
ASX Release

SOLCO LTD (ASX: SOO)

Annual General Meeting

24th November 2006

Disclosure of Managing Directors Presentation

Solco Ltd announces the following company disclosures as presented at the AGM on the 24th November 2006 relating to the Immediate Company Objectives and Future Plans of the business.

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Immediate Company Objectives

- ◆ Reduce excessive costs
 - Overhead costs in Water Division and Corporate have already been reduced by \$1.6 mil from \$2.5 mil in FY06
 - ◆ Repair and improve Company products and services
 - Warranty issues – causes of all issues now understood and prevention and rectification actions determined and being systematically implemented. Extent of contingent liability still being quantified
 - Genius MK2.5 designed to address quality issues
 - Warranty and associated procedures completely overhauled
 - ◆ Have the Company profitable in second half of FY07
 - Products withdrawn from unprofitable market segments
 - Low margin products dropped
 - Lower cost, more reliable product supply
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The Year Ahead - 1

- ◆ Water Division to profit in FY07 by efficiently delivering increased margins on sales with quality product in selected market segments from the lower cost base of the re-structured business

- ◆ Accelerate design and introduction of new generation polymer hot water system to meet functional and cost requirements to be competitive in a wider range of market applications domestically and internationally

- ◆ Direct additional resources for Power Division (Choice Electric):
 - to continue to deliver strong growth in solar products distribution
 - To capture new business in emerging inter-connected grid market & new solar programs in remote regions

The Year Ahead - 2

- ◆ A new business unit named “Sustainable Global Business Solutions” formed to provide high level business consultancy services and a sales avenue to increase its technical base
- ◆ The SMS Manufacturing Systems business has been re-energised to win sales in internationally and in Australia
- ◆ All residual legal and operational issues to be concluded expeditiously
- ◆ New business opportunity scanning commenced in sustainable sector
- ◆ Complete integration of the 3 previous operating entities to achieve economies of scale and capture synergy between the businesses

The Year Ahead - 3

- ◆ Manage Company through a new business unit structure with a much more disciplined and effective management system to develop and execute strategies including
 - Best practice in environmental, quality and OH&S
 - New product appraisal and release
 - Product workmanship, guarantees & warranties
 - Staff development
 - Standardising systems across the Group
 - Instilling business focussed culture

- ◆ Conduct rights issue in March – April 2007 when business de-risking and stabilisation process concluded, future strategy finalised and Company is in an “investor safe” position