

APPENDIX 4C – JUNE 2008

Focus during the quarter has been on both driving sales and reviewing inventory levels. High sales during the last three months have decreased inventory levels to just below \$3 million at cost. However, management have been active in the market to secure supply arrangements for the first quarter of 2008 to counteract the expected supply issues that the industry will face in July and August

The last quarter of financial year 2007 / 08 shows some pleasing results for Solco Ltd from a cashflow perspective. Solco recorded strong cash receipts for the quarter of just over \$5.5M, last quarter \$3.7M. Total cash receipts for the year were \$16.2M, an increase on last year of \$5.6M (2007 \$10.6M).

Solco also recorded positive operating cash for the quarter of \$2.5M as a result of decisions earlier in the year to increase inventory levels, which have now translated into sales, cash and bottom line performance.

Debtors remain at \$2M, whilst creditors increased by \$600K to \$2.9M as we see working capital now being applied to re-building stock levels.

Cash at bank as at 30 June 2008 was \$3.48M.

The Board has forecast a modest maiden operating profit for the financial year ended 30 June 2008.

To listen to an audio broadcast on Boardroomradio.com with Mr Alex Lamond, CEO, where he talks to Solco's performance for the 2008 financial year, simply click on the link below:

<http://www.brr.com.au/event/47480>

For further information contact:

Alex Lamond
CEO
Solco Limited

Adam Wright
Company Secretary
Solco Limited

For personal use only

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")

30 JUNE 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	5,533	16,281
1.2 Payments for		
(a) staff costs	(588)	(2,544)
(b) advertising and marketing	(8)	(70)
(c) research and development	(1)	(63)
(d) leased assets	(80)	(255)
(e) other working capital	(2,387)	(13,435)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	120
1.5 Interest and other costs of finance paid	(6)	(31)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	2,487	3

+ See chapter 19 for defined terms.

For personal use only

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	2,487	3
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	(1)	(37)
(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	3	3
(e) other non-current assets	-	-
1.11 Loans to other entities	(36)	(36)
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(34)	(70)
1.14 Total operating and investing cash flows	2,453	(67)
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	(5)	(79)
1.19 Dividends paid	-	-
1.20 Other	-	-
Net financing cash flows	(5)	2,744
Net increase/ (decrease) in cash held	2,448	2,677
1.21 Cash at beginning of quarter/year to date	1,034	805
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	3,482	3,482

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	106
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 Fees and Salaries.

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	3,444	492
4.2 Deposits at call	38	542
4.3 Bank overdraft	-	-
4.4 Other (Term Deposit)	-	-
Total: cash at end of quarter (item 1.23)	3,482	1,034

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.

AWright

Sign here: Date:30 June 2008.....
(Company Secretary)

Print name: Adam Wright

For personal use only