

APPENDIX 4C – SEPTEMBER 2007 FIRST QUARTER CASH FLOW REPORT

For the quarter ending 30th September 2007, Solco Ltd sales revenue from ordinary operations increased by a healthy 27% to \$3.3m compared with the corresponding period for 2006.

Although net operating cash flow for the period was negative \$195k this is accounted for by the timing delay of cash receipts from the increased sales and the increased working capital needs to support the expanded business (receivables up by \$459k with inventories down by \$295k and payables also down by \$43k for the quarter).

Cash at bank as at 30 September 2007 was \$3.38m, up by \$2.575m since 1 July 2007 due largely to the capital raisings by way of options conversion, pro-rata rights issue and placements already reported to shareholders.

For further information contact:

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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")

30 SEPTEMBER 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date
	\$A'000	(3 months) \$A'000
1.1 Receipts from customers	2,904	2,904
1.2 Payments for		
(a) staff costs	(532)	(532)
(b) advertising and marketing	(16)	(16)
(c) research and development	(2)	(2)
(d) leased assets	-	-
(e) other working capital	(2,559)	(2,559)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	28	28
1.5 Interest and other costs of finance paid	(17)	(17)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(195)	(195)

+ See chapter 19 for defined terms.

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(195)	(195)
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	(51)	(51)
(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	(51)	(51)
1.14 Total operating and investing cash flows	(246)	(246)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	2,823	2,823
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(3)	(3)
1.19 Dividends paid	-	-
1.20 Other	-	-
Net financing cash flows	2,820	2,820
Net increase/ (decrease) in cash held	2,574	2,574
1.21 Cash at beginning of quarter/year to date	805	805
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	3,380	3,380

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 \$A000
1.24	Aggregate amount of payments to the parties included in item 1.2	279
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

On 30th July 2007 Shareholders approved the issue of 7,142,857 shares at 7 cents per share to Gidleigh Pty Ltd, a party related to the Chairman, Steven Cole. These shares were issued to satisfy the loan totalling \$500,000 which was made to the Company by Gidleigh in the previous quarter.

On the same date, shareholders also approved the conversion of director's fees for the 2007 and 2008 financial year into equity. Fees converted for the 2007 financial year totalled \$70k and fees for the 2008 financial year totalled \$100k. The shares were issued on 30/07/07

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.

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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	954	393
4.2 Deposits at call	416	412
4.3 Bank overdraft	-	-
4.4 Other (Term Deposit)	2,010	-
Total: cash at end of quarter (item 1.23)	3,380	805

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: ..30th October 2007.....
(Company Secretary)

Print name: Adam Wright

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