

## **APPENDIX 4C – MARCH 2007 THIRD QUARTER CASH FLOW REPORT**

Solco generated a positive operating cash flow for the 3 months of \$67k. This is the second consecutive quarter of positive operating cash flow.

The Company is benefiting from the tight control of its costs and working capital over the past 6 months. The latest result covers specific new expenditures aimed at growing the business.

Cash receipts for the quarter were \$2.4m bringing YTD receipts to \$7.9m.

Cash at bank at the end of the quarter was \$870k up by \$21k as at 1<sup>st</sup> January 2007.

As announced on the 16<sup>th</sup> March two contractual issues were settled. The first saw a final settlement reached with the original owners of Solco Industries, including an initial \$33k cash payment made during this quarter. The second, involving possible legal action with the original inventor of the Sunmill pump, had no current or future impact on cash.

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# 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 MARCH 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	2,422	7,883
1.2 Payments for		
(a) staff costs	(236)	(1,207)
(b) advertising and marketing	(21)	(73)
(c) research and development	(3)	(20)
(d) leased assets	-	-
(e) other working capital	(2,086)	(7,660)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	26
1.5 Interest and other costs of finance paid	(20)	(85)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>67</b>	<b>(1136)</b>

+ See chapter 19 for defined terms.

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	67	(1136)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses - deferred consideration payable as part of the original acquisition of Solco Industries.	(33)	(33)
(b) equity investments	(10)	(10)
(c) intellectual property	-	-
(d) physical non-current assets		
(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	-	140
(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)	-	-
<b>Net investing cash flows</b>	(43)	97
<b>1.14 Total operating and investing cash flows</b>	24	(1039)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	1,530
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	1,500
1.18 Repayment of borrowings	-	(2,017)
1.19 Dividends paid	-	-
1.20 Other (Finance Leases)	(3)	(59)
<b>Net financing cash flows</b>	(3)	954
<b>Net increase/ (decrease) in cash held</b>	21	(85)
1.21 Cash at beginning of quarter/year to date	849	955
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	870	870

**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	7
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Consultancy fee paid to director

**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	490	1
3.2	Credit standby arrangements	-	-

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+ See chapter 19 for defined terms.

## Reconciliation of cash

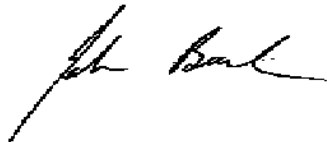
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	623	596
4.2 Deposits at call	52	58
4.3 Bank overdraft	-	-
4.4 Other (Term Deposit)	195	195
<b>Total: cash at end of quarter (item 1.23)</b>	<b>870</b>	<b>849</b>

## 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: ..26<sup>th</sup> April 2007.....  
(Company secretary)

Print name: John Beech