

**23rd November 2007**

**ASX Announcements Platform  
Solco Ltd – Annual General Meeting Presentation**

In accordance with Listing Rule 3.13.3, Solco Ltd attaches the Chairman's Address and presentation that will be presented to shareholders during the Annual General Meeting today,

Should you have any queries please contact the Company on (08) 9334 8100.



**Adam Wright  
Company Secretary**

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## SOLCO LIMITED – 2007 – AGM CHAIRMAN’S ADDRESS

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In the Company’s Annual Report, I reflected on 2006/2007 as a year of recovery, rationalisation and consolidation, as the Company emerged from its perilous financial position and endangered corporate viability in 2006. I do not propose to repeat here the depths of corporate and financial malaise which impacted Solco in 2006, nor the significant milestones achieved by your Company, and its people for the benefit of the shareholders, over late 2006 and in 2007. They are detailed in the 2007 Annual Report.

There are 3 aspects of your Company’s current prospects upon which I will comment:

1. **Social, Political and Industry Drivers**

The appreciation of the relevance of sustainable energy and access to potable water has never been more prevalent, as the impacts of climate change on our world and our lives become evident.

What is now abundantly clear is that society must change and adapt in its ways if critical environmental “tipping points” are to be averted.

This realisation is at the heart of a profound movement, that in the year of a Federal election, has especially stirred our political leaders towards policy initiatives recognising the imperative of the benefits of solar energy and assured access to water.

Despite Australia’s natural competitive advantage in solar irradiation, and natural competitive disadvantage in water availability and distribution, to date as a nation we have not responded to these challenges with cohesion and resolve. To date our nation’s business strategies and political policies have lagged in comparison to our European brethren, whose governments and societies have embraced the need for action and have endowed significant commercial incentives to those in the community prepared to embrace sustainability and lessen reliance upon fossil fuel power generation and its greenhouse gas emissions.

However, I have every confidence that 2008 should herald a “new wave” of support for sustainable energy initiatives in Australia, and that the near future will witness significant changes – changes which have the potential to have a marked and positive impact upon Solco and the industry in Australia in which Solco operates.

Even the relatively modest policy initiatives announced earlier in 2007 are now resulting in significantly increased demand for Solco’s products, and the emergence of larger scale solar and water pumping projects.

2. **Solco’s Operations and Strategic Focus**

Despite significant organic growth and impressive sales revenue increases being enjoyed by Solco in the current financial year, and despite improved operational efficiencies and product diversity offering (which are anticipated to significantly improve Solco’s financial performance compared to 2006/2007), nevertheless the current scale of Solco’s business activities remain insufficient to simultaneously support the corporate infrastructure of a listed ASX company and generate the revenue, dividends and share value growth to which Solco shareholders might reasonably aspire from their investment.

To this end, your directors have been actively seeking and reviewing a number of prospective new business and technological opportunities with a view to materially expanding the current businesses of Solco. Without being exhaustive, and at the same time being respectful of confidentiality obligations binding the Company, these opportunities have included:

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- water purification technology;
  - upstream silicon/pv cell production;
  - complementary solar panel distribution businesses in Australia;
  - water pumping distribution and sales businesses.

These prospective transactions have varied in financial significance from around \$1 million to over \$100 million and in geographic relevance from Europe, to Asia and to Australia.

To date these opportunities have been assessed not to be of sufficient value to Solco, on the terms presently offered, to warrant proceeding with a transaction at this time.

Your directors continue to be vigilant in seeking out, and diligent in assessing, new business growth opportunities both in Australia and offshore, in addition to focussing on the growth of its existing Australian business operations. In particular, over the next 6-12 months Solco is committed to growing its Australian based solar and water wholesale and distribution business with significant expansion into the NSW, Victoria and South Australian markets. As well, Solco will continue to actively seek out, and engage in negotiations for, other business growth opportunities.

### 3. **Solco's People**

I wish to recognise the loyal service of all the Solco team members over this last 12 months of reformation and change, from our office and storeroom juniors, to our distribution agents, to our senior executives and directors.

Your long serving director and company secretary John Beech recently retired from office to pursue other personal career goals. I note John's service for the Company, especially the continuity he was able to bring to the Board over this recent period of change.

I have great pleasure in announcing that Ian Campbell has accepted appointment as a non-executive director of Solco effective from the close of this AGM. In addition to his renowned public and former ministerial profile as a key member of the Australian Federal government, I know Ian to be an astute businessman whose contributions to Solco, and its future, I am sure will be significant. Let me share a few highlights of Ian's career with you.

#### **Ian Campbell (48)**

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.

In 1990 Ian entered Federal politics as a WA Senator during which phase of his career he held high level Cabinet and other offices including:

- 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.

His international experience includes:

- 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.

He has enjoyed contacts and relationships with the highest level international and national political and business leaders.

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He holds current Board positions on Austal Limited and ASG Group Limited as well as other advisory boards.

Also, it is with great pleasure that I am able to announce 2 key executive director appointments to the Solco Board:

- (a) First, Alex Lamond as the new CEO and Managing Director of Solco to succeed from David Richardson, who stands down from that position from 1 December 2007 but continues thereafter as a non-executive director, with continued active engagement in the Company's strategic positioning and direction especially over this transitional period.

Let me note some of the highlights of Alex's career to date:

**Alex Lamond (43) – BE/BSc, MBA (Melb.)**

Alex has combined a formal engineering/science tertiary educational background with an applied business management focus. His continuing formal studies have included a Graduate Diploma in Applied Finance and Investment, and a Graduate Diploma in Business (Marketing).

Alex has had hands on CEO, senior executive and leadership experience in a range of appointments, including with:

- Clarinet Australia (an international telecom business, with satellite and VOIP activities globally);
- Sanax Medical (a Perth based pharmaceutical and medical supply business requiring leadership and growth strategies).

Alex has refined strategic development and marketing skills as well as hands on experience in driving growth and development in business opportunities for emerging corporate.

- (b) Secondly, the promotion and appointment of Mark Norman to the position of Executive Director with special responsibility for international growth and business development. Mark has been with Solco for approximately 1 year and has been an instrumental change agent in the turnaround of Solco's fortunes under the leadership of David Richardson. Some highlights of Mark's career to date have included:

**Mark Norman (48) BE (Electronics)**

Mark is a qualified electronics engineer who has maintained his technical relevance through continuing professional development with extensions into management, business systems and IT training.

Mark's vocational experience commenced as an electrical engineer with Alcoa Australia (1981-84). Mark then joined the Orbital Group from 1985 to 2004 with appointments progressing from Senior Project Engineer to Country Manager (Indonesia) to CEO and President of several related Orbital Group companies in USA and France, as the organisation's operations globalised.

The quality of Mark's hands on operational experience has more recently been displayed in his COO role at Advanced Nanotechnology Limited and with Solco.

I am sure you will share with me a warm welcome for Ian, Alex and Mark as we approach 2008 with high hopes and expectations of re-establishing Solco as a Company of strength, of growth, and of shareholder value.

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To attract and gain commitment of senior quality executives and directors, demands in return, their fair and reasonable remuneration and incentivisation by the Company. This current Board restructuring is premised upon the approval of a future EGM of shareholders of the Company to the issue of 1,000,000 options to each of the Company's directors (as already announced to the ASX) to recognise the "extra yard" that the Company expects of its directors, over and above the norm, during this next period and to optimise the alignment of their interests with those of the Company. More details of this will be provided to shareholders in due course.

I am also sure that you will share with me my acknowledgement for the most significant role that has been played to date by David Richardson in the resurrection of Solco's fortunes since the bleak days of mid 2006. Fortunately David is "going nowhere" – an expression I use in the kindest of terms - he merely is taking on a new non-executive strategic mentoring role as part of the succession planning for the future of Solco. David, we are all indebted for your contribution to date and are pleased that your association with Solco will remain active and engaged.



**Solco Limited (ASX:SOO)**

**ACN 084 656 691**

**November 2007**

# 1. Industry Drivers

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## 1.1 Strong Global Industry Growth

- global warming/climate change/emission control
  - UK Stern Report 'Economics of Climate Change'
  - UN Intergovernmental Panel on Climate Change
  - Kyoto Protocol/ Bali Round/ 1<sup>st</sup> Commitment Period
- governmental and societal agendas for sustainability
- government rebates and subsidies
  - Europe (@ about €0.50 rebate per unit)
  - Australia Federal Budget May 2007 (rebates announced)
  - Prime Minister's Office July 2007 statement on school rebates (\$50,000)
  - Strong opposition election platform support (20% sustainable energy by 2020)

# 1. Industry Drivers (cont.)

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## 1.2 Evolving Market

- moving from immature/cottage to a developing market
- mega \$ investment in sophisticated upstream technologies and large scale power plants
- technology developments (PV, thin film, CIGS, solar thermal)
- economies of scale and scope to meet global demand
- supply chain rationalisation/margins compressing
- global outlook
  - European lead but now with US, India and Asia active
  - emerging economies/markets
  - niche market and technical opportunities for exploitation

## 2. Solco's Strategic Focus

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### 2.1 Vision

- the delivery of applied enviro-renewable energy solutions to select global markets

### 2.2 Solco's strategic focus

- the point of dynamic interface between Solco's power and water divisions
- larger scale business opportunities in the solar/water space
- supply chain vertical integration solar opportunities

## 2. Solco's Strategic Focus (cont.)

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### 2.3 Short to Medium Term Goals (3-12 months)

- build organisational capability
- establish broader and stronger Australian geographic presence
  - economies of scale and scope
  - customer access and support
- international market penetration and growth
  - rationalise and leverage off existing international beach head relationships
  - active marketing initiatives
  - identify global business alliances and opportunities

## 2. Solco's Strategic Focus (cont.)

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### 2.4 Aggressive attainment of goals

- corporate acquisitions
  - Solco has ASX capital liquidity capability
  - equity/cash (through placements)
- organic growth
  - funded by capital raisings/debt

### 2.5 Shareholder Value Driven

- the overriding criterion for Solco's future is the delivery of sustainable shareholder value and returns
- all corporate acquisitions and organic growth initiatives must be measured against this

## **3. Board, Executive Team and Governance**

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### **3.1 Board**

- Steven Cole (non-executive independent Chairman)
- David Richardson (non-executive director)
- Ian Campbell (non-executive independent director)
- Alex Lamond (Managing Director and CEO)
- Mark Norman (executive director)

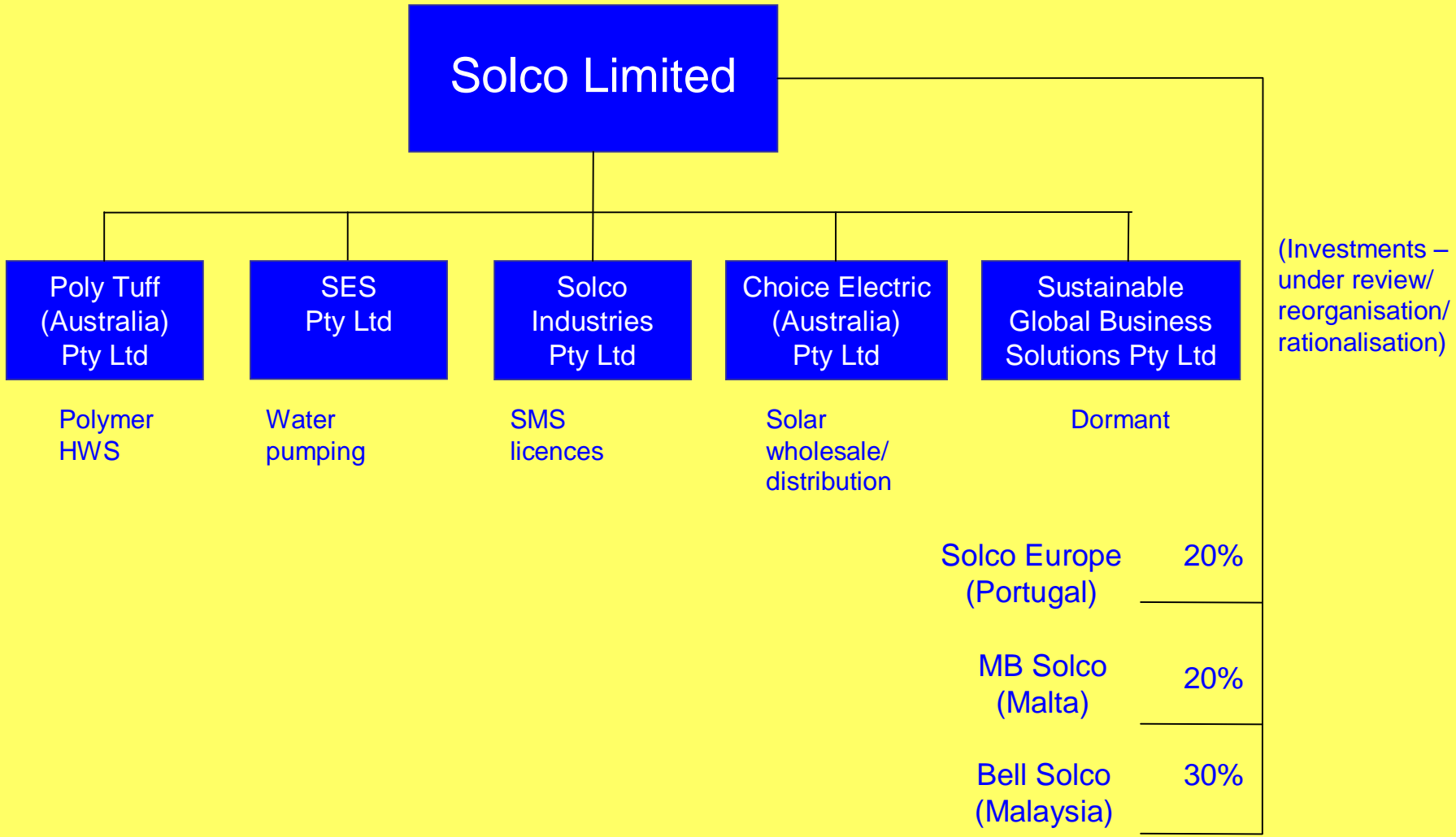
### **3.2 Management**

- Alex Lamond/Mark Norman/John Cooper/Michael Wegecsanyi (International/national)
- Andrew Simpson/Gary Deam (Brisbane)
- Chris Middleton/Adam Wright (Perth)

### **3.3 Governance**

- The Board is committed to exemplary standards of corporate governance and respects the ASX Corporate Governance Council's principles

# 4. Corporate Structure



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## 5. Capital Structure

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### 5.1 Share Capital

- Issued Share Capital (fully paid ordinary) - 200 million (approx)
- Options - Nil (\*)

(\*) - ESOP about to be activated  
- 5 million (total) director remuneration options (executive and non executive) proposed to be issued in 2008, subject to EGM approval.

### 5.2 Major Shareholders

- David Richardson (+ related) 89m (45%)
- Steven Cole (+ related) 7.5m (4%)

## 6. Financials

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[Based on unaudited management accounts @ 30 September 2007 and ignoring operational and corporate performance since then]

### Assets (\$'000)

Current

- Cash \$3.4m

- Other \$4.1m

Non Current \$1.0m

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\$8.5m

### Liabilities (\$'000)

Current \$2.8m

Non Current \$ -

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\$2.8m

### Net Assets

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**\$5.7m @ 30/09/07**

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## 7. Future

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- strong market sector (nationally and internationally)
- industry timing “of age”
- supportive government initiatives
- strong social drivers
- solid corporate platform base to leverage the future
- ASX listing (liquidity and capital access)
- a Board with ability, and in control
- commitment to business growth, corporate performance and shareholder value
- cash in hand and a mandate to grow

**DYNAMIC OPPORTUNITY FOR STRONG FUTURE GROWTH**