

SOLCO LIMITED
ACN 084 656 691

SECOND SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a second supplementary prospectus (**Second Supplementary Prospectus**) intended to be read with the prospectus dated 25 November 2014 (**Prospectus**) and the supplementary prospectus dated 12 May 2015 (**Supplementary Prospectus**) issued by Solco Limited (ACN 084 656 691) (**Company**).

This Second Supplementary Prospectus is dated 5 June 2015 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that day. ASIC, ASX Limited (**ASX**) and their respective officers do not take any responsibility as to the contents of this Second Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Second Supplementary Prospectus and the Prospectus and the Supplementary Prospectus, this Second Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Second Supplementary Prospectus.

This Second Supplementary Prospectus will be issued as an electronic prospectus and may be accessed on the Company's website at www.solco.com.au. The Company will send a copy of this Second Supplementary Prospectus to all Applicants who have applied for Shares under the Prospectus as at the date of this Second Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisors without delay.

Applicants who have been issued Shares under the Prospectus who wish to withdraw may exercise their right of withdrawal at any time within one (1) month of the date of this Second Supplementary Prospectus. Refer to Section 5 for further details.

1. STATUS OF RE-ADMISSION TO ASX

The ASX has provided the Company with a letter dated 1 June 2015 that states that the ASX sees no reason why the Company's securities should not be reinstated to official quotation on the ASX subject to satisfaction of certain pro forma conditions (**Re-instatement Letter**).

The Company expects to have satisfied all of the ASX's re-listing conditions as set out in the ASX's Re-instatement Letter during and shortly after the end of the one month withdrawal period, and to be re-listed at that time.

In light of the above, the Company's board is confident that the Company will meet all of the ASX's re-listing conditions at the end of one month withdrawal period and be re-listed by the ASX shortly after the expiry of the withdrawal period.

2. COURT ORDERS EXTENDING PERIOD TO RE-LIST AND VALIDATING SHARE ISSUE

In accordance with the Corporations Act, if a person offers securities under a disclosure document (e.g. a prospectus) and the disclosure document states or

implies that the securities are to be quoted on a financial market (e.g. ASX) and the securities are not admitted to quotation within 3 months after the date of the disclosure document (**Quotation Condition**) then an issue or transfer of securities in response to an application made under the disclosure document is void and the person offering the securities must return the money received by the person from the applicants as soon as practicable.

As of 25 February 2015, the Company had not satisfied all of the conditions for reinstatement and the Quotation Condition was not met.

The Company applied to ASIC on 25 February 2015 for a modification of the Corporations Act to extend the Quotation Condition by a further three (3) months to allow time for the Company to satisfy all of the ASX's conditions for reinstatement, and validate the issue of Shares under the Prospectus. ASIC refused the Company's application on 16 March 2015.

The Company applied to the Federal Court of Australia on 21 April 2015 for orders to extend the Quotation Condition and validate the issue of Shares under the Prospectus and a hearing was held on 2 June 2015.

On 2 June 2015, the Federal Court of Australia granted orders:

- (a) modifying section 723(3)(b) of the Corporations Act to provide the Company an additional two (2) months from the date of this Second Supplementary Prospectus (ie to 5 August 2015) for Shares offered under the Prospectus to be admitted to quotation on the ASX; and
- (b) subject to the Shares offered under the Prospectus being admitted to quotation by the ASX within the period of 2 months after the date of this Second Supplementary Prospectus, validating and confirming the Shares issued to subscribers under the Prospectus (**Court Orders**).

The Prospectus is amended by deleting the last sentence of Section 12.2 of the Prospectus and inserting "*All applications will be repaid in full (without interest) if this condition is not satisfied within two months of the date of the Second Supplementary Prospectus dated 5 June 2015.*"

3. UPDATED FINANCIAL INFORMATION

3.1 Overview

Following completion of the Acquisition and given the time that has elapsed since the Prospectus was lodged, the Company provides the following updated financial information in respect of the Company.

This section contains a comparison of the financial information provided in the Prospectus and updated information to 28 February 2015 which the Directors consider relevant to shareholders and investors.

The historical financial information set out below and in Schedule 2 has been prepared and presented in accordance with the Corporations Act except that the financial information is presented in an abbreviated form insofar as it does not contain all of the presentations and disclosures that are required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. In this regard reference should be made

to the "Summary of the Significant Accounting Policies" in Section 9 of the Prospectus dated 25 November 2014.

3.2 Historical Statements of Profit or Loss and Cash Flow

The financial information included below consists of:

- (a) pro forma historical trading results for the GO Group for the years ended 30 June 2013 and 2014. The historic trading results, as presented in the Statement of Profit or Loss and Statement of Cash Flows, present the trading activity of the GO Group prior to the acquisition by the Company; and
- (b) pro forma historical results for the combined Company/GO Group for the eight months to 28 February 2015. These results include the acquisition of GO Group, which occurred on 23 February 2015, and the raising of the minimum subscription of \$1,587,394 under the Prospectus.

Statements of Profit or Loss

	Merged Solco/GO Group Pro forma Reviewed ³ 28 February 2015 8 months \$'000	GO Group Pro forma Reviewed ² 30 June 2014 12 months \$'000	GO Group Pro forma Reviewed ² 30 June 2013 12 months \$'000
Revenue	43,657	67,387	88,546
Cost of Sales	(40,978)	(63,810)	(82,567)
Gross Profit	2,679	3,577	5,979
Other income	-	285	2
Impairment ¹	(2,071)	(746)	-
Depreciation and amortisation	(350)	(106)	(37)
Net interest	(55)	(56)	-
Expenses ⁴	(3,743)	(3,037)	(2,016)
Profit/(loss) before income tax	(3,540)	(83)	3,928
Income tax benefit (expense)	461	73	(1,209)
Profit/(loss) for the period	(3,079)	(10)	2,719

1. In FY2014 a one off impairment of \$746,000 was recognised in GO Group in relation to development costs. This development cost was incurred over a three year period and was determined to be non-recoverable in the financial year 2014.

In FY2015 a charge of \$2,071,000 relates to:

- \$1,561,000 was incurred upon acquisition of Solco by GO Group.
- \$510,000 was incurred on settlement of intercompany amounts owed by GO Group to its previous shareholders.

2. The financial statements have been prepared based on the audited financial statements of the entities that owned GO Group prior to its acquisition. Refer to Section 3.4 below for

further details and to Schedule 2 for a breakdown of results by GO Group entity. In relation to the CO2 Markets business, the Company has extracted financial information from the audited financial statements of three entities that owned and operated that business. These three entities have not been acquired by the Company and so financial information in respect of other activities of those three entities not comprising the CO2 Markets business has been excluded.

3. The financial statement has been prepared from the unaudited financial statements of the entities that owned GO Group prior to its acquisition for the 8 months to 28 February 2015. In relation to the CO2 Markets business, the Company has extracted financial information from the unaudited financial statements of three entities that owned and operated that business. These three entities have not been acquired by the Company and so financial information in respect of other activities of those three entities not comprising the CO2 Markets business has been excluded.
4. Expenses for the eight months ended 28 February 2015 have increased compared to prior years due to the development of the business into providing energy retailing to its customers.

Statements of Cash Flow

	Merged Solco/GO Group Pro forma Reviewed ² 28 February 2015 8 months \$1,587,394 raised \$'000	Go Group Reviewed ¹ 2014 12 months \$'000	Go Group Reviewed ¹ 2013 12 months \$'000
<i>Cash flows from operating activities</i>			
Receipts from customers	41,843	66,704	88,431
Payments to suppliers and employees	(42,225)	(68,826)	(89,501)
Interest and other costs of finance paid	(55)	(56)	-
Income tax paid	-	-	(1,209)
Net cash used in operating activities⁷	(437)	(2,178)	(2,279)
<i>Cash flows from investing activities</i>			
Payments for intangible assets	(688)	-	(829)
Payments for acquisition of business	(1,920)	-	-
Proceeds from acquisition of business	1,829	-	-
Payments for investment in solar generation units	-	(1,026)	-
(Payments for)/Proceeds from property, plant and equipment	(503)	240	(447)
Net cash used in investing activities	(1,282)	(786)	(1,276)
<i>Cash flows from financing activities</i>			

	Merged Solco/GO Group Pro forma Reviewed ² 28 February 2015 8 months \$1,587,394 raised \$'000	Go Group Reviewed ¹ 2014 12 months \$'000	Go Group Reviewed ¹ 2013 12 months \$'000
Funds from capital raising	3,000	2,000	3,830
Proceeds from borrowing	647	978	-
Repayment of debt	(121)	-	(272)
Net cash used in investing activities	3,526	2,978	3,558
Net decrease in cash and cash equivalents	1,807	14	3
Cash and cash equivalents at the beginning of the financial year	17	3	-
Cash and cash equivalents at the end of the period	1,824	17	3

1. The financial statements have been prepared based on the audited financial statements of the entities that owned GO Group prior to its acquisition. Refer to Section 3.4 below for further details and to Schedule 2 for a breakdown of results by GO Group entity. In relation to the CO2 Markets business, the Company has extracted financial information from the audited financial statements of three entities that owned and operated that business. These three entities have not been acquired by the Company and so financial information in respect of other activities of those three entities not comprising the CO2 Markets business has been excluded.
2. The financial statement has been prepared from the unaudited financial statements of the entities that owned GO Group prior to its acquisition for the 8 months to 28 February 2015. In relation to the CO2 Markets business, the Company has extracted financial information from the unaudited financial statements of three entities that owned and operated that business. These three entities have not been acquired by the Company and so financial information in respect of other activities of those three entities not comprising the CO2 Markets business has been excluded.

3.3 Updated consolidated historical Statements of Financial Position

Consolidated historical statements of financial position for the Company and the GO Group as at 30 June 2014, as provided in the Prospectus, are set out below.

In addition, pro-forma statements of financial position for the combined Company/GO Group as at 28 February 2015 are also presented. The pro-forma historical information has been derived from the historical information of the Company and GO Group, after adjusting for the effects of any subsequent events that are reflected in the pro forma adjustments described below.

PRO-FORMA BALANCE SHEET

	Notes	Actual and pro forma as at 30 June 2014			Pro forma Group as at 28 February 2015	Pro-forma Group as at 28 February 2015
		Reviewed ¹ Go Group Consolidated	Audited Solco Consolidated	Reviewed ¹ Proforma Merged GO Group/Solco \$1,587,394 raise	Reviewed ² Solco post acquisition of GO Group and \$1,587,394 raise	Reviewed ² Solco post acquisition of GO Group and \$2,687,394 raise
		\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	(a)	17	1,242	2,846	1,824	2,926
Trade and other receivables		1,053	1,014	2,067	2,370	2,370
Inventories		2,004	20	2,024	1,324	1,324
Other current assets		798	63	860	412	410
Total current assets		3,872	2,339	7,797	5,930	7,030
Non-current assets						
Property, plant and equipment		60	24	84	211	211
Intangible assets		553	-	553	1,310	1,310
Solar generation units	(b)	1,005	-	1,005	734	734
Total non-current assets		1,618	24	1,642	2,255	2,255
Total assets		5,490	2,363	9,439	8,185	9,285
Current liabilities						
Trade and other payables		2,058	370	2,428	2,717	2,775
Borrowings		102	-	102	109	109
Current provisions		-	220	250	-	-
Total current liabilities		2,160	590	2,780	2,826	2,884
Non-current liabilities						
Non-current provisions		-	139	139	-	-
Borrowings		876	-	876	802	802
Total non-current liabilities		876	139	1,015	802	802
Total liabilities		3,036	729	3,795	3,628	3,686
Net assets		2,454	1,634	5,644	4,557	5,599
Equity						
Issued capital	(c) (d)	38,205	19,829	43,953	11,084	12,126
Reserves		-	94	-	-	-
Accumulated losses	(e)	(35,751)	(18,289)	(38,309)	(6,527)	(6,527)
Total equity		2,454	1,634	5,644	4,557	5,599

1. The financial statements have been prepared based on the audited financial statements of the entities that owned GO Group prior to its acquisition. Refer to Section 3.4 below for further details and to Schedule 2 for a breakdown of results by GO Group entity. In relation to the CO2 Markets business, the Company has extracted financial information from the audited financial statements of three entities that owned and operated that business. These three entities have not been acquired by the Company and so financial information in respect of other activities of those three entities not comprising the CO2 Markets business has been excluded.
2. The financial statement has been prepared from the unaudited financial statements of the entities that owned GO Group prior to its acquisition for the 8 months to 28 February 2015. In relation to the CO2 Markets business, the Company has extracted financial information from the unaudited financial statements of three entities that owned and operated that business. These three entities have not been acquired by the Company and so financial information in respect of other activities of those three entities not comprising the CO2 Markets business has been excluded.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro-forma adjustments relate, as described below, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro-forma historical financial information does not represent the Company's actual or prospective financial position.

Crowe Horwath has prepared an updated Investigating Accountant's Report (being in the form of an Independent Limited Assurance Report) in Schedule 1 of this Second Supplementary Prospectus which provides a review opinion on the financial statements set out above. Shareholders should read the Investigating Accountant's Report in full before making any investment decision.

The Investigating Accountant's Report in section 9 of the Prospectus has been updated in light of the above pro forma historical balance sheet and sets out the pro-forma adjustments and relevant notes to the statement of financial position.

The updated Investigating Accountant's Report (**IAR**) attached in Schedule 1 to this Second Supplementary Prospectus replaces the IAR provided in section 9 of the Prospectus.

Notes and pro-forma adjustments as at 28 February 2015

(a) Cash and cash equivalents

The movement in cash and cash equivalents as reflected in the pro-forma balance sheet at 28 February 2015 is shown as follows:

	\$2,687,394 Raise
	\$'000
Cash and cash equivalents at 28 February 2015 (based on \$1,587,394 raised)	1,824
<i>Pro-forma adjustments</i>	
- proceeds from additional share issue	1,102
	<u>2,926</u>

(b) **Solar generation units (previously described as “Power Purchase Grants”)**

Solar generation units comprise equipment that has been installed on customer premises and generates electricity for their usage. The electricity generated is sold to the customer under a “power purchase agreement”. Solar generation units are initially recognised at cost and, where subject to lease finance arrangements, are treated in accordance with AASB 117 as sales and lease transactions. Solar generation units are recognised as non-current assets and are depreciated over the term of the associated finance lease.

(c) **Issued capital**

As at 28 February 2015, Solco had on issue 985,706,502 fully paid ordinary shares. This includes the issue of:

- (i) 627,606,378 ordinary shares in Solco upon the acquisition of GO Group on 23 February 2015;
- (ii) 150,000,000 Shares issued on 23 February 2015 to subscribers under the Prospectus. Of these:
 - (A) 79,369,700 Shares were issued in consideration for \$1,587,394 in cash subscriptions received;
 - (B) 70,630,300 Shares were issued to the Urban Group and its nominees (under Urban Group's underwriting obligation) in consideration for an offset and reduction in debts of \$1,412,606 owed to the Urban Group. No cash subscriptions were received in respect of these Shares due to this set off;
- (iii) 3,000,000 Shares issued on 24 February to subscribers to shortfall under the Prospectus in consideration for \$60,000 in cash subscriptions.

The Company intends to seek subscriptions for shortfall shares as envisaged under the Prospectus of up to a further 52,100,100 shares at an issue price of \$0.02 per share to raise up to a further \$1,042,002 before expenses.

The movement in issued capital as reflected in the pro-forma balance sheet at 28 February 2015 is shown below:

	Issued ordinary Shares \$2,687,394 Raise No.	\$2,687,394 Raise \$'000
Ordinary shares on issue 28 February 2015	985,706,502	11,084
<i>Pro-forma adjustments</i>		
- Issued pursuant to Prospectus	52,100,100	1,042
	<u>1,037,806,602</u>	<u>12,126</u>

(d) **Reverse Acquisition Accounting**

For accounting purposes, the acquisition has been accounted for as a reverse acquisition in accordance with AASB 3 Business Combinations, with the acquirer identified as GO Group. Accordingly, the Group incorporates the assets and liabilities of Solco and of GO Group as if the Group was headed by GO Group. At acquisition date of 23 February 2015 the assets and liabilities of GO Group (being the acquirer for accounting purposes) were recorded at their book value and the assets and liabilities of Solco (being the acquiree for accounting purposes) are recorded at fair value. The 627,606,378 shares issued to the vendors of GO Group by Solco have been treated as issued capital for the purpose of determining the notional purchase price of Solco.

Components of equity (other than issued capital), including retained earnings and other reserves, reflect the balances of the accounting acquirer, GO Group. The difference between the deemed purchase price represents goodwill of \$1,561,000 been expensed as the Directors believe the goodwill value of Solco cannot be supported.

(e) **Accumulated losses**

Accumulated losses as at 28 February 2015 include a capital reduction within GO Group. The capital reduction of \$32,373,000 was made pursuant to Section 258F of the Corporations Act.

3.4 **Incorporation by reference**

The Company released to ASX on 5 June 2015 copies of the following audited financial statements for the GO Group:

- (a) GO Energy Pty Ltd – for the financial years ended 30 June 2012, 2013 and 2014;
- (b) Go Quote Pty Ltd, CO2 Global Exports Australia Pty Ltd and Go Energy Installations Pty Ltd – for the financial year ended 30 June 2014; and
- (c) for the CO2 Markets business, audited accounts for the following three companies that owned and operated the CO2 Markets business:
 - (i) Urban Energy Carbon Markets Pty Ltd and UGE Environmental Trading Pty Ltd - for the financial years ended 30 June 2013 and 2014; and
 - (ii) Environmental Trade Services Pty Ltd - for the financial year ended 30 June 2014 (it was incorporated on 26 June 2013).

together the **Audited Financial Statements**.

The three companies that owned and operated the CO2 Markets business have not been acquired by the Company. These companies also operated other businesses, and continue to do so. The historical financial information provided in respect of the CO2 Markets business in this Second Supplementary Prospectus has been extracted from the full audited accounts of these companies. Investors should bear this in mind in reviewing the audited accounts for those companies.

Investors should also note that the audited accounts for UGE Environmental Trading Pty Ltd for the financial year ended 30 June 2013 were restated in the audited accounts for the financial year ended 30 June 2014 to more accurately reflect the results for the period. The adjustments made were as follows.

	Per 2013 financial statements	Per 2014 financial statements	Difference
1. Accrual of unrecognised costs relating to STC trading			
Cost of sales	\$110,443,510	\$112,493,226	\$2,049,716
Trade and other payables	\$2,531,999	\$4,581,715	\$2,049,716
2. Tax impact of increasing costs as above			
Income Tax expense	1,340,400	725,505	\$614,895
Other liabilities	\$1,554,468	\$939,573	\$614,895
3. Restatement of cash on deposit to other financial assets from cash			
Cash and cash equivalents	\$637,883	\$552,883	\$85,000
Other financial assets	\$7,880,810	\$7,965,810	\$85,000

Notes: Entries 1 & 2 relate to the recognition of a liability for costs relating to the aggregation of STC's outstanding as at the end of the financial year, and the flow on impact on the tax provision in the income statement. Entry 3 related to cash held on deposit that was reclassified from cash to other financial assets.

This Second Supplementary Prospectus has incorporated the restated accounts for the 2013 financial year.

These Audited Financial Statements are taken to be included in this Prospectus pursuant to section 712 of the Corporations Act.

The Company will provide a copy of the Audited Financial Statements free of charge to any person who requests a copy prior to the Closing Date. Further, an electronic version of the Audited Financial Statements can be downloaded from the Company's announcements page on the ASX website (www.asx.com.au)

4. RENEWABLE ENERGY TARGET UPDATE

On May 27 2015 the Federal Government introduced legislation to amend the Renewable Energy Target to a total of 33,000GWh by 2020. This follows public statements by both major political parties that they would support this new target. The legislation as tabled does not impact the number of Small Scale Renewable Certificates compared to the currently legislated position. Until the legislation has been passed by both houses of the Federal Government the currently legislated targets remain in place.

5. WITHDRAWAL RIGHT

It is a condition of the Court Orders that the Company give all applicants who have subscribed for, and been issued, Shares under the Offer or the Shortfall Offer (**Withdrawing Shareholder**) 1 month to withdraw their Application and be repaid their application monies.

Any repayments made by the Company pursuant to an applicant exercising their right to withdraw their Application will be made in full without interest.

An applicant who wishes to withdraw their Application and obtain a refund must submit a written request to the Company at the address set out below so that it is received within 1 month of the date of this Second Supplementary Prospectus (i.e. by 3:00 pm (WST) on 5 July 2015).

By Post to:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

Repayments will be made as soon as practicable and within 7 days of the written request being received.

The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Application Form lodged by that Applicant.

Withdrawing Shareholders who request a withdrawal of their Application will be deemed to have agreed:

- (a) to the Company selling and transferring the Shares issued to them under the Prospectus and the subject of the withdrawal request (**Withdrawal Shares**) for \$0.02 per Share (being the issue price under the Offer) to Urban Group or its nominees;
- (b) not to deal with their Withdrawal Shares in any manner which may prevent legal and beneficial title to the Withdrawal Shares passing to the purchaser of those Shares;
- (c) if required, to vote for any cancellation of the Withdrawal Shares; and
- (d) authorise the Company to do all things necessary on their behalf to effect the transfer or cancellation of the Withdrawal Shares.

6. SHORTFALL APPLICATION FORMS

Investors who have NOT previously submitted a Shortfall Application Form

Applications for Shares under the Shortfall Offer must be made using the application form accompanying this Second Supplementary Prospectus (**Supplementary Shortfall Application Form**).

Applications must NOT be made on the Shortfall Application Form attached to or accompanying the Prospectus.

The Supplementary Shortfall Application Form contains detailed instructions on how it is to be completed.

Completed Supplementary Shortfall Application Forms and accompanying cheques, made payable to "**Solco Limited - Share Subscription Account**" and crossed "**Not Negotiable**", must be received by the Company at the address set out on the Supplementary Shortfall Application Form by no later than 3:00 pm (WST) on 9 July 2015.

The Company reserves the right to close the Shortfall Offer early.

**Investors who HAVE previously submitted a Shortfall Application Form AND
DO NOT want to withdraw their application**

Applicants in this category DO NOT need to complete a further Supplementary Shortfall Application Form in order to receive their Shares. However, such applicants may lodge a Supplementary Shortfall Application Form if they wish to apply for additional Shares in accordance with the instructions set out above for investors who have NOT previously submitted a Shortfall Application Form.

**Applicants who HAVE previously submitted a Shortfall Application Form AND
DO want to withdraw their application**

Applicants in this category may withdraw their Applications and be repaid any application monies upon written request to the Company in the manner set out in section 5 of this Second Supplementary Prospectus.

7. CONSENT

Crowe Horwath Sydney has given its written consent to being named as Investigating Accountant of the Company in this Second Supplementary Prospectus and to the inclusion of the financial information in Section 3 and Schedule 2 and the Investigating Accountant's Report in Schedule 1 of this Second Supplementary Prospectus in the form and context in which the information and report are included. Crowe Horwath Sydney has not withdrawn its consent prior to lodgement of this Second Supplementary Prospectus with ASIC.

LWM Auditing Pty Ltd has given its written consent to being named as the auditor of the historical financial information in respect of the Go Group entities referred to, and incorporated by reference into, this Second Supplementary Prospectus and to the inclusion of that audited financial information in this Second Supplementary Prospectus in the form and context in which the information and report are included. LWM Auditing Pty Ltd has not withdrawn its consent prior to lodgement of this Second Supplementary Prospectus with ASIC.

8. DIRECTORS' AUTHORISATION

This Second Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Second Supplementary Prospectus with the ASIC.



Mr Brian Thomas
Chairman
For and on behalf of
Solco Limited

SCHEDULE 1 – INVESTIGATING ACCOUNTANTS REPORT

4 June 2015

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

Dear Sirs

INDEPENDENT LIMITED ASSURANCE REPORT ON SOLCO LIMITED HISTORICAL AND THE PRO FORMA HISTORICAL INFORMATION

Introduction

We have been engaged by Solco Limited ("**Solco**" or "**the Company**") to prepare an Independent Limited Assurance Report ("**the Report**") on the pro forma historical financial information of the Company, including pro forma financial information of the 'GO Group', for inclusion in the second supplementary prospectus (the "**Second Supplementary Prospectus**") to be dated on or about 4 June 2015 relating to the transaction with Urban Group Energy Holdings Pty Ltd ("**GO Group**") and the rights issue ("**the Offer**").

Expressions and terms defined in the Second Supplementary Prospectus have the same meaning in this Report, unless otherwise stated.

Scope

The Company has requested Crowe Horwath Sydney to prepare this Report covering the following information included in the Second Supplementary Prospectus:

Historical Financial Information

The historical financial information, as set out in section 3 and schedule 2 of the Second Supplementary Prospectus comprises:

- The pro forma historical statement of profit or loss of Solco, including the GO Group, for the period ended 28 February 2015 and the pro forma historical statements of profit or loss of the GO Group for the years ended 30 June 2014 and 30 June 2013;
- The pro forma historical statements of cash flow of the merged Solco / GO Group for the period ended 28 February 2015 and the pro forma historical statements of cash flow of the GO Group for the years ended 30 June 2014 and 30 June 2013;

- The historical balance sheet of Solco and the pro forma historical balance sheet of GO Group as at 30 June 2014, and the pro forma Solco Group, including GO Group, as at 30 June 2014, as well as pro forma historical balance sheet of Solco as at 28 February 2015, post the acquisition of the GO Group, and based on a \$1,587,394 raise and a \$2,687,394 raise; and
- Notes supporting the pro forma historical financial information.

(hereafter the “**Historical Financial Information**”).

The pro forma Historical Financial Information presented in the Second Supplementary Prospectus reflects a pro forma consolidation prepared from the statutory financial statements of the Company and the GO Group as outlined in the Second Supplementary Prospectus.

The pro forma historical consolidated Balance Sheets as at 28 February 2015 also assumed completion of the Offer as though it had occurred on that date.

The basis of preparation of the pro forma Historical Financial Information is the recognition and measurement principles contained in Australian Accounting Standards. The pro forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Directors’ Responsibility

The Directors of the Company are responsible for the preparation and presentation of the Historical Financial Information. The Directors are also responsible for the determination of the pro forma transactions set out in section 3 of the Second Supplementary Prospectus and the basis of preparation of the pro forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and pro forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatement.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures to the accounting records in support of the Historical Financial Information. These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently do not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be

identified in an audit. Accordingly, we do not express an audit opinion on the Historical Financial Information.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical Financial Information.

Conclusion

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma Historical Financial Information, as set out in section 3 and Schedule 2 of the Second Supplementary Prospectus and comprising:

- The pro forma historical statement of profit or loss of Solco, including the GO Group, for the period ended 28 February 2015 and the pro forma historical statements of profit or loss of the GO Group for the years ended 30 June 2014 and 30 June 2013;
- The pro forma historical statement of cash flow of the merged Solco / GO Group for the period ended 28 February 2015 and the pro forma historical statements of cash flow of the GO Group for the years ended 30 June 2014 and 30 June 2013;
- The historical balance sheet of Solco and the pro forma historical balance sheet of GO Group as at 30 June 2014, and the pro forma Solco Group, including GO Group, as at 30 June 2014, as well as pro forma historical balance sheet of Solco as at 28 February 2015, post the acquisition of the GO Group, and based on a \$1,587,394 raise and a \$2,687,394 raise; and
- Notes supporting the pro forma historical financial information;

are not presented fairly, in all material respects, in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Australian Accounting Standards.

Restriction on Use

Without modifying our conclusions, we draw attention to section 3 of the Second Supplementary Prospectus, which describes the purpose of the Historical Financial Information, being for inclusion in the Second Supplementary Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

Consent

Crowe Horwath Sydney has consented to the inclusion of the Independent Limited Assurance Report in the Second Supplementary Prospectus in the form and context in which it is included.

Liability

The liability of Crowe Horwath Sydney is limited to the inclusion of this Report in the Second Supplementary Prospectus. Crowe Horwath Sydney makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Second Supplementary Prospectus.

Independence or Disclosure of Interest

Crowe Horwath Sydney does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Crowe Horwath Sydney will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully



Crowe Horwath Sydney



John Haydon
Partner
(Registered Company Auditor)

SCHEDULE 2 – GO GROUP INDIVIDUAL ENTITY FINANCIAL INFORMATION PRE-CONSOLIDATION

Statements of Profit or Loss Year ended 30 June 2014	CO2 Markets Reviewed ¹	GO Quote Pty Ltd Audited	GOenergy Pty Ltd Audited	GO Energy Installations Pty Ltd Audited	CO2 Global Exports Pty Ltd Audited	GO Group Reviewed ²
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	67,027	-	360	-	-	67,387
Cost of Sales	(63,348)	-	(383)	(79)	-	(63,810)
Gross Profit	3,679	-	(23)	(79)		3,577
Other income	-	79	44	144	18	285
Impairment	-	-	(746)	-	-	(746)
Depreciation and amortisation	-	-	(105)	-	(1)	(106)
Net interest	(31)	-	(25)	-	-	(56)
Expenses	(718)	(10)	(2,248)	(53)	(8)	(3,037)
Profit/(loss) before income tax	2,930	69	(3,103)	12	9	(83)
Income tax benefit (expense)	(879)	-	913	39	-	73
Profit/(loss) for the period	2,051	68	(2,190)	52	9	(10)

Notes:

1. Extracted from the audited financial statements of the entities Urban Energy Carbon Markets Pty Ltd, UGE Environmental Trading Pty Ltd and Environmental Trade Services Pty Ltd. The extracted figures relate only to the portion of the entities' business that was acquired by the Company. Refer further below for details of the extracted statements of profit and loss.
2. The consolidation workings have been reviewed.

Balance Sheet Year ended 30 June 2014	CO2 Markets Reviewed ¹	GO Quote Pty Ltd Audited	GOenergy Pty Ltd Audited	GO Energy Installations Pty Ltd Audited	CO2 Global Exports Pty Ltd Audited	GO Group Reviewed ²
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	-	-	16	1	-	17
Trade and other receivables	-	-	1,052	-	1	1,053
Inventories	-	-	2,004	-	-	2,004
Other current assets	-	3	757	38	-	798
Total current assets	-	3	3,829	39	1	3,872
Non-current assets						
Property, plant and equipment	-	-	60	-	-	60
Intangible assets	-	67	486	-	-	553
Solar generation units	-	-	1,005	-	-	1,005
Total non-current assets	-	67	1,551	-	-	1,618
Total assets	-	70	5,380	39	1	5,490

Balance Sheet Year ended 30 June 2014	CO2 Markets Reviewed ¹ \$'000	GO Quote Pty Ltd Audited \$'000	GOenergy Pty Ltd Audited \$'000	GO Energy Installations Pty Ltd Audited \$'000	CO2 Global Exports Pty Ltd Audited \$'000	GO Group Reviewed ² \$'000
Current liabilities						
Trade and other payables	-	1	2,054	-	3	2,058
Borrowings	-	-	102	-	-	102
Current provisions	-	-	-	-	-	-
Total current liabilities	-	1	2,156	-	3	2,160
Non-current liabilities						
Non-current provisions	-	-	-	-	-	-
Borrowings	-	-	876	-	-	876
Total non-current liabilities	-	-	876	-	-	876
Total liabilities	-	1	3,032	-	3	3,036
Net assets		69	2,348	39	(2)	2,454
Equity						
Issued capital	-	-	38,204	-	1	38,205
Accumulated losses	-	69	(35,856)	39	(3)	(35,751)
Total equity	-	69	2,348	39	(2)	2,454

Notes:

1. Extracted from the audited financial statements of the entities Urban Energy Carbon Markets Pty Ltd, UGE Environmental Trading Pty Ltd and Environmental Trade Services Pty Ltd. The extracted figures relate only to the portion of the entities' business that was acquired by the Company.
2. The consolidation workings have been reviewed.

Statements of Profit or Loss Year ended 30 June 2013	CO2 Markets Reviewed ¹	GO Quote Pty Ltd Audited	GOenergy Pty Ltd Audited	GO Energy Installations Pty Ltd Audited	CO2 Global Exports Pty Ltd Audited	Eliminations	GO Group Reviewed ²
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	88,546	-	84	-	-	(84)	88,546
Cost of Sales	(82,563)	-	-	(4)	-	-	(82,567)
Gross Profit	5,983	-	84	(4)	-	(84)	5,979
Other income	-	-	2	-	-	-	2
Impairment	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	(36)	-	(1)	-	(37)
Net interest	-	-	-	-	-	-	-
Expenses	(401)	-	(1,896)	(13)	(1)	295	(2,016)
Profit/(loss) before income tax	5,582	-	(1,846)	(17)	(2)	211	3,928
Income tax benefit (expense)	(1,674)	-	554	5	-	(94)	(1,209)
Profit/(loss) for the period	3,908	-	(1,292)	(12)	(2)	117	2,719

Notes:

1. Extracted from the audited financial statements of the entities Urban Energy Carbon Markets Pty Ltd, UGE Environmental Trading Pty Ltd and Environmental Trade Services Pty Ltd. The extracted figures relate only to the portion of the entities' business that was acquired by the Company. Refer further below for details of the extracted statements of profit and loss.
2. The consolidation workings have been reviewed.

Balance Sheet Year ended 30 June 2013	CO2 Markets Reviewed ¹	GO Quote Pty Ltd Audited	GOenergy Pty Ltd Audited	GO Energy Installations Pty Ltd Audited	CO2 Global Exports Pty Ltd Audited	GO Group Reviewed ²
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	-	-	3	-	-	3
Trade and other receivables	-	-	1,220	-	-	1,220
Inventories	-	-	-	-	-	-
Other current assets	-	-	219	-	-	219
Total current assets	-	-	1,442	-	-	1,442
Non-current assets						
Property, plant and equipment	-	-	409	-	2	411
Intangible assets	-	-	829	-	-	829
Solar generation units	-	-	-	-	-	-
Total non-current assets	-	-	1,238	-	2	1,240
Total assets	-	-	2,681	-	2	2,683

Balance Sheet Year ended 30 June 2013	CO2 Markets Reviewed ¹	GO Quote Pty Ltd Audited	GOenergy Pty Ltd Audited	GO Energy Installations Pty Ltd Audited	CO2 Global Exports Pty Ltd Audited	GO Group Reviewed ²
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current liabilities						
Trade and other payables	-	-	144	13	14	171
Borrowings	-	-	-	-	-	-
Current provisions	-	-	-	-	-	-
Total current liabilities	-	-	144	13	14	171
Non-current liabilities						
Non-current provisions	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-
Total liabilities	-	-	144	13	14	171
Net assets		-	2,537	(13)	(12)	2,512
Equity						
Issued capital	-	-	36,203	-	1	36,204
Accumulated losses	-	-	(33,666)	(13)	(13)	(33,692)
Total equity	-	-	2,537	(13)	(12)	2,512

Notes:

1. Extracted from the audited financial statements of the entities Urban Energy Carbon Markets Pty Ltd, UGE Environmental Trading Pty Ltd and Environmental Trade Services Pty Ltd. The extracted figures relate only to the portion of the entities' business that was acquired.
2. The consolidation workings have been reviewed.

CO2 MARKETS FY14

Statements of Profit or Loss ¹ Year ended 30 June 2014	Urban Energy Carbon Markets Pty Ltd Audited \$'000	UGE Environmental Trading Pty Ltd Audited \$'000	Environmental Trade Services Pty Ltd Audited \$'000	Transactions not forming part of CO2 Markets business acquired \$'000	CO2 Markets Reviewed ² \$'000
Revenue	7,697	1,033,362	39,362	(1,013,394)	67,027
Cost of Sales	(6,927)	(1,037,147)	(37,986)	1,018,712	(63,348)
Gross Profit	770	(3,784)	1,376	5,317	3,679
Other income	-	2,265	-	(2,265)	-
Impairment	-	-	-	-	-
Depreciation and amortisation	-	-	(37)	37	-
Net interest	(21)	(2,480)	-	2,470	(31)
Expenses	(176)	(691)	(198)	345	(718)
Profit/(loss) before income tax	573	(4,690)	1,141	5,906	2,930
Income tax benefit (expense)	(172)	1,407	(342)	1,772	(879)
Profit/(loss) for the period	401	(3,283)	799	4,134	2,051

Notes:

1. Extracted from the audited financial statements of the entities Urban Energy Carbon Markets Pty Ltd, UGE Environmental Trading Pty Ltd and Environmental Trade Services Pty Ltd. The "CO2 Markets" total figures relate only to the portion of the entities' business that was acquired by the Company.
2. The consolidation workings have been reviewed.

CO2 MARKETS FY13

Statements of Profit or Loss ¹ Year ended 30 June 2013	Urban Energy Carbon Markets Pty Ltd Audited \$'000	UGE Environmental Trading Pty Ltd Audited \$'000	Environmental Trade Services Pty Ltd Audited \$'000	Transactions not forming part of CO2 Markets business acquired \$'000	CO2 Markets Reviewed ² \$'000
Revenue	17,471	115,815	-	(44,740)	88,546
Cost of Sales	(16,685)	(112,493)	-	46,615	(82,563)
Gross Profit	786	3,322	-	1,875	5,983
Other income	-	11	-	(11)	-
Impairment	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Net interest	(120)	94	-	26	-
Expenses	(338)	(1,009)	-	946	(401)
Profit/(loss) before income tax	326	2,418	-	2,838	5,582
Income tax benefit (expense)	(98)	(725)	-	(851)	(1,674)
Profit/(loss) for the period	228	1,693	-	1,987	3,908

Notes:

1. Extracted from the audited financial statements of the entities Urban Energy Carbon Markets Pty Ltd, UGE Environmental Trading Pty Ltd and Environmental Trade Services Pty Ltd. The "CO2 Markets" total figures relate only to the portion of the entities' business that was acquired by the Company.
2. The consolidation workings have been reviewed.

Statements of Profit or Loss Year ended 30 June 2012	GOenergy Pty Ltd Audited \$'000
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Revenue	-
Cost of Sales	-
Gross Profit	-
Other income	-
Impairment	-
Depreciation and amortisation	-
Net interest	-
Expenses	-
Profit/(loss) before income tax	-
Income tax benefit (expense)	-
Profit/(loss) for the period	-

Balance Sheet
Year ended 30 June 2012

GOenergy
Pty Ltd
Audited
\$'000

Current assets

Cash and cash equivalents -

Trade and other receivables -

Inventories -

Other current assets -

Total current assets -

Non-current assets

Property, plant and equipment -

Intangible assets -

Solar generation units -

Total non-current assets -

Total assets -

Current liabilities

Trade and other payables -

Borrowings -

Current provisions -

Total current liabilities -

Non-current liabilities

Non-current provisions -

Borrowings -

Total non-current liabilities -

Total liabilities -

Net assets -

Equity

Issued capital 32,373

Accumulated losses (32,373)

Total equity -