

Innovation brings rewards

Mark Fenton-Jones

Investment in innovative technology paid off for shareholders of several green and alternative energy companies appearing in the March quarter Deloitte nano-cap index.

"There's three good companies in this group which showed that the technology which they went to the market to raise money for is now starting to come to fruition.

"They're receiving sales orders or signing strategic relationships or being licensed to use that technology in certain jurisdictions," Deloitte Growth Solutions partner Craig Bryan said.

Nullabor Holdings experienced a 221 per cent rise in its market capitalisation, helped by its rubber recycling technologies.

"During the quarter the company announced it was starting to get some good traction in sales orders that will take them through a positive upswing in June 2009 and beyond," Mr Bryan said.

"The market's repaying them now for their technology gaining some market acceptance and starting to be used. It's a very positive tick for that entity."

The 347 per cent lift in the market capitalisation of alternative waste technology company AnaeCo stemmed from an announcement that it would be licensed by the Department of Environment and Conservation to open a facility in Western Australia to recycle municipal solid waste using its patented DiCOM



New recycling methods are paying off.

Photo: BEN RUSHTON

bioconversion process. This uses advanced sorting, recycling, anaerobic digestion and aerobic composting to recycle municipal solid waste into renewable energy from biogas, agricultural-grade compost and recyclables like steel, aluminum, glass and plastics.

"This company required a reasonable level of research and development expenditure, and it needed time to bring its technology to market," Mr Bryan said.

The third of the green oriented businesses to appear in the top 10 is Carnegie Corporation, which posted a 91 per cent rise in its market capitalisation during the quarter after it received state government funding and signed several alliances to develop its wave technology in Western Australia, South Australia and Victoria.

In February the WA government announced Carnegie

would receive \$12.5 million from the state's low emissions energy development fund.

Also, the Victorian government will allow the company to use coastal crown land for three wave energy projects, joining sites it has in SA and WA.

Movements in the share prices of other companies in the list were less to do with technology developments.

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Deloitte's Craig Bryan

Mr Bryan's research attributed the skyrocketing performance of Bandanna Energy primarily to a capital reorganisation and said the Grange Resources share price reflected the issue of shares to complete a previously announced transaction.

Nkwe Platinum benefited from increased exposure to South African platinum assets and Merrill Lynch described Oceanagold as the cheapest gold company in its portfolio, which contributed to a sharp upswing in its share price.

Mr Bryan considered it an "interesting company to look at, considering it has three gold assets in New Zealand and a prospective asset in the Philippines.

However, he attributed the upswing in Herald Resources' market capitalisation to "just day trading", helped by positive announcements on its gold and nickel projects in WA.

Plans for a substitute lending mortgage product for distressed mortgagees and a share buy-back plan lifted the market capitalisation of former Rams Home Loans entity, RHG, by 91 per cent during the quarter.

"They are showing some sustained growth," Mr Bryan said.

"Buying shares on or above market price over a period time had a positive impact on the share price as well."

Despite the movements in these non-green technology companies, Mr Bryan said he expected that the waste management, recycling, and alternative energy businesses would be "interesting areas to follow, just as life sciences was three or four years ago.

"Mineral exploration will always be part of this [index] because it is a high risk, high return business but we are now seeing businesses that have technology attached to them, around sustainability."