

**APPENDIX 4C – SEPTEMBER 2008
FIRST QUARTER CASH FLOW REPORT**

Sales for the Group continue to be strong, primarily due to the large take-up of Solar PV under the Solar Homes and Communities Plan's (SHCP) rebate program. For the quarter ending 30th September 2008, sales revenue from ordinary operations increased by a healthy 46% to \$4.9m compared to the corresponding period for 2007. This is a pleasing result considering certain procurement / supply constraints faced at the start of the 08/09FY.

Growth in inventory levels in response to increased customer demand for the second quarter has increased working capital requirements resulting in negative operating cash flows of \$2.1m during the first quarter. During the first quarter, inventory increased by \$1.69m, from \$2.9m to \$4.59m. Debtors increased during the quarter by \$0.266m and payables reduced by \$0.228m.

Firming supply arrangements against the current order book and future sales forecasts has been a key focus over the last months. Continuity of quality product at the best price will assist the Company in retaining sales and supporting customers in the medium term. Management has been active in these areas to best position the company for the next quarter, however the recent rapid devaluation of the Australian dollar and reduction of market liquidity make the remainder of FY08/09 uncertain at this time.

Cash at bank as at 30 September 2008 was \$1.36m.

For further information please contact the company on + 61 (08) 9334 8100

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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 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	4,540	4,540
1.2 Payments for		
(a) staff costs	(618)	(618)
(b) advertising and marketing	(41)	(41)
(c) research and development	(5)	(5)
(d) leased assets	(80)	(80)
(e) other working capital	(5,932)	(5,932)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	29
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(2,112)	(2,112)

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	Current quarter \$A'000	Year to date (3 months) \$A'000	
1.8	Net operating cash flows (carried forward)	(2,112)	(2,112)
	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	(2)	(2)
	(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	(2)	(2)
1.14	Total operating and investing cash flows	(2,114)	(2,114)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	(4)	(4)
1.19	Dividends paid	-	-
1.20	Other	-	-
	Net financing cash flows	(4)	(4)
	Net increase/ (decrease) in cash held	(2,118)	(2,118)
1.21	Cash at beginning of quarter/year to date	3,482	3,482
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	1,364	1,364

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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	143
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 & 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	2,000	-
3.2	Credit standby arrangements	-	-

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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	1,326	3,444
4.2	Deposits at call	38	38
4.3	Bank overdraft	-	-
4.4	Other (Term Deposit)	-	-
Total: cash at end of quarter (item 1.23)		1,364	3,482

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 October 2008
(Company Secretary)

Print name: Darren Crawte

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