



Phoslock Water Solutions Ltd.
ABN 88 099 555 290

ASX Release

Thursday 31 July, 2008

Appendix 4C Report – June 2008 Quarter

Attached is the Appendix 4C Report for the Quarter ended 30 June 2008.

Customer receipts at \$189k were below expectations with the timing of major payments from the UK and Europe delayed until the September quarter. Closing debtors at 30 June totaled \$350k. In addition, the large Australian water authority project originally scheduled for the June quarter, has been delayed pending necessary regulatory approvals. This project is now expected to be completed in the September quarter.

The company's CEO & Managing Director, Mr Robert Schuitema recently provided a comprehensive business update on boardroom radio. This interview can be accessed on the ASX website via company announcements. .

As recently announced the company has completed a capital raising of approximately \$1 million from qualified UK, Canadian and Australian sophisticated investors.

A further placement, subject to shareholder approval, of approx \$180,000 will be made to PWS directors and senior executives.

For and behalf of,
PHOSLOCK WATER SOLUTIONS LTD

Colin Upcroft
Chief Financial Officer & Company Secretary

About Phoslock:

Phoslock is an activated bentonite clay that locks in phosphorous and provides a protective capping to sediments preventing the re-release of nutrients. Retention of phosphorus deprives algae of nutrients necessary for growth. PWS has world wide exclusivity in sales and marketing of the Phoslock technology.

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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

PHOSLOCK WATER SOLUTIONS LTD

ABN

88 099 555 290

Quarter ended ("current quarter")

JUNE 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Mths) \$A'000
1.1 Receipts from customers	189	583
1.2 Payments for		
(a) staff costs	(371)	(1,667)
(b) advertising and marketing	(50)	(240)
(c) research and development	(85)	(112)
(d) leased assets	-	-
(e) other working capital	(386)	(1,783)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	53
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	28
1.7 Other (provide details if material)	(3)	(4)
Net operating cash flows	(694)	(3,144)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (12 Mths) \$A'000
1.8 Net operating cash flows (carried forward)	(694)	(3,144)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	(20)
(b) equity investments	(4)	(27)
(c) intellectual property	-	(37)
(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	8	29
(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	4	(55)
1.14 Total operating and investing cash flows	(690)	(3,199)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	1,401
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other – Capital raising costs	-	(25)
Net financing cash flows	-	1,376
Net increase (decrease) in cash held	(690)	(1,823)
1.21 Cash at beginning of quarter/year to date	1,044	2,173
1.22 Exchange rate adjustments	(4)	-
1.23 Cash at end of quarter	350	350

+ See chapter 19 for defined terms.

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	113
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions During the period \$68,750 was paid as Executive Director salaries and \$45,150 paid as Directors 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

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- 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

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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	-	-

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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	279	944
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other – Term deposit	71	100
Total: cash at end of quarter (item 1.23)	350	1,044

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

A handwritten signature in black ink, appearing to read 'Colin Upcroft', written over a light grey horizontal line.

Company Secretary

Date: 31 July 2008

Print name: COLIN UPCROFT