

ASX RELEASE

SOLCO LIMITED (ASX: SOO)

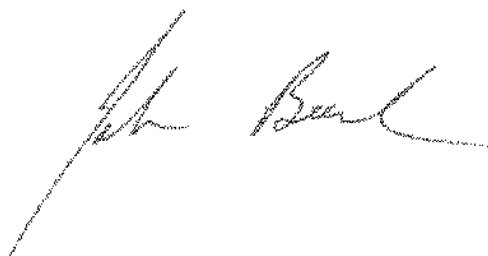
**Extraordinary General Meeting**  
**24<sup>th</sup> November 2006**  
**Disclosure of Results**

In accordance with Listing Rule 3.13.2, Solco Ltd announces the following proxy results of the 2006 Extraordinary General Meeting held on the 24<sup>th</sup> November 2006.

All resolutions were passed on a show of hands.

	Total No. Proxies Received	Proxies Voting For Resolution	Proxies Voting Against Resolution	Proxies Voting at the Proxy Holder's Discretion	Abstaining
<b>Resolution 1</b> – Share Placement to Samvara Pty Ltd	3,970,675	3,238,126	86,500	626,049	20,000
<b>Resolution 2</b> – Issue of Options to David Richardson	3,970,675	3,191,434	127,310	622,169	29,762

Yours Faithfully



John Beech  
Company Secretary  
Solco Ltd

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**SOLCO LTD**  
**EXTRA-ORDINARY GENERAL MEETING**  
**24 NOVEMBER 2006**

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**(CHAIRMAN)**

- I would like to welcome everybody to today's Extra-Ordinary General Meeting of Solco Limited.
- **[Robert Forbes to introduce himself and fellow Directors] *Includes Chairman's address.***
- Ladies and gentlemen, I will now confirm with the Company Secretary that we have a quorum and that this is a duly convened meeting.

**(COMPANY SECRETARY)**

- *Company Secretary to confirm quorum present.*

**(CHAIRMAN)**

The Notice of meeting was despatched within the time prescribed in the Corporations Act. I believe everyone present has received the Notice of Extra-Ordinary General Meeting including the Explanatory Statement and Independent Expert Report by mail and therefore, if there are no objections, I will take the Notice of Meeting as being read. You will have also received the Annual Report for the Company for the year ended 30<sup>th</sup> June 2006 so have a complete set of documents to consider the very important resolutions to re-capitalise the Company.

Prior to today's voting, the Company Secretary will read out details of the proxies received for each resolution.

After the completion of the proceedings of the Extra- Ordinary General meeting, we will take a short break and re-convene for the Annual General Meeting. During that meeting

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we will be allowing adequate time for shareholders to ask questions that relate to matters other than those that are subject to the resolutions.

Prior to putting the formal resolutions to the meeting I would like to provide the shareholders with an overview of the situation before the Company and the process that has lead to the resolutions before you.

**A. Outline of Events that lead to understanding of situation**

Your Board first raised concerns regarding the financial management of Solco in late 2005 that lead to initial staff reductions and re-structuring reported in the half yearly report. Subsequently in February, it became clear these changes had not fully addressed the situation and the Board commisioned an independent operational review of the Group in March. The results of this review were tabled on Friday 3<sup>rd</sup> April 2006 which led to the resignation of Managing Director Duncan Stone and former CFO Ashley Arnott.

The Board then appointed Dermot Patterson, one of the independent consultants, to the position of Chief Executive Officer on 18<sup>th</sup> April 2006. Having identified a number of issues by April 2006, the quantification of the problems was incomplete and indeed added to our costs. We advised the market of our estimated loss for the year ended 30<sup>th</sup> June 2006 on 28<sup>th</sup> June based upon the assessment of new management to that time.

The quantification of our financial problems became more acute with increasing manufacturing and warranty problems compounded by the failure to conclude a private placement of shares. This situation led to the suspension of our shares on 7<sup>th</sup> August 2006.

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A total re-assessment of all previous management reports to establish the true financial position of the Company was conducted. We conveyed the outcome of that re-assessment to shareholders in our full year report on 13<sup>th</sup> September 2006.

Only with hindsight has it become apparent that the difficulties in the Company ran much deeper and had more significance than we had first identified in March.

Prior to the suspension of Solco shares, the two independent directors, John Beech and myself had discussions with David Richardson who joined the Board on 7<sup>th</sup> February 2006. These discussions resulted in a Heads of Agreement being entered into on 22<sup>nd</sup> August 2006 when Mr. Richardson agreed to expedite a financial arrangement to allow Solco Limited to continue business trading. David was appointed Managing Director on 28<sup>th</sup> August 2006.

It became very evident at this time that very quick action was needed to put in place new banking arrangements with external financial support in order to allow the Company to survive. Speed was essential, so we accepted the re-capitalisation proposal that had been negotiated with M. Richardson which identified a shortfall of up to \$1.5 million. Subsequently Mr. Richardson has injected a further \$0.5 million on an unsecured basis.

With unquantified contingent liabilities, particularly in the Solar Hot Water heaters, we judged that we were unable to raise fresh equity in a fair and proper manner with parties not fully apprised of the parlous state of the business.

Some approaches had been made to acquire parts of our business but not the entire Company. It was considered that any partial sale would destroy Company value.

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Your Board, having considered all the circumstances, decided that the Richardson proposal provided a much needed financial injection and an urgent management solution.

With new management and improved financial controls, we can now move forward with confidence.

### **B. Outline of Proposal to Re-capitalise the Solco Group**

The recapitalisation proposal is explained in detail the Explanatory Statement accompanying the Notice of Meeting.

The recapitalisation proposal if accepted by shareholders would result in interests associated with Mr. Richardson investing \$1.53 million for 43.58% of the expanded equity of the Group. Mr. Richardson will also have the option to convert his salary for the period to 30th June 2007 into shares which would increase his shareholding in the expanded Solco equity to 47.05%.

### **C. Independent Expert Report**

The Report of the Independent Expert retained to review the recapitalisation proposal deemed the terms of the proposed recapitalisation arrangements to be fair and reasonable to current shareholders taking account of all factors including the distressed financial condition of the Company.

Mr Beech and I commend the two resolutions to you.

I would ask that any questions to the matters relate only to the two Resolutions as we will be able to discuss and outline other matters at the following Annual General Meeting.

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**(COMPANY SECRETARY)**

**Resolution 1. Share Placement to Samvara Pty Ltd**

“That, subject to and conditional upon the passing of resolution 2, for the purposes of:-

- (1) item 7 of s.611 of the Corporations Act 2001 (“the Act”); and
- (2) chapter 2E of the Act;
- (3) Listing Rule 10.11

and for all other purposes, approval is given for the Directors to cause the issue by the Company to Samvara Pty Ltd A.C.N. 009 458 440 (“Samvara”) of 61,818,181 fully paid ordinary shares in the Company (“the Resolution 1 Shares”) at an issue price of 2.475 cents per share for a total consideration of \$1,530,000 and otherwise on the terms and conditions set out in the explanatory statement hereto, in circumstances where:-

- A. Samvara’s and David Richardson's voting power in the Company will increase from nil% (i.e. from a starting point that is below 20%) to above 20%.
- B. Samvara is controlled by David Richardson, a director of the Company, and is accordingly a related party of the Company pursuant to section 228(4) of the Act.

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C. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.”

**(CHAIRMAN)**

I move that the Company ratifies the **Share Placement to Samvara Pty Ltd.**

Do I have somebody to second the motion?

Name: John Cooper

Before voting on this resolution, are there any questions?

**For resolution, 1 the Company has received 71 valid proxies representing 3,970,675 votes.**

**3,238,126 of the votes have been received in favour of the resolution, 86,500 votes against the resolution and 20,000 votes abstain from voting on the resolution. A further 626,049 of the votes were to vote at the meeting."**

I put the Resolution to the Meeting.

All those in favour, please raise your hand. (# )

All those against (# )

All those abstain (# )

I declare the motion carried.

I will ask the Company Secretary to read Resolution 2

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**(COMPANY SECRETARY)**

**Resolution 2. Issue of Options to David Richardson and Gypsy Hill Pty Ltd as trustee for The Richardson Superannuation Fund**

“That, subject to and conditional upon the passing of resolution 1:

- (1) for the purposes of chapter 2E of the Corporations Act (“the Act”) and Listing Rule 10.11, and for all other purposes, approval is given for the Directors to cause the issue by the Company to David Richardson (a director of the Company) of 5,252,525 options, and to Gypsy Hill Pty Ltd A.C.N. 009 271 505 as trustee for The Richardson Superannuation Fund (being an entity controlled by David Richardson and being a fund of which David Richardson is a beneficiary) of 4,040,404 options, each option being to subscribe for one fully paid ordinary share in the Company at an issue price of 2.475 cents per share exercisable on or before 14 July 2007 and otherwise on the terms and conditions set out in the explanatory statement attached hereto (together “the Options”); and
- (2) for the purposes of item 7 of section 611 of the Act and for all other purposes approval is given for the Directors to cause the issue to David Richardson and to Gypsy Hill of fully paid ordinary shares in the Company pursuant to the exercise by David Richardson and Gypsy Hill of any or all of the Options.

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**(CHAIRMAN)**

I move that the Company ratifies the **Issue of Options to David Richardson and Gypsy Hill Pty Ltd as trustee for The Richardson Superannuation Fund**

Do I have somebody to second the motion?

Name: Mr. Chris Middleton

Before voting on this resolution, are there any questions?

**3,191,434 of the votes have been received in favour of the resolution 2, 127,310 votes against the resolution and 29,762 votes abstain from voting on the resolution. A further 622,169 of the votes were to vote at the meeting."**

I put the Resolution to the Meeting.

All those in favour, please raise your hand. (# )

All those against (# )

All those abstain (# )

I declare the motion carried.

**(CHAIRMAN)**

We will take a short break and re-convene for the Annual General Meeting

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