



ACT Australian CleanTech Index

2007-08

Annual Performance Report

July 2008

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1. ACT Australian CleanTech Index Overview

The ACT Australian CleanTech Index provides the definitive measure of the performance of Australian listed cleantech stocks.

The cleantech industry is split into a number of sub-sectors as detailed in the table below. Each of the sub-sectors contains companies that have both environmental and economic benefits.

Solar Thermal and Photovoltaics	Waste Management & Recycling
Wind Generation	Energy Efficiency, Green Buildings & Biomaterials
Biofuels	Energy Storage & Fuel Cells
Water	Wave, Tidal & Hydro
Environmental Services	Biogas
Low Emissions Vehicle Technologies	Geothermal – Hot dry rocks and conventional
Carbon Trading	

The cleantech sector is fundamentally different to Socially Responsible Investments (SRI) or Environmental, Social and Governance (ESG) performance. SRI and ESG look at incremental improvements in company performance and can be seen as ‘operational hygiene’ measures that find the best in class. Cleantech focuses on companies whose output positively enhances the communities and ecologies in which they reside. It is about doing ‘more good’ rather than ‘less bad’.

With over 70 companies falling under the coverage of the Index and with a combined market capitalisation of over \$15Bn, the ACT Australian CleanTech Index presents for the first time a picture of the Australian cleantech industry’s growth in a single measure.

The Index is weighted by market capitalisation and is benchmarked against both the S&P/ASX200 and the S&P/ASX Small Ordinaries. The rules for the formulation and management of the Index have been developed with reference to global best practice. An overview of these rules is provided in section 5 of this report.



The ACT Australian CleanTech Index is updated each month and published on the Australian CleanTech website at www.auscleantech.com.au, in the Ethical Investor magazine and in WME's Environmental Management News.

Monthly results can be emailed directly to interested parties by sending an email to index@auscleantech.com.au with 'Index Subscription Request' in the Subject line.

2. ACT Australian CleanTech Index Performance 2007-08

ACT Australian CleanTech Index outperformed both the S&P ASX200 and the S&P Small Ordinaries for both the month of June 2008 and for the 2008 fiscal year.

The ACT Australian CleanTech Index fell from 122.3 to 120.1 over the month of June recording a 1.8% loss. This compared to the S&P ASX Small Ordinaries Index loss of 12.0% and the S&P ASX200 loss of 8.3%.

Over the 2008 fiscal year, the ACT Australian CleanTech Index recorded a loss of 16.0%, better than the S&P ASX200's loss of 16.4% and significantly better than the S&P ASX Small Ordinaries' loss of 23.0%.

Percentage Change	FY06	FY07	JUN'08	YTD CY08	FY08
ACT Australian CleanTech Index	93.3%	42.9%	-1.8%	-10.9%	-16.0%
S&P/ASX200	17.2%	25.4%	-8.3%	-17.4%	-16.4%
S&P/ASX Small Ords	19.6%	40.4%	-12.0%	-20.6%	-23.0%

The market capitalisation of the 73 stocks in the ACT Australian CleanTech Index exceeds A\$15.4 billion.

The month's performance was again buoyed by strong results from Sims Metal Group offset by poor results from Transpacific Industries, GRD, Quantum Energy, Coffey Environments, Transfield Services Infrastructure Fund and the Crane Group.

The best performers of the 2008 fiscal year were Sims Metal Group and Cougar Energy with some of the many that performed poorly including Traffic Technologies, Energy Developments, Viridis, Australian Ethical Investments and Ceramic Fuel Cells.

The ACT Australian CleanTech Index underwent its quarterly rebalancing at the end of June which took account of recent share issues and other corporate activity.

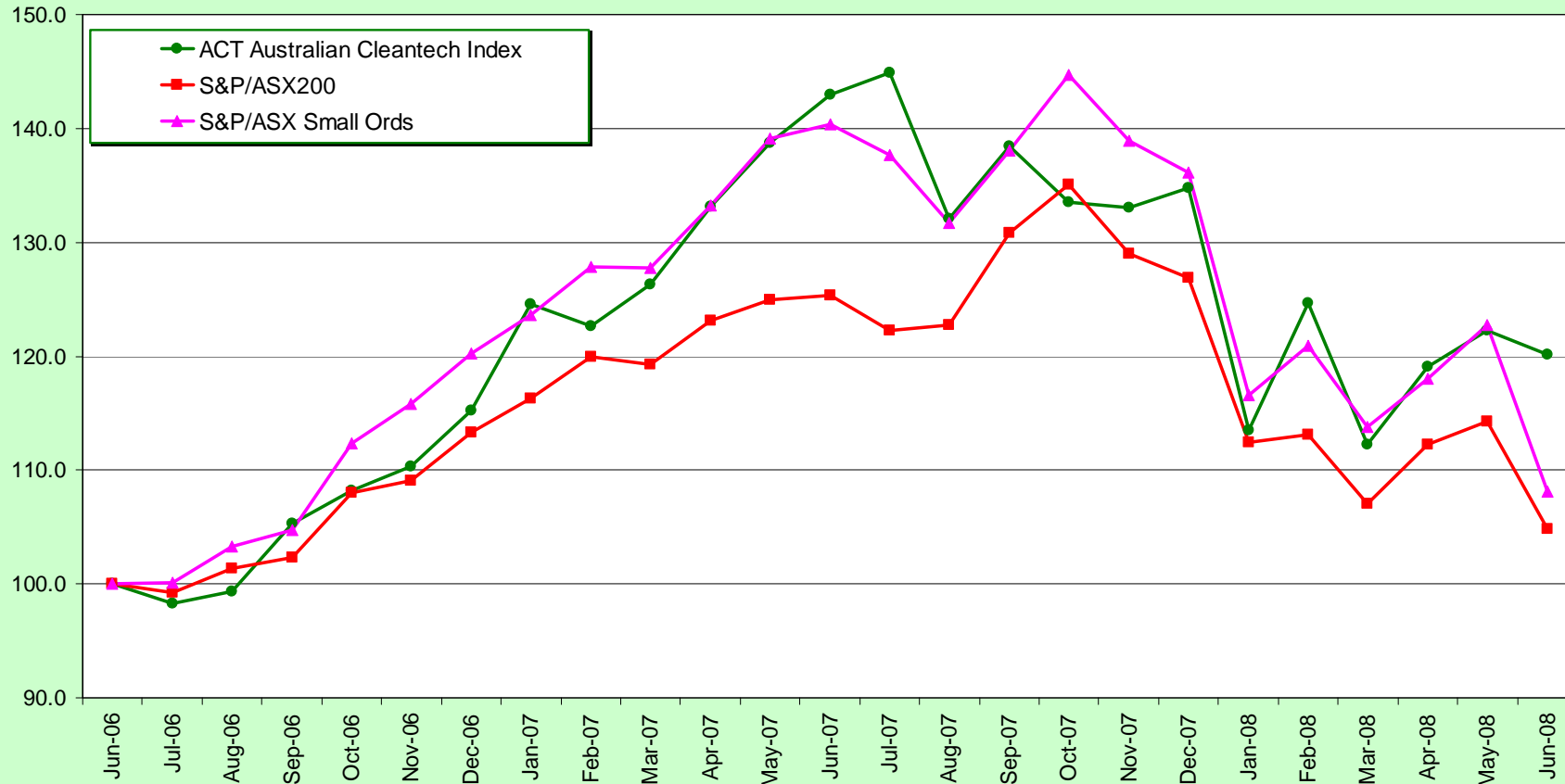
Changes that were made to the index constituents at this rebalancing were:

- the addition of Carbon Conscious Limited that listed during May 2008;

- the addition of Intec Ltd following a review of its operations. The company recovers base and precious metals from ores, concentrates and residues in a cost effective and environmentally safe manner;
- the removal of Jupiter Energy following its divestment of its Malaysian biofuels project; and
- the removal of Babcock & Brown Environmental Investments following its delisting in June 2008.

ACT Australian Cleantech Index

(ACT/AC Index, S&P/ASX200 and S&P/ASX Small Ords Indices set at 100 at 30 June 2006)



3. Component Sub-Indices

To provide an analysis of the ACT Australian CleanTech Index, seven sub-indices have been developed. The performance of each of these sub-indices over the last two financial years is shown in the table below.

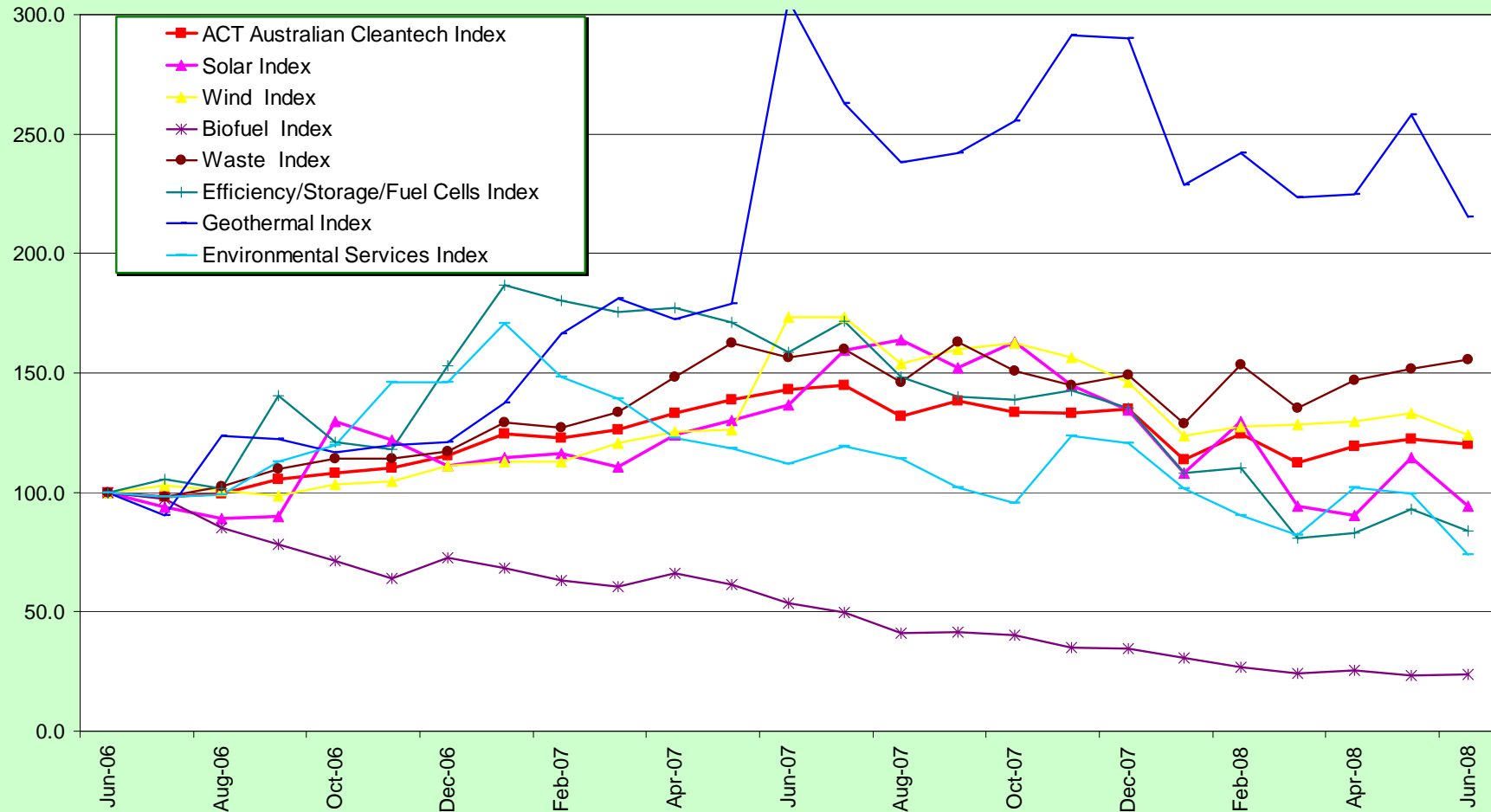
ACT Australian CleanTech Sub-Indices

	FY07	FY08
ACT Solar Index	36.5%	-31.1%
ACT Wind Index	73.3%	-28.3%
ACT Biofuel Index	-46.2%	-55.5%
ACT Waste Index	56.3%	-0.4%
ACT Efficiency/Green Buildings/Biomaterials/ Energy Storage/Fuel Cells Index	58.5%	-47.1%
ACT Geothermal Index	205.9%	-29.6%
ACT Environmental Services Index	12.1%	-34.1%

Other than the Biofuel Index, which has had big losses over both of the last two years, all of the other indices recorded strong gains in FY07 followed by losses in FY08. The ACT Wind Index, ACT Waste Index and the ACT Geothermal Index are all showing strong net gains over the two years with the ACT Environmental Services Index joining the ACT Biofuels Index with notable losses.

ACT Australian Cleantech Index Sub-Indices Chart

(ACT/AC Index and all ACT Cleantech Sub-Indices set at 100 at 30 June 2006)



4. Component Companies on 30 June 2008

The largest 20 largest Index constituents by market capitalisation on 30 June 2008 are provided in the Table below.

Market Cap Ranking	Company
1	Sims Group
2	Transpacific Industries
3	B&B Wind Partners
4	Crane Group
5	Energy Developments
6	Geodynamics
7	Transfield Services Infrastructure Fund
8	Coffey Environments
9	CMA Corp
10	Ceramic Fuel Cells
11	Viridis
12	GRD Ltd
13	Dyesol
14	Tox Free Solutions
15	Carnegie Corp
16	CO2 Group
17	Willmott Forests
18	Cougar Energy
19	Blueglass
20	Mission Biofuels

For a full listing of all companies included in the ACT Australian CleanTech Index, please email your request to index@auscleantech.com.au.

5. Overview of Index Rules

Closing Prices

The ACT Australian CleanTech Index and the seven sub-indices are calculated based on the closing prices on the last day of trading of each calendar month. The Index values are the result of calculating the total market capitalisation of the companies included in the index and normalising this value in comparison to the total market capitalisation at the starting point of the Index. The value of each index was set to equal 100 on 30 June 2006.

Number of Shares

The number of shares used in the calculation of the market capitalisation of each company is based the total number of Ordinary Shares, including those that are held in escrow and are temporarily unlisted. Shares that are not included in the calculation include listed and unlisted Options, Preference Shares and Convertible Notes.

Rebalancing

The Indices are all rebalanced at the end of each quarter to take account of any changes to the capital structures of the component companies and to add or remove companies to the Index as required. Companies may be added if they have been listed during the previous quarter or have changed their operation such that the majority of their current or future revenue is derived from an approved cleantech activity. Conversely, companies may be removed from the Index if they have been delisted or their activities have changed such that the majority of their current or future revenue will not be sourced from an approved cleantech activity.

The Index is calculated both prior to and after the rebalancing. The normalising factor is then adjusted to ensure that Index value is unchanged due to the act of rebalancing.

Exclusions

The ACT Australian CleanTech Index excludes some sub-sectors that are included in some other global clean energy and cleantech measures. The reason behind this is to keep the Index focussed on 'pure' cleantech companies that will form part of long term sustainable solutions. The following sub-sectors are excluded from the Index:

'Clean' Fossil Fuels

Natural gas, coal seam methane, underground coal gasification, gas to liquids, carbon capture and storage and clean coal technologies are each sometimes included in indices and funds focussed on clean energy. All of these are excluded from the ACT Australian CleanTech Index because, whilst they have lower emissions profiles than other fossil fuel energy sources, they are all still reliant on fossil fuels and are therefore at best only a transition resource or technology.

Nuclear and Uranium

Whilst the emissions profile of the nuclear industry means that it is likely to form part of the long term global solution to climate change, there are still significant parts of the Australian community that have concerns over the environmental impacts of uranium transport, usage and waste storage.

To prevent this discussion becoming a distraction to the performance of the ACT Australian CleanTech Index, this sub-sector is currently excluded.

Agri-Business

Agri-businesses are included in many measures of environmental performance due to their clear interaction with the environment. Whilst the ACT Australian CleanTech Index will include companies that provide products and services to improve agriculture's impact on the environment through, for instance, the use of water and energy saving technologies, it will not include the businesses that merely purchase these technologies.