diversifying the number of suppliers for any major given product line.
- by entering into supply contracts over short to medium time frames.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(e) Foreign currency risk management

Currency risk is the risk that the value of a financial commitment, probable transaction, recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Group operated internationally and was exposed to foreign exchange risk arising from currency exposures to major currencies. In the current year and prior year, exchange rate exposures have been managed utilising forward foreign exchange contracts and participating forward exchange contracts.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting date is as follows:

	Assets		Liabilities	
	2014 \$	2013 \$	2014 \$	2013 \$
EURO	621	1,160	-	-
USD	43	530	615	15,954

Foreign currency sensitivity

The Group is exposed to US Dollar (USD) and EURO currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit or loss and other equity and the balances below would be negative.

22. Financial instruments (contd)

(e) Foreign currency risk management

	Consolidated	
	2014 \$	2013 \$
Net profit/loss	5	1,426
Equity	5	1,426

The Group's sensitivity to foreign currency during the period has decreased due to the significant decrease in foreign currency inventory purchases and the resulting decrease in the need for forward foreign currency transactions.

Foreign currency contracts

It is the policy of the Group of entering into forward foreign exchange contracts to manage its foreign currency risk associated with purchase transactions. The Group did not have any open forward foreign exchange contracts at reporting date.

(f) Interest rate risk management

The Group is exposed to interest rate risk and manages this risk by keeping liabilities to a financially tolerable level and taking into account expected movements in interest rates.

Some of the Group's assets are subject to interest rate risk but the Group is not dependent on this income. Interest income is only incidental to the Group's operations and operating cash flows. The Company and Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses of the Group's exposure to interest rate risk at the reporting date has been determined based on the change of 50 basis points in interest rates. At reporting date, if interest rates had been 50 basis points higher and all other variables were constant, the Group's net loss would have decreased by \$5,098 (2013: net loss decrease of \$11,287) with a corresponding increase in equity. Where interest rates decreased, there would be an equal and opposite impact on the profit.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the decrease in variable cash and cash equivalents.

(g) Capital management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, to ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes only ordinary share capital. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market taking into account the level of the Group's operations. During 2014 and 2013, the Group had no net debt and therefore net gearing ratios were 0% in both years.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

(h) Fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2. The Directors consider that the carrying amount of financial assets and other financial liabilities recorded in the financial statements approximate their net fair values (2013: net fair values).

23. Share-based payments

Employee share options

The Group has an Employee Share Option Plan ("ESOP") for executives and employees of the Group. In accordance with the provisions of the ESOP, as approved by shareholders at a previous annual general meeting, executives and employees may be granted options at the discretion of the directors.

Each employee share option converts into one ordinary share of Solco Ltd on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the sole discretion of the directors subject to the total number of outstanding options being issued under the ESOP not exceeding 5% of the Company's issued capital at any one time.

The exercise price is calculated with reference to a formula contained within the rules governing the ESOP and which rewards employees against the extent of the Company's performance on the capital markets. Where appropriate the directors have established appropriate vesting conditions to incentivise executives and employees to remain in the employ of the Company.

23. Share-based payments (contd)

Director share options

Director share options are not issued under the ESOP but are subject to approval by shareholders and attach vesting conditions as appropriate.

Employee long term incentive scheme

The purpose of the Long Term Incentive Scheme ('LTIS') is to provide a sense of ownership in the Group and to reward invited employees of Solco. The LTIS is designed to encourage broad equity ownership and to align the rewards of participants with the strategic long term goals and performance of Group.

The LTIS allows for employees to fund share acquisitions in the Company through a loan. The loans are interest free with recourse limited to the underlying shares. The loans are made based on the market price of the underlying shares on the grant date and are subject to certain vesting conditions, which includes a pre-determined employment period.

This plan is accounted for and valued as an option plan, with the contractual life of each option equivalent to the estimated loan life. There are no cash settlement alternatives with the repayment of the loan representing exercise of the options.

The expense recognised in the statement of comprehensive income in relation to share-based payments is disclosed in Note 5.

The following share-based payment arrangements were in existence during the current reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
Series VI	2,000,000	30.11.11	30.11.13	14 cents	0.02 cents

LTIS Share series	Number	Grant date	Expiry date	Issue price \$	Fair value at grant date \$
Series I	5,000,000	01.03.2013	01.03.2018	2.4 cents	1.88 cents

There were no other share based payments granted during the current financial year.

The following reconciles the outstanding shares or share options granted as share based payments at the beginning and end of the financial year:

	2014		2013	
	Number of shares/ options	Weighted average exercise price \$	Number of shares/ Options	Weighted average exercise price \$
Balance at beginning of the financial year	7,000,000	0.057	3,000,000	0.140
Granted during the financial year (i)	-	-	5,000,000	0.024
Exercised during the financial year	-	-	-	-
Expired/lapsed during the financial year	(2,000,000)	0.140	(1,000,000)	0.140
Balance at end of the financial year	5,000,000	0.024	7,000,000	0.057
Exercisable at end of the financial year	5,000,000	0.024	2,000,000	0.140

The outstanding balance as at 30 June 2014 is represented by:

- 5,000,000 shares were issued on 7 March 2013 under the Group's Long Term Incentive Scheme ('LTIS') to the Group's Chief Executive Officer, Mr Anthony Coles, through a limited recourse loan. This arrangement is in-substance an option grant whereby repayment of the loan represents the exercise of the option. A condition of the issue is the completion of a 12 month service period from the date of issue which effectively results in the options not being exercisable during that period. Mr Coles met this condition on 7 March 2014.

As a result of the sale of the Group's wholesale pumping and pv business in May 2014, Mr Coles, along with all other staff, was made redundant (effective date being 11 July 2014). Under the terms of the LTS, the loan is repayable no later than 5 years from the date the loan was made, or 6 months after an employee ceasing to be an eligible employee of the Group. Due to the redundancy, the loan is now repayable by 11 January 2015.

There were no options exercised during the year.

23. Share-based payments (contd)

The exercise price for options outstanding at the end of the year was \$0.024 (2013: range of \$0.024 - \$0.14).

The weighted average remaining contractual life for the share options outstanding at the end of the year was 196 days (2013: 1,528 days).

There were no options granted during the year. The weighted average fair value of options granted during the year was therefore \$nil (2013: \$0.0188).

The fair value of the equity-settled share options under both the option and the loan plans, other than the Group's LTIS, is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

The fair value of the LTIS equity-settled share options is estimated as at the date of grant using a Binomial Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the models used:

	Series VI Options (2012)	LTIS (2013)
Dividend yield (%)	-	-
Expected volatility (%)	89%	130%
Risk-free interest rate (%)	3.12%	2.91%
Expected life of option (years)	2 years	5 years
Exercise price (cents)	14 cents	2.4 cents
Grant date share price	7.2 cents	2.4 cents

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

24. Related party transactions

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 20 to the financial statements.

(b) Key management personnel compensation

Details of key management personnel compensation are disclosed in the Remuneration Report which forms part of the Directors' Report and have been audited.

The aggregate compensation paid to key management personnel of the Group is set out below:

	Consolidated	
	2014	2013
	\$	\$
Short term employee benefits	346,141	467,029
Post employment benefits	30,525	40,524
Share based payments	62,668	45,982
	439,334	553,535

(c) Parent entity

The parent entity in the Group is Solco Ltd. Interests in subsidiaries are set out in Note 20.

(d) Loans to key management personnel

During 2013 the Group's Chief Executive Officer, Mr Anthony Coles, was issued 5,000,000 shares in Solco Ltd 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 the 5-day Volume Weighted Average Price (VWAP) of the Company's shares as determined immediately prior to the issue date. The loan was provided in line with the terms and conditions of the Group's Long Term Incentive Scheme ('LTIS').

The LTIS is designed to encourage broad equity ownership and to align the rewards of participants with the strategic long term goals and performance of Group.

24. Related party transactions (contd)

(d) Loans to key management personnel (contd)

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

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 an eligible employee. As Mr Coles was made redundant on 11 July 2014, the loan becomes repayable by 11 January 2015. In the event that repayment is not received at that point in time, the shares will automatically be bought back by Solco.

There were no loans to other key management personnel during the current or previous financial years.

(e) Other transactions with key management personnel of the Group

During the year Mr Richardson acquired property, plant and equipment from the Group. The value of the assets acquired amounted to \$8,550. The purchase was made on normal arm's length terms and conditions. There were no other transactions with key management personnel during the year (2013: Mr Richardson \$4,084 & Mr Coles \$200).

(f) Transactions with other related parties

Gypsy Hill Pty Ltd, a company associated with Mr David Richardson, provided financial consulting services to and under the direction of Solco Ltd to the Group. During the year the Group paid an amount of \$7,441 (excluding GST) for these services, which included related expenditures. There were no other transactions entered into with related parties by the Group.

25. Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital.

Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker.

The Company operated in one business segment and one geographical segment during the year, namely the renewable energy industry in Australia. AASB 8 Operating Segments states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, wholesaling of solar panels. None of the other operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. Solco Ltd has therefore decided to aggregate all their segments into one reportable operating segment.

The revenues and results of this segment are those of the Company as a whole and are set out in the statement of comprehensive income. The segment assets and liabilities of this segment are those of the Company and are set out in the statement of financial position.

26. Dividends

The Company did not declare or pay a dividend during the financial year (2013: \$ Nil).

27. Remuneration of auditors

Auditor of the Group

Audit or review of the financial report

Consolidated	
2014	2013
\$	\$
41,500	68,985
41,500	68,985

The auditor of Solco Ltd is HLB Mann Judd.

28. Parent entity disclosures

Financial position	Consolidated	
	2014	2013
	\$	\$
<u>Assets</u>		
Current assets	108,094	259,645
Non-current assets	2,262,133	2,306,976
Total assets	<u>2,370,227</u>	<u>2,566,621</u>
<u>Liabilities</u>		
Current liabilities	169,722	485,090
Non-current liabilities	1,048,574	1,127,912
Total liabilities	<u>1,218,296</u>	<u>1,613,002</u>
<u>Equity</u>		
Issued capital	19,829,796	19,829,796
Accumulated losses	(18,771,865)	(18,973,036)
Share-based payments reserve	94,000	96,859
	<u>1,151,931</u>	<u>953,619</u>
Financial Performance		
Profit/(loss) for the year	135,645	(1,421,866)
Total comprehensive (loss)/income	<u>135,645</u>	<u>(1,421,866)</u>

Guarantees entered into by the parent entity

There have been no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

Contingencies of the parent entity

In the opinion of the directors, there were no contingent assets or liabilities as at 30 June 2014 which related to the parent entity.

Commitments for the acquisition of property, plant and equipment by the parent entity

The parent entity had no commitments at 30 June 2014 for the acquisition of property, plant and equipment.

29. Subsequent events

Subsequent to reporting date, and up to the date of this report, the Group continued its assessment of potential merger and/or business acquisition opportunities. The Group will make announcements on any merger and/or business acquisition once it is in a position to do so.

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the current operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.