

APPENDIX 4C – JUNE 2006 FINAL QUARTER CASH FLOW REPORT

Solco generated a negative operating cash flow for the 3 months of \$558,000. This was the result of continued restructuring of the operations.

The company again further increased its inventory levels of solar modules by approximately \$400,000 to capitalise on opportunities in a market where supply is scarce.

The commissioning of our Malaysian Licensee has been delayed until the next quarter.

Cash at Bank at the end of the quarter was \$0.7m, down from \$1.2m at 1st April 2006.

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

Name of entity

SOLCO LTD.

ABN

27 084 656 691

Quarter ended ("current quarter")

30 JUNE 2006

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	3,777	17,012
1.2	Payments for		
	(a) staff costs	(596)	(3,121)
	(b) advertising and marketing	(266)	(605)
	(c) research and development	(24)	(180)
	(d) leased assets	-	-
	(e) other working capital	(3,442)	(15,173)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	24	55
1.5	Interest and other costs of finance paid	(31)	(74)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net operating cash flows		(558)	(2,086)

+ See chapter 19 for defined terms.

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(558)	(2,086)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) Businesses (item 5) <i>(adjustment to purchase price)</i>	-	(5)
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	-	(190)
(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	-	14
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other i) 30% interest in Solco Malaysia, who are licensed to manufacture and sell Solar Hot Water Systems throughout Asia.	-	(85)
ii) 19% interest in MB Solco (Malta), who are licensed to manufacture and sell Solar Hot Water Systems in the Italian and Middle Eastern markets.	-	(95)
Net investing cash flows	(558)	(360)
1.14 Total operating and investing cash flows	(558)	(2,446)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	5	699
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	799	2,486
1.18 Repayment of borrowings	(707)	(2,125)
1.19 Dividends paid	-	-
1.20 Other (finance leases)	(6)	(42)
Net financing cash flows	91	1,018
Net increase (decrease) in cash held	(467)	(1,428)
1.21 Cash at beginning of quarter/year to date	1,199	2,160
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	732	732

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	63
1.25 Aggregate amount of loans to the parties included in item 1.11	-
1.26 Explanation necessary for an understanding of the transactions	
Salaries to Directors.	

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	830	516
3.2 Credit standby arrangements	23	0

+ See chapter 19 for defined terms.

Reconciliation of cash

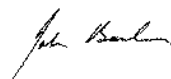
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	448	642
4.2	Deposits at call	88	257
4.3	Bank overdraft	-	-
4.4	Other (Term Deposits)	195	300
Total: cash at end of quarter (item 1.22)		732	1,199

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a) (i))	Disposals (Item 1.10(a))
5.1	Name of entity	Choice Electric Co (Aust) Pty Ltd
5.2	Place of incorporation or registration	Hendra, Queensland
5.3	Total Consideration for acquisition	2,228
5.4	Total net assets	1,478
5.5	Nature of business	Distributor of Solar Power products.

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: 31/07/2006
(Company secretary)

Print name: John Beech