

**APPENDIX 4C – DECEMBER 2007
SECOND QUARTER CASH FLOW REPORT**

Strong ongoing demand for Solco PV products in Australia has continued over the second quarter, which accompanied by continued strong international PV market growth over this period, has driven Solco's strategic response to expand inventory capacity to assure that the demand can be met.

This expansion of inventory (approximately \$2.4m in value), has increased cash outflows by the need to pay for that product. The continuing strong sales growth, and Solco's availability of product to meet that growth through its increased inventory strategy, assures the conversion of that inventory to revenue line for the benefit of the company's future cashflow and bottom line performance. It is noted that the value of the increased revenue substantially exceeds the negative operating cash flow.

Cash at bank as at 31 December 2007 was \$2,123m and inventory at cost was \$4.3m.

For further information contact:

Adam Wright
Company Secretary
Solco Limited
+ 61 (08) 9334 8100

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

SOLCO LTD

ABN

27 084 656 691

Quarter ended ("current quarter")

31 DECEMBER 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date
	\$A'000	(6 months) \$A'000
1.1 Receipts from customers	4,095	6,999
1.2 Payments for		
(a) staff costs	(790)	(1,322)
(b) advertising and marketing	(44)	(60)
(c) research and development	(55)	(57)
(d) leased assets	(116)	(116)
(e) other working capital	(4,398)	(6,957)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	35	63
1.5 Interest and other costs of finance paid	(4)	(21)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(1,277)	(1,471)

+ See chapter 19 for defined terms.

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,277)	(1,471)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	22	(29)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	22	(29)
1.14 Total operating and investing cash flows	(1,255)	(1,500)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	2,823
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(2)	(5)
1.19 Dividends paid	-	-
1.20 Other	-	-
Net financing cash flows	(2)	2,818
Net increase/ (decrease) in cash held	(1,257)	1,318
1.21 Cash at beginning of quarter/year to date	3,380	805
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	2,123	2,123

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	57
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors and Consultancy Fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

For personal use only

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	894	954
4.2 Deposits at call	212	416
4.3 Bank overdraft	-	-
4.4 Other (Term Deposit)	1,017	2,010
Total: cash at end of quarter (item 1.23)	2,123	3,380

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date:29th January 2008.....
(Company Secretary)

Print name: Adam Wright

For personal use only