



Australian CleanTech Index

2014-15

Annual Performance Report

July 2015

To request further information or to be added to the distribution list for future ACT Australian CleanTech Index reports, please see www.auscleantech.com.au/Pages/cleantech.html or contact John O'Brien, Managing Director, Australian CleanTech at john.obrien@auscleantech.com.au



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1. Australian CleanTech Index Overview

The 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 & Biomaterials
Biofuels	Green Buildings
Water	Energy Storage & Fuel Cells
Environmental Services	Wave, Tidal & Hydro
Low Emissions Vehicle Technologies	Biogas
Carbon Trading	Geothermal – Hot dry rocks and conventional

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 63 companies falling under the coverage of the Index and with a combined market capitalisation, after its rebalance, of over \$17.4 billion, the Australian CleanTech Index presents for the only complete 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 this annual performance report.



The Definitive Measure of Australian Cleantech Industry Performance

The 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, on the Clean Energy Council website and in the international Cleantech Investor publication.

Monthly results can be emailed directly to interested parties by subscribing at http://www.auscleantech.com.au/pages/ACT_Australian_Cleantech_Index.php.

2. Australian CleanTech Index Performance 2014-15

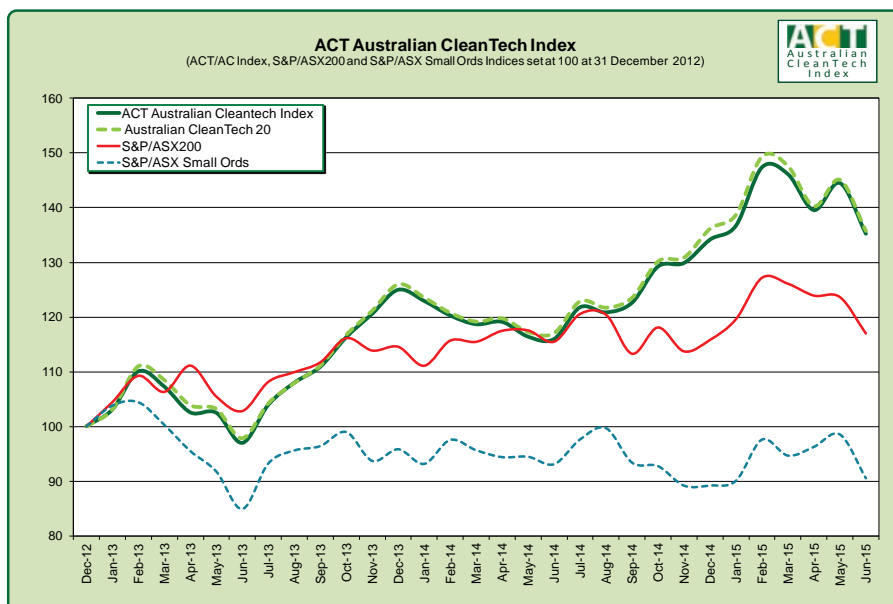
The Australian CleanTech Index outperformed the S&P ASX Small Ordinaries for the month of June 2015 and significantly outperformed the wider market for the full 2014-15 financial year.

Over the fourth quarter of the 2015 fiscal year, the Australian CleanTech Index recorded a loss of 7.5% compared to the S&P ASX200's loss of 7.2% and the S&P ASX Small Ordinaries' 4.4% loss.

Over the second half of the 2015 fiscal year, the Australian CleanTech Index recorded a gain of 0.8% compared with the 1.0% gain by the S&P ASX200 and the 1.5% gain by the S&P ASX Small Ordinaries.

Finally, over the full 2015 fiscal year, the Australian CleanTech Index recorded a strong gain of 16.6%, well ahead of the S&P ASX200's gain of 1.3% and the S&P ASX Small Ordinaries' loss of 2.8%.

Percentage Change	FY12	FY13	FY14	JUN'15	4Q FY15	2H FY15	FY15	3Yrs
ACT Australian CleanTech Index	-30.3%	-3.5%	19.6%	-6.4%	-7.5%	0.8%	16.6%	34.7%
Australian CleanTech 20	-29.2%	-2.0%	19.0%	-6.4%	-8.0%	-0.3%	16.0%	36.0%
S&P/ASX200	-9.6%	17.3%	12.3%	-5.4%	-7.2%	1.0%	1.3%	33.5%
S&P/ASX Small Ords	-15.0%	-8.3%	9.6%	-8.1%	-4.4%	1.5%	-2.8%	-2.3%



The market capitalisation of the 63 stocks in the Australian CleanTech Index is A\$17.4 billion, after its rebalance, falling from its peak of \$18.9 billion in March 2015 but a very long way up from its trough of A\$6.2 billion in July 2012.

The largest gains in market capitalisation over the month were recorded by Energy Developments, Redflow and Australian Renewable Fuels with the greatest losses recorded by Meridian Energy, Sims Metal Management and Mighty River Power.

The best and worst performers in terms of share price performance over the previous year are shown in the table below.

Fourth Quarter FY15		
Worst Performers Share Price Loss > 15%		Best Performers Share Price Gain > 15%
Mission NewEnergy Sims Metal Management AnaeCo Bluglass Energy Action Metro Performance Glass EcoSave	Mighty River Power Carnegie Wave Energy Greenearth Energy Coffey Pacific Environment Aeris Environmental	Australian Renewable Fuels CleanTeQ SECOS Group Eden Energy Galaxy Resources Neometals Geodynamics Seafarms Group Australian Ethical Investment
Second Half FY15		
Worst Performers Share Price Loss > 30%	Best Performers Share Price Gain > 30%	
Solco Papyrus Australia Bluglass EcoSave Carnegie Wave Energy Coffey	EnviroMission K2 Energy Limited Infigen Energy Actinogen Australian Renewable Fuels Mission NewEnergy Leaf Energy CleanTeQ Beacon Lighting Corp SECOS Group	Enerji Eden Energy Galaxy Resources Neometals Energy Developments Orbital Corporation Hot Rock Seafarms Group Aeris Environmental Australian Ethical Investment
Full Year FY15		
Worst Performers Share Price Loss > 50%	Best Performers Share Price Gain > 50%	
Sylex Systems AnaeCo Bluglass Soil Sub Technologies	Solco K2 Energy Limited Actinogen Australian Renewable Fuels Mission NewEnergy Leaf Energy CleanTeQ Beacon Lighting Corp SECOS Group Nanosonics	Enerji Eden Energy RedFlow Meridian Energy Orbital Corporation Hot Rock Seafarms Group Aeris Environmental Australian Ethical Investment

Index Rebalance

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

The changes that were made to the index constituents at this rebalancing were:

Additions to the Index

- **TAG Pacific Ltd (ASX:TAG)** - TAG Pacific's primary investment is Mpower. MPower is an industry leader providing innovative, reliable products and power solutions on a national and international level. Mpower delivers solar panels and battery products and projects through engineering, technical support and full turn-key systems. It has branches across Australia, New Zealand and the Pacific and supplies its product range to over 500 distribution outlets. www.mpower.com.au

Removed from the Index

- **Ceramic Fuel Cells Ltd (ASX:CFU)** - which is in the process of liquidation.
- **SWW Ltd (ASX:SWW)** - following its change of business focus to digital stakeholder engagement through the Omni Market Tide product.

During the quarter the **Enhanced Systems Technologies (ASX:ESY)** resolved to rename the company to the **Kalina Power Company (ASX:KPO)** to better reflect its core operations.

A watching brief is being maintained on the following company in the Index:

- **Novarise Renewable Resources International (ASX:NOE)** which is currently suspended following the failure of the privatisation proposal from its majority shareholder.

3. Component Sub-Indices

To provide an analysis of the Australian CleanTech Index, a number of sub-indices have been developed. The performance of each of these sub-indices over the last five financial years is shown in the table and charts below.

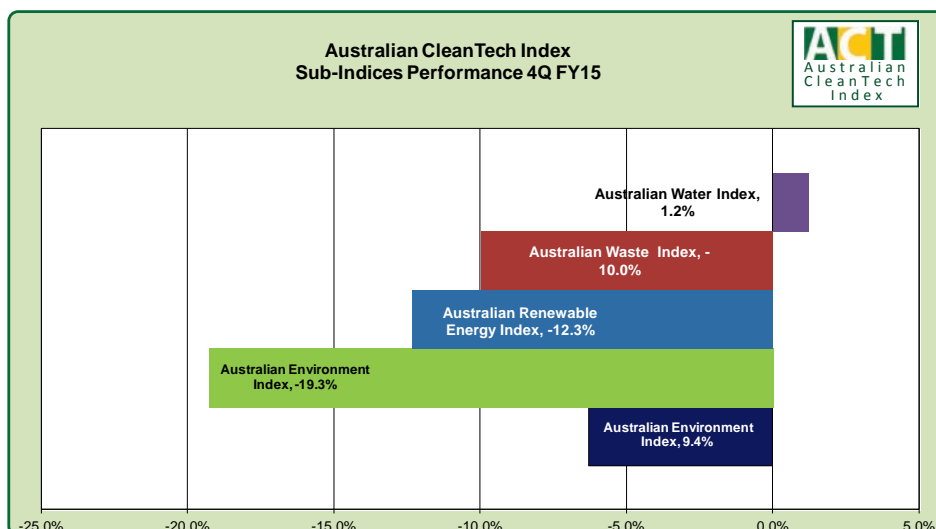
The best performing sectors for the three months to June 2015 were the Australian Water Index and the Australia Efficiency & Storage Index. The worst performer was the Australian Environment Index.

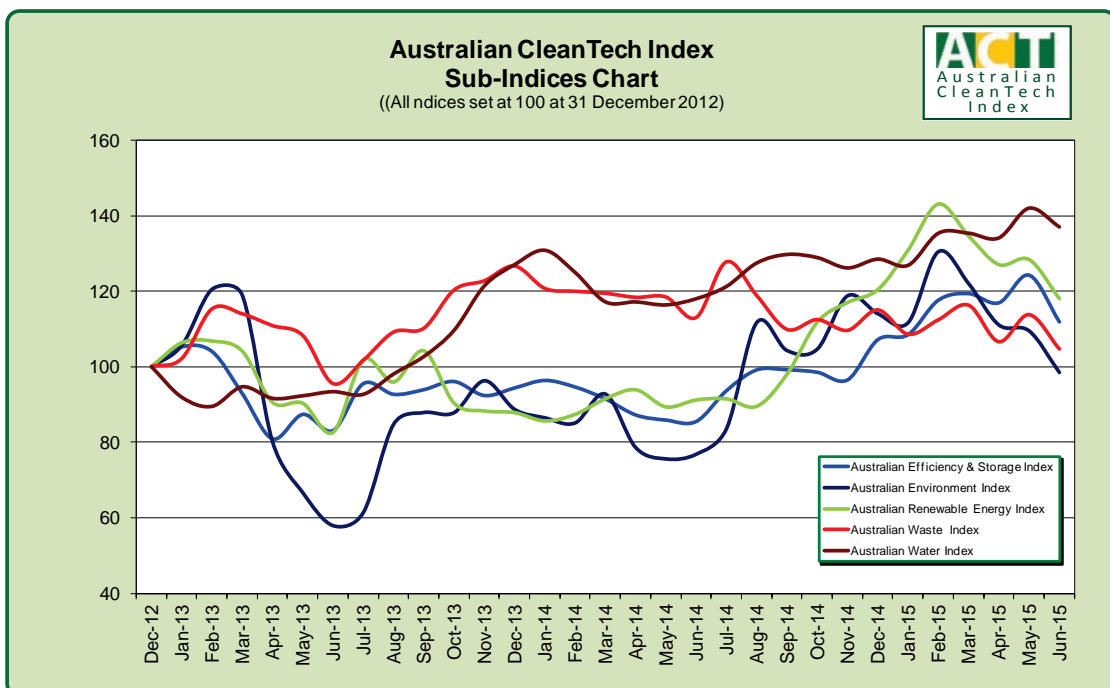
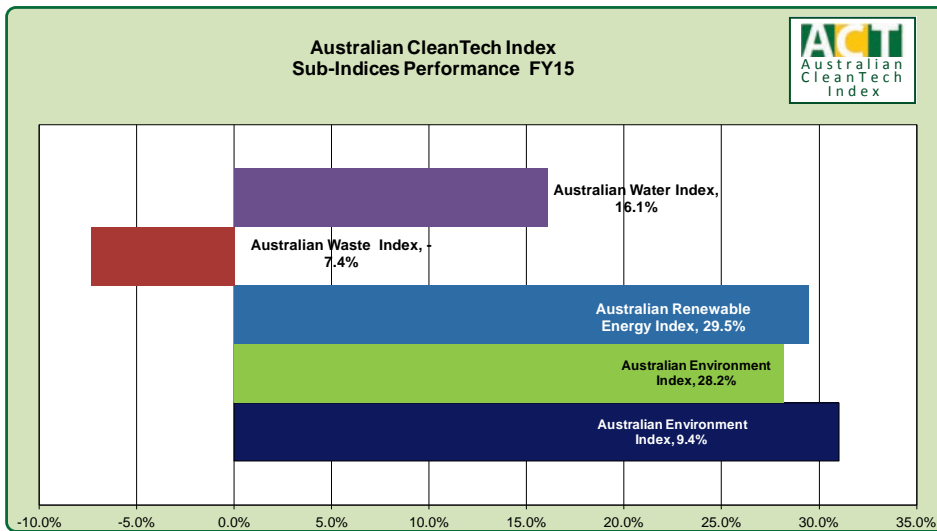
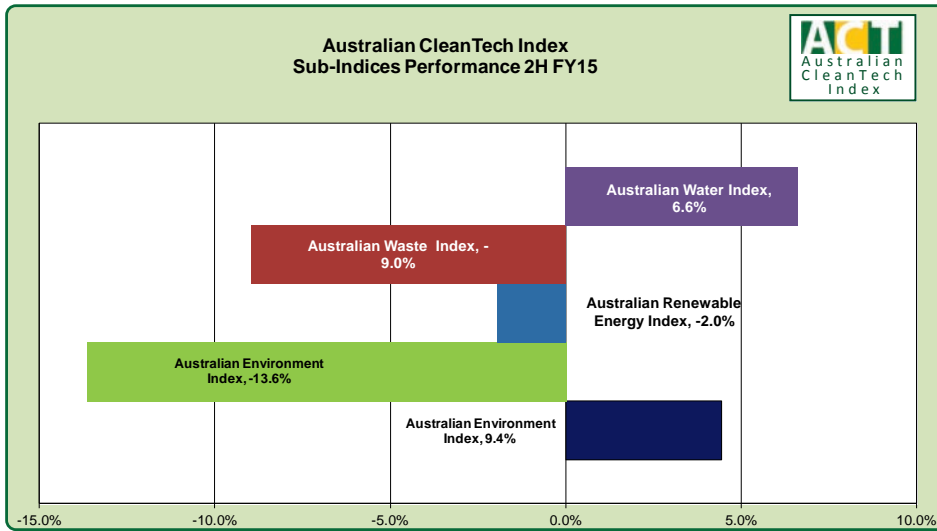
Over the 2014-15 financial year, the best performing indices have been the Australia Efficiency & Storage Index and the Australian Renewable Energy Index with the Australian Waste Index showing the weakest performance.

Australian CleanTech Sub-Indices

	FY11	FY12	FY13	FY14	4Q FY15	2H FY15	FY15
Australian Efficiency & Storage Index	-1.2%	-23.5%	-27.9%	2.9%	-6.3%	4.4%	31.0%
Australian Environment Index	-25.2%	-29.8%	-44.5%	32.6%	-19.3%	-13.6%	28.2%
Australian Renewable Energy Index	-32%	-22%	-22%	10%	-12.3%	-2.0%	29.5%
Australian Waste Index	-3.3%	-36.9%	-3.4%	18.3%	-10.0%	-9.0%	-7.4%
Australian Water Index	19.8%	1.6%	-14.6%	26.3%	1.2%	6.6%	16.1%

The 4Q15, 2H15 and the FY15 results are shown on the bar charts below.





4. Component Companies on 30 June 2015

The largest 20 largest Index constituents by market capitalisation on 30 June 2015 are provided in the table below. These companies will form the constituents of the Australian CleanTech 20 until the index is rebalanced again on 30 September 2015.

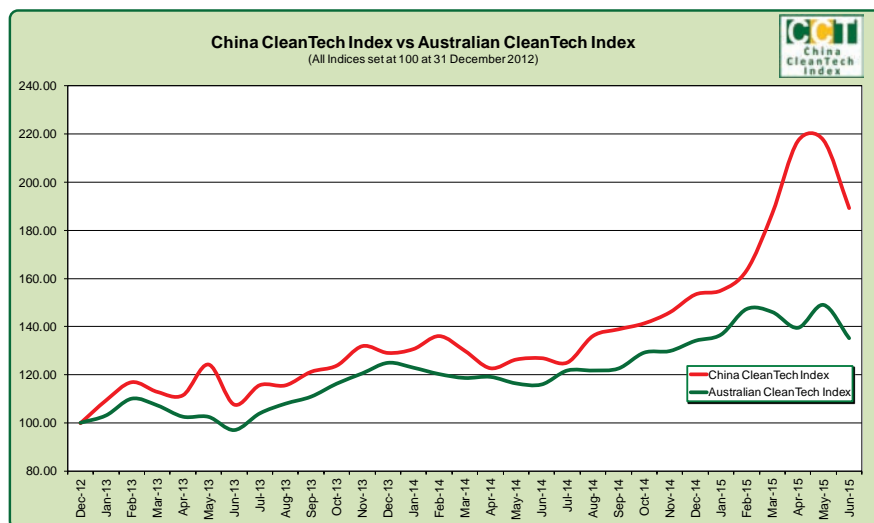
Market Cap Ranking	Company	Ticker
1	Mighty River Power	MYT
2	Reece Australia Holdings	REH
3	Meridian Energy	MEZ
4	Sims Metal Management	SGM
5	Transpacific Industries	TPI
6	Energy Developments	ENE
7	Nanosonics	NAN
8	Beacon Lighting Corp	BLX
9	Tox Free Solutions	TOX
10	Metro Performance Glass	MPP
11	Orocobre	ORE
12	Infigen Energy	IFN
13	Pacific Energy	PEA
14	Pro-Pac Packaging	PPG
15	Sylex Systems	SLX
16	RedFlow	RFX
17	Carnegie Wave Energy	CWE
18	Enerji	ERJ
19	Novarise Renewable Resources	NOE
20	Dyesol	DYE

The only change in the Australian CleanTech 20 constituents at this rebalance was Dyesol (ASX:DYE) re-entering the list and replacing Aeris Environmental (ASX: AEI). Each of the constituents in the Australian CleanTech 20 has a market capitalisation of more than \$65m.

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

5. China CleanTech Index

Australian CleanTech, through its Beijing-based Chinese operations, publishes the China CleanTech Index. This index tracks all 164 Chinese-based listed cleantech companies wherever they are listed and provides the definitive measure of Chinese cleantech stocks for global markets. The charts below show the performance of the China CleanTech Index against its benchmarks from December 2012 to the end of June 2015 and also show the relative performance of the China CleanTech Index against the ACT Australian CleanTech Index.



Full details of the China CleanTech Index can be downloaded from www.sinocleantech.com, where it is also possible to sign up to receive the monthly performance reports.

6. Overview of Index Rules

Criteria for Inclusion

To be included in the Australian CleanTech Index, a company must be listed on an Australian based stock exchange and have the majority of the current or future revenues generated from an approved cleantech activity. Australian companies listed only on overseas exchanges are excluded as are companies that have some cleantech activities but the majority of their revenue is generated from non-cleantech activities. International companies listed in Australia, even where there are minimal Australian operations, are included in the Index.

Closing Prices

The Australian CleanTech Index and its 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 31 December 2012.

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, Warrants and Convertible Notes.

During share buy-back schemes, shares are only removed from the index once they have been cancelled by the company. Shares issued as part of Rights Issues are only included in total shares if formally announced by the company as having been taken up.

Rebalancing

The Indices are all rebalanced at the end of each quarter to take account of any changes to the capital structures of the constituent 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. If a company's shares are suspended from trading, the company remains in the index at rebalancing until such time as it is delisted.

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 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 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 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 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.