



ACT Australian CleanTech Index

2Q FY10

Quarterly Performance Report

January 2010

To request further information or to be added to the distribution list for future ACT Australian CleanTech Index performance reports, please email index@auscleantech.com.au

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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 75 companies falling under the coverage of the Index and with a combined market capitalisation of over \$10Bn, 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 the annual performance 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, in WME's Environmental Management News and in the international Cleantech Investor publication.

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 1H FY10

ACT Australian CleanTech Index again underperformed both the S&P ASX200 and the S&P ASX Small Ordinaries for the month of December 2009. The Index has now fallen a long way behind both of its benchmarks for both the financial and calendar years. It appears the overall cleantech sector's recovery continues to be much slower than the general market.

The ACT Australian CleanTech Index rose from 68.4 to 70.0 over the month of December recording a 2.3% gain. This compared to the S&P ASX200 gain of 5.7% and the S&P ASX Small Ordinaries Index gain of 4.8%.

Over the second quarter of the 2010 fiscal year, the ACT Australian CleanTech Index recorded a loss of 6.2%, compared with the 1.7% gain by the S&P ASX200 and the 3.8% gain by the S&P ASX Small Ordinaries.

Over the first half of the 2010 fiscal year, the ACT Australian CleanTech Index recorded a loss of 4.9%, compared with the 24.3% gain by the S&P ASX200 and the 26.7% gain by the S&P ASX Small Ordinaries.

Percentage Change	FY07	FY08	FY09	DEC'09	2Q FY10	1H FY10	CY09
ACT Australian CleanTech Index	42.9%	-16.0%	-38.7%	2.3%	-6.2%	-4.9%	12.7%
S&P/ASX200	25.4%	-16.4%	-25.8%	5.7%	1.7%	24.3%	32.3%
S&P/ASX Small Ords	40.4%	-23.0%	-32.4%	4.8%	3.8%	26.7%	56.1%

The market capitalisation of the 76 stocks in the ACT Australian CleanTech Index is A\$10.5 billion, before its rebalance, falling from its peak of \$16.3 billion in July 2007.

The month's performance was driven by strong performances by Dyesol, the Crane Group and Sims Metal Management partially offset by falls in Hydrotech International, KuTh Energy, Carbon Conscious, CO2 Group, Australian Ethical Investments and Jackgreen.

The best performer of 2Q FY10 was Pro-Pac Packaging, whose share price gained 70%. Other good performers, all of which had gains in excess of 25% were Enviromission, Australian Renewable Fuels, Mission NewEnergy, Dolomatrix, CBD Energy, Wasabi Energy, Greenearch Energy, Pacific Enviromin and BioPropect.

Those that performed poorly with losses of greater than 25% over the quarter were Quantum Energy, Overseas & General, Hydrotech International, Island Sky, CMA Corp, Medivac, Traffic Technologies, Skydome Holdings, Eco Quest, Eden Energy, Ceramic Fuel Cells, Carnegie Wave Energy, the CO2 Group and Jackgreen.

The best performer of 1HQ FY10 Eco Quest Ltd, whose share price gained 189%. Other good performers, all of which had gains in excess of 50%, were Solco, Enviromission, Advanced Energy Systems, WHL Energy, Mission NewEnergy, Dolomatrix, Stericorp, Pro-Pac Packaging, Traffic Technologies, Gale Pacific, CBD Energy, Revetec, Greenearth Energy, Carbon Conscious, Pacific Enviromin and BioProspect.

Those that performed poorly with losses of greater than 50% over the first half of the year were Hydrotech International, Skydome Holdings, Pacific Environment and Jackgreen.

A closer analysis of the index performance shows that, whilst many of the smaller stocks have recovered quicker than the general market, the larger cleantech stocks such as Sims Metal, Transpacific Industries and Infigen Energy have not recovered as quickly. This has been the primary cause of the Australian Cleantech Index being left behind.

Index Rebalance

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

The only change that was made to the index constituents at this rebalancing was:

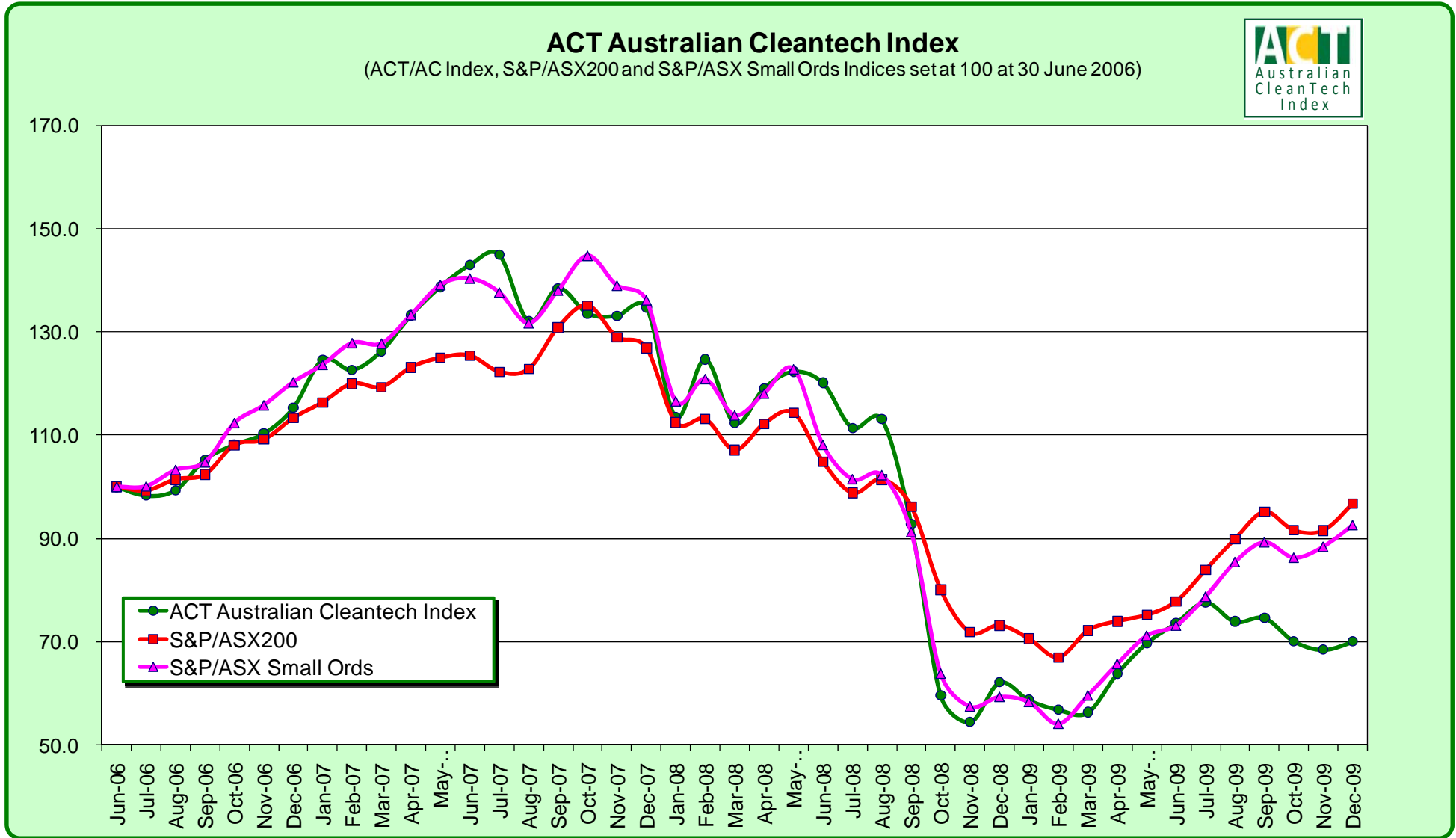
- the removal of **GRD Ltd** (ASX:GRD) following its merger with AMEC plc and delisting.

A watching brief is being maintained on the following companies that are currently included in the Index:

- **Agri Energy Ltd (ASX:AAE)** remains on the watch list following its appointment of voluntary administrators and suspension from the ASX. The company is however now out of administration although is yet to resume trading.
- **C@ Ltd (ASX:CEO)** has proposed that it will change its activities and is currently seeking to acquire iron ore deposits in Africa. If this is successful, the company will be removed from the Index at the next rebalance.
- **Jackgreen Ltd (ASX:JGL)** appointed voluntary administrators in December 2009 and is currently suspended from trading.
- **Natural Fuels Ltd (ASX:NFL)** remains suspended from trading
- **Pacific Enviromin Ltd (ASX:PEV)** is proposing to expand its existing mining operations, which may in time become larger than the company's bentonite operations.
- **Skydome Holdings Ltd (ASX:SKY)** is considering delisting from the ASX because of its small market capitalisation the illiquidity of its shares.
- **Soil Sub Technologies Ltd (ASX:SOI)** remains suspended from trading following its failure to pay its annual listing fees in August 2009.

In addition, a watching brief is being maintained on the following companies that may qualify for inclusion in the Index in the future:

- **Enerji Ltd (ASX:ERJ)** has an option to acquire Cogen Orc and is planning to build a business around micro-cogeneration facilities.
- **GB Energy (ASX:GBX)** is focussed on developing and commercialising early stage energy projects in the renewable and cleantech sectors. It owns 20% of Protean Power™ Pty Ltd and its Wave Energy Technology. However, its current major assets are uranium exploration licences in Slovakia and, as this is currently an excluded sector of the Australian CleanTech Index, then the company does not yet qualify for inclusion.
- **m2m Corporation Ltd (ASX:MCL)** has commenced a carbon business and is in negotiations to buy Carbon Planet. The company is focussing on creating REDD credits in South East Asia.
- **Granite Power Ltd** is a Sydney based geothermal company with permits in Victoria that announced in August 2009 its intention to launch a \$50m IPO to list on the ASX.
- **New World Energy Ltd** is a Perth based geothermal company with permits in WA that announced in November 2009 its intention to launch a \$10m IPO to list on the ASX.



3. Component Sub-Indices

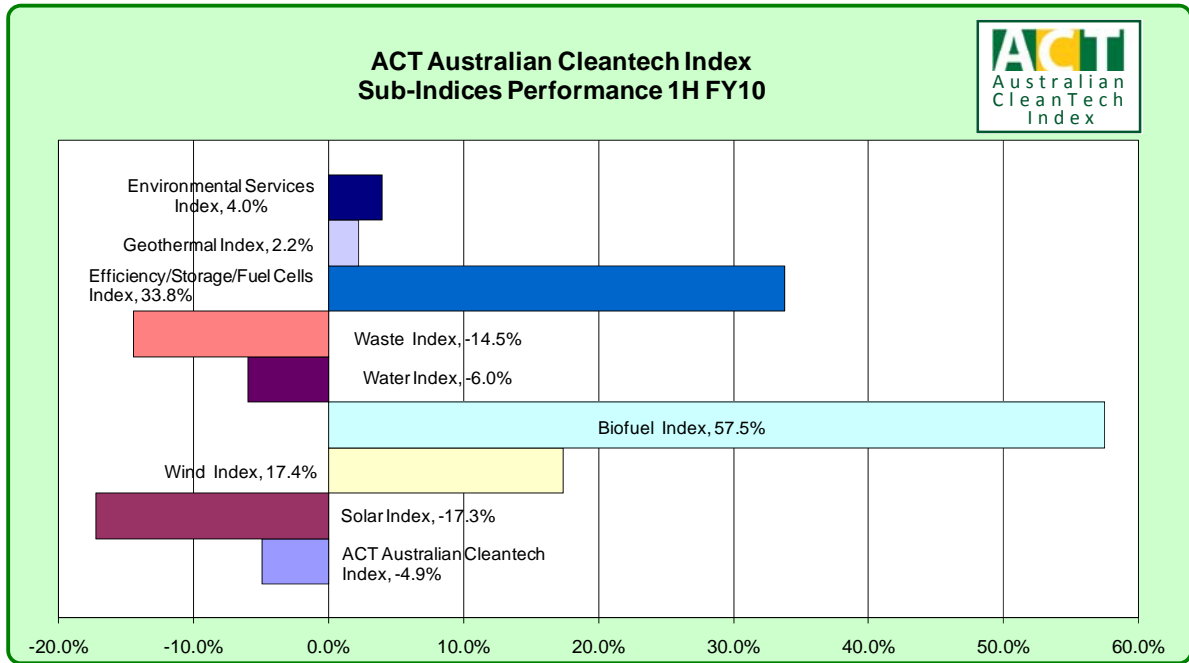
To provide an analysis of the ACT Australian CleanTech Index, eight sub-indices have been developed. The performance of each of these sub-indices over the last three financial years and during 1H FY10 is shown in the table and charts below.

The stand-out sectors for the six months to December 2009 were the catch-all ACT Efficiency/Buildings/Biomaterials/Energy Storage/Fuel Cells Index, driven by strong performance by a number of different stocks, and the ACT Biofuel Index, driven by the recovery of Mission NewEnergy.

The worst performer was the ACT Solar Index, driven by the 45% decline in the Quantum Energy share price over the period. Another poor performer was the ACT Waste Index, which contains some of the largest stocks and therefore explains the overall underperformance of the ACT Australian Cleantech Index.

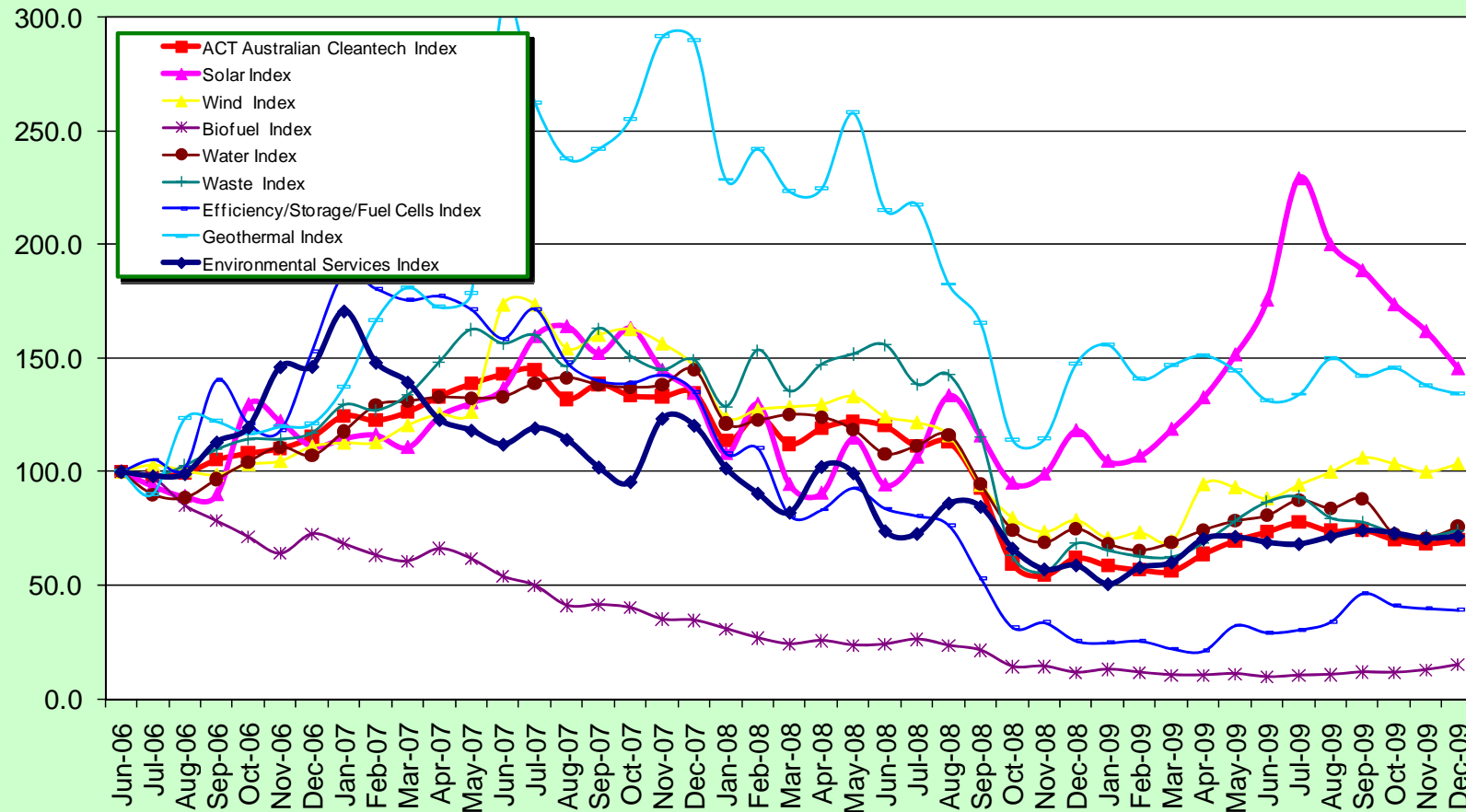
ACT Australian CleanTech Sub-Indices

	FY07	FY08	FY09	1H FY10
ACT Solar Index	36.5%	-31.1%	86.7%	-17.3%
ACT Wind Index	73.3%	-28.3%	-29.0%	17.4%
ACT Biofuel Index	-46.2%	-55.5%	-60.4%	57.5%
ACT Water Index	32.9%	-18.9%	-25.2%	-6.0%
ACT Waste Index	56.3%	-0.4%	-44.3%	-14.5%
ACT Efficiency/Green Buildings/Biomaterials/ Energy Storage/Fuel Cells Index	58.5%	-47.1%	-65.1%	33.8%
ACT Geothermal Index	205.9%	-29.6%	-38.9%	2.2%
ACT Environmental Services Index	12.1%	-34.1%	-6.7%	4.0%



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 31 December 2009

The largest 20 largest Index constituents by market capitalisation on 31 December 2009 are provided in the Table below.

Market Cap Ranking	Company
1	Sims Metal Management Ltd
2	Transpacific Industries
3	Infigen Energy
4	Crane Group
5	Energy Developments
6	Transfield Services Infrastructure Fund
7	Coffey Environments
8	Geodynamics
9	Ceramic Fuel Cells
10	Tox Free Solutions
11	Quantum Energy
12	Dyesol
13	Mission NewEnergy
14	GRD Ltd
15	Carnegie Wave Energy
16	CO2 Group
17	Dolomatrix
18	CMA Corp
19	Pacific Energy
20	AnaeCo

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