



APPENDIX 4E

PRELIMINARY FINAL REPORT SUBMITTED TO THE ASX UNDER LISTING RULE 4.3A

Name of entity

Hydrotech International Limited

ABN or equivalent reference #

42 122 726 283

Reporting period

Financial year ended 30 June 2010

Previous corresponding period

Financial year ended 30 June 2009

This report is based on the Annual Report which is in the process of being audited

Contents

Item

Results for announcement to the market	1.
Commentary on Results	2.
Consolidated Statement of Comprehensive Income	3.
Consolidated Statement of Financial Position	4.
Consolidated Statement of Cash Flows	5.
Consolidated Statement of Changes in Equity	6.
Net Tangible Assets per Ordinary Share	7.
Details of Subsidiaries	8.
Details of Associates and Joint Venture Entities	9.
Dividends	10.
Accounting Standards	11.
Other Information Regarding the Financial Statements	12.

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from continuing operations	up	39.13 %	to \$	383,005
Loss after income tax from continuing operations	down	65.99 %	to \$ -	1,512,646
Net loss for the period attributable to members	down	64.65 %	to \$ -	1,545,232

Dividends per Share	Amount per share	Franked amount per share
Final	<i>Nil</i> cents	<i>N/A</i> cents
Interim	<i>Nil</i> cents	<i>N/A</i> cents

Record date for determining entitlements to dividends *N/A*

No dividends were announced or paid during the year.

Summary of Financial Information

Brief explanation of any of the above figures necessary to enable the figures to be understood:

N/A

2. COMMENTARY ON RESULTS

Accounting Policies, Estimation Methods and Measurement Bases

The following change in accounting policies, estimation methods and measurement bases have occurred since the last annual financial statements:

Refer AASB 8 "Operating Segments". AASB 8 replaces AASB 114 "Segment Reporting".

The Group does not anticipate the above change in reporting requirements to have any material effect on the Group's financial statements.

Earnings (Losses) Per Share

Losses per share decreased 86.66% from -2.4 cents per share to -0.3 cents per share.

Dividends Per Share (including buy backs)

No dividends were announced or paid during the year.

Significant Features of Operating Performance

For the 12 months ended 30 June 2010, Hydrotech International Limited ("the Group") recorded consolidated group revenue of \$390,421 (2009: \$275,291) and net loss after tax of \$1,545,232 (2009: \$4,370,697).

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board who makes strategic decisions.

Management has determined the operating segments based on the reports reviewed by the board, as the chief operating decision maker, that are used to make strategic decisions.

The board considers the business from both an industry and geographical perspective and has identified one industry segment, being the waterproof solutions systems industry which the Group only operates in, and five reportable geographical segments. The board determined for management reporting purposes that it reports, measures and monitors on segments dissected by geographical location, being Australia (Parent), Hong Kong, China, the United Kingdom and Norway.

Change in accounting policy

The Group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a material change from the way segment information has been historically been reported in the past. The Group operates in predominantly in one industry, the waterproof solutions systems industry, and operates in several geographical locations. Comparatives for 2009 have been restated.

Description of segments

The Group considers the business from both an industry and geographical perspective and has identified one industry segment, being the waterproof solutions systems industry which the group only operates in, and five reportable geographical segments. The board determined for management reporting purposes that it reports, measures and monitors on segments dissected by geographical location, being Australia (Parent), Hong Kong, China, the United Kingdom and Norway.

Segment Revenue

There were no sales between segments. The revenue from external parties reported to the board is measured in a manner consistent with that in the income statement.

Revenues from external customers are derived from the sale of waterproof solutions systems by each office. A breakdown of revenue and results is provided in the tables below.

Segment Results

The segment information provided to the board for the reportable segments for the year ended 30 June 2010 is as follows:

Year Ended 30 June 2010	Hong Kong A\$	United Kingdom A\$	China A\$	Norway A\$	Australia A\$	Total A\$
Revenue from external customers	232,588	66,615	41,503	-	-	340,706
Other revenue	7,416	-	74	-	42,225	49,715
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	240,004	66,615	41,577	-	42,225	390,421
Segment loss before income tax	(754,868)	(75,260)	(159,249)	(230,127)	(325,728)	(1,545,232)
Depreciation and amortisation	7,986	-	263	4,445	519	13,213
Finance costs	1,476	348	159	552	6,311	8,846
Income tax expense	-	-	-	-	-	-
Total segment assets	293,083	29,919	13,312	19,327	895,999	1,251,640
Total assets includes: Additions to non-current assets (other than financial assets and deferred tax)	-	-	-	-	-	-
Total segment liabilities	90,294	15,071	-	5,248	14,335	124,948

There was no impairment charge or other significant non-cash item recognised in 2010.

The segment information provided to the board for the reportable segments for the year ended 30 June 2009 is as follows:

Year Ended 30 June 2009	Hong Kong A\$	United Kingdom A\$	China A\$	Norway A\$	Australia A\$	Total A\$
Revenue from external customers	21,228	114,025	64,635	-	-	199,888
Other revenue	-	319	437	239	74,408	75,403
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	21,228	114,344	65,072	239	74,408	275,291
Segment loss before income tax	(1,260,164)	(1,060,049)	(230,842)	(753,106)	(1,066,536)	(4,370,697)
Depreciation and amortisation	8,002	14,542	171	5,331	692	28,738
Finance costs	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Total segment assets	374,825	3,082	19,509	73,406	2,172,079	2,642,901
Total assets includes: Additions to non-current assets (other than financial assets and deferred tax)	-	-	-	-	-	-
Total segment liabilities	42,152	14,532	2,885	41,732	38,775	140,076

There was no impairment charge or other significant non-cash item recognised in 2009.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Period A\$	Previous corresponding period A\$
Revenue from continuing operations - <i>refer 3.1 below</i>	383,005	275,291
Other income - <i>refer 3.2 below</i>	7,416	-
Expenses - <i>refer 3.3 below</i>	(1,935,653)	(4,645,988)
Finance costs - <i>refer 3.6 below</i>	-	-
Profit(Loss) before income tax	(1,545,232)	(4,370,697)
Income tax expense	-	-
Profit(Loss) for the period from continuing operations	(1,545,232)	(4,370,697)
Profit(Loss) from discontinued operations	-	-
Profit(Loss) for the year	(1,545,232)	(4,370,697)
Profit(loss) attributable to minority interests	-	-
Profit(loss) for the period attributable to owners	(1,545,232)	(4,370,697)
Other comprehensive income		
Foreign currency translation differences	32,586	(76,756)
Income tax on items of other comprehensive income	-	-
Other comprehensive income for the year, net of tax	(1,512,646)	(4,447,453)
Profit is attributable to:		
Minority interest	-	-
Owners	(1,545,232)	(4,370,697)
	(1,545,232)	(4,370,697)
Total comprehensive income for the year is attributable:		
Minority interest	-	-
Owners	(1,512,646)	(4,447,453)
	(1,512,646)	(4,447,453)
Basic Earnings Per Share	-0.3 cents	-2.4 cents
Diluted Earnings Per Share	-0.3 cents	-2.4 cents
Dividends Per Share	Nil	Nil

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.1 Revenue from continuing operations

	Current Period A\$	Previous corresponding period A\$
Contract Revenue	340,706	199,888
Interest Revenue	42,299	75,403
	383,005	275,291

3.2 Other income

	Current Period A\$	Previous corresponding period A\$
Net gain on disposal of property, plant and equipment	-	-
Foreign exchange gains	-	-
Gain on legal and professional fees waived	7,416	-
	7,416	-

3.3 Expenses

	Current Period A\$	Previous corresponding period A\$
Cost of sales	(182,419)	(158,368)
Employee benefits expense	(763,066)	(1,952,561)
Depreciation and amortisation expense (including intangibles)	(13,213)	(28,738)
Accounting fees	(32,298)	(5,910)
Audit fees	(68,231)	(87,109)
Consultants' fees and costs	(77,390)	(365,976)
Australian Stock Exchange fees	(37,947)	(10,553)
Rent and rates	(121,700)	(335,480)
Travelling expenses	(144,544)	(281,580)
Finance costs	(8,846)	-
Foreign exchange gains/(losses)	(319,856)	(180,532)
Impairment of intangible assets	-	(820,043)
Loss on disposal of fixed assets	(2,007)	(91,430)
Other expenses	(164,136)	(327,708)
	(1,935,653)	(4,645,988)

3.4 Individually Significant Items

	Current Period A\$	Previous corresponding period A\$
Cost of sales	(182,419)	(158,368)
Employee benefits expense		
- Salaries	(442,741)	(1,043,932)
- Directors' emoluments	(320,325)	(908,629)
Rent and rates		
- Rental expenses	(86,379)	(247,820)
- Rates	(1,134)	(30,826)
- Utilities	(9,784)	(35,544)
- Other	(24,403)	(21,290)
Travelling expenses	(144,544)	(281,580)
Foreign exchange gains/(losses)	(319,856)	(180,532)
Other expenses		
- Insurance expenses	(51,537)	(122,657)
- Repairs and maintenance	(10,526)	(12,674)
- Postage and courier	(2,872)	(9,655)
- Office supplies	(10,585)	(38,269)
- Marketing expenses	(27,087)	(102,349)
- Telephone expenses	(42,842)	(75,452)
- Other	(18,687)	33,348
	(1,695,721)	(3,236,229)

3.5 Amortisation and Impairment Expenses

	Consolidated - Current period			
	Before tax A\$	Related tax A\$	Related outside equity interests A\$	Amount (after tax) attributable to members A\$
Amortisation of intangibles	(9)	-	-	(9)
Total amortisation of intangibles	(9)	-	-	(9)
Impairment of goodwill	-	-	-	-
Impairment of other intangibles	-	-	-	-
Impairment of other assets	-	-	-	-
Total impairment write-downs	-	-	-	-

3.6 Comparison of Half-Year Profits

	Current Period A\$	Previous corresponding period A\$
Consolidated profit(loss) after tax attributable to members reported for the 1st half-yearly report	(686,750)	(2,689,579)
Consolidated profit(loss) after tax attributable to members for the 2nd half-year	(858,482)	(1,681,118)

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Current Period A\$	Previous corresponding period A\$
Current Assets		
Cash and cash equivalents	1,037,531	2,258,006
Trade and other receivables	96,862	37,894
Inventories	40,696	-
Other financial assets	-	250,101
Total Current Assets	1,175,089	2,546,001
Non-Current Assets		
Trade and other receivables	-	-
Property, plant and equipment	45,988	32,173
Intangible assets	30,563	25,532
Other financial assets	-	39,195
Total Non-Current Assets	76,551	96,900
TOTAL ASSETS	1,251,640	2,642,901
Current Liabilities		
Trade and other payables	124,948	140,076
Total Current Liabilities	124,948	140,076
Non-Current Liabilities		
Borrowings	116,718	-
Total Non-Current Liabilities	116,718	-
TOTAL LIABILITIES	241,666	140,076
NET ASSETS	1,009,974	2,502,825

	Current Period A\$	Previous corresponding period A\$
Equity		
Contributed Equity	14,583,669	14,584,291
Other reserves	423,659	370,656
Retained Earnings	(13,997,354)	(12,452,122)
Capital and reserves attributable to owners	1,009,974	2,502,825
Minority interests	-	-
TOTAL EQUITY	1,009,974	2,502,825
Preference Capital included as part of Capital/Contributed Equity above	-	-

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 Consolidated Retained Earnings

	Current Period A\$	Previous corresponding period A\$
Retained Earnings at the beginning of the financial period	(12,452,122)	(8,081,425)
Net loss attributable to owners	(1,545,232)	(4,370,697)
Net transfers from (to) reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Retained Earnings at the end of the financial period	(13,997,354)	(12,452,122)

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period A\$	Previous corresponding period A\$
Cash flows related to operating activities		
Receipts from customers	315,574	140,841
Payments to suppliers and employees	(1,459,932)	(3,425,644)
Interest and other items of a similar nature received	42,299	75,403
Net operating cash flows	(1,102,059)	(3,209,400)
Cash flows related to investing activities		
Proceeds from sale of property, plant and equipment	-	-
Transfers to and from reserves	-	(76,756)
Net investing cash flows	-	(76,756)
Cash flows related to financing activities		
Proceeds from issues of shares	-	2,071,678
Proceeds from borrowings	116,718	-
Share issue transaction costs	(622)	(18,401)
Net financing cash flows	116,096	2,053,277
Net increase (decrease) in cash held	(985,963)	(1,232,879)
Cash at beginning of period - <i>refer 5.1 below</i>	2,258,006	3,671,417
Exchange rate adjustments to cash at beginning of period	(234,512)	(180,532)
Cash at end of period - <i>refer 5.1 below</i>	1,037,531	2,258,006

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

5.1 Reconciliation of Cash

	Current Period A\$	Previous corresponding period A\$
Cash on hand and at bank	1,037,531	2,258,006
Total cash at end of period	1,037,531	2,258,006

5.2 Non-Cash Financing and Investing Activities

Include detailed description of transactions which have a material effect on consolidated assets and liabilities but which did not involve cash flows:

N/A

6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity A\$	Accumulated Losses A\$	Options Reserve A\$	Exchange Reserve A\$	TOTAL EQUITY A\$
As at 1 July 2008	12,531,014	(8,081,425)	44,667	402,745	4,897,001
Comprehensive income for the year					
Loss for the year		(4,370,697)			(4,370,697)
Foreign currency translation differences				(76,756)	(76,756)
Total comprehensive income for the year		(4,370,697)	-	(76,756)	(4,447,453)
Transactions with owners in their capacity as owners					
Options			-		-
Contributions of equity, net of transaction costs	2,053,277				2,053,277
	2,053,277	-	-	-	2,053,277
At 30 June 2009	14,584,291	(12,452,122)	44,667	325,989	2,502,825
Comprehensive income for the year					
Loss for the year		(1,545,232)			(1,545,232)
Foreign currency translation differences				32,586	32,586
Total comprehensive income for the year		(1,545,232)	-	32,586	(1,512,646)
Transactions with owners in their capacity as owners					
Options			20,417		20,417
Contributions of equity, net of transaction costs	(622)				(622)
	(622)	-	20,417	-	19,795
At 30 June 2010	14,583,669	(13,997,354)	65,084	358,575	1,009,974

OTHER NOTES TO THE FINANCIAL STATEMENTS

7. NET TANGIBLE ASSETS PER ORDINARY SHARE

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary share (cents per share)	0.21	1.45

8. DETAILS OF SUBSIDIARIES

8.1 Control Gained Over Entities During the Period

Name of entity	<i>Hydrotech Waterproofing Solutions Limited</i>
Date control acquired, i.e. date from which profit(loss) has been calculated	<i>11 November 2009</i>
Loss of the subsidiary during the current period <i>since the date on which control was acquired</i>	<i>-\$50,076</i>
Profit (loss) of the subsidiary (or group of entities) for the <i>whole of the previous corresponding period</i>	<i>N/A</i>

The Hydrotech group incorporated the above wholly owned subsidiary company, Hydrotech Waterproofing Solutions Limited, in the Hong Kong Special Administrative Region for the purposes of establishing its waterproofing coatings business as previously reported.

8.2 Loss of Control of Entities During the Period

Name of entity	N/A
Date of loss of control, i.e. date until which profit(loss) has been calculated	N/A
Profit (loss) from the subsidiary (or group of entities) during the current period <i>to the date on which control was lost</i>	N/A
Profit (loss) from the subsidiary (or group of entities) for the <i>whole of the previous corresponding period</i>	N/A
Contribution to consolidated profit (loss) from sale of interest leading to loss of control	N/A

9. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

9.1 Equity Accounted Associates and Joint Venture Entities

	%Ownership Interest		Contribution to Net Profit	
	Current Period %	Previous Corresponding Period %	Current Period A\$ '000	Previous Corresponding Period A\$ '000
N/A	0%	0%	N/A	N/A

9.2 Aggregate Share of Profits(Losses) of Associates and Joint Venture Entities

Group's Share of Associates and Joint Venture Entities:

	Current Period A\$ '000	Previous Corresponding Period A\$ '000
Profit(Loss) before income tax	<i>Nil</i>	<i>Nil</i>
Income tax expense	<i>Nil</i>	<i>Nil</i>
Net profit(loss)	<i>Nil</i>	<i>Nil</i>
Adjustments	<i>Nil</i>	<i>Nil</i>
Share of net profit(loss) of associates and joint venture entities	<i>Nil</i>	<i>Nil</i>

10. DIVIDENDS

10.1 Dividends per Share

	Amount per share	Franked amount per share	Amount per share of foreign source dividend
Final			
- current period	<i>Nil</i> cents	<i>N/A</i> cents	<i>N/A</i> cents
- previous corresponding period	<i>Nil</i> cents	<i>N/A</i> cents	<i>N/A</i> cents
Interim			
- current period	<i>Nil</i> cents	<i>N/A</i> cents	<i>N/A</i> cents
- previous corresponding period	<i>Nil</i> cents	<i>N/A</i> cents	<i>N/A</i> cents

10.2 Total Dividends

	Current Period A\$	Previous Corresponding Period A\$
Interim	<i>Nil</i>	<i>Nil</i>
Final	<i>Nil</i>	<i>Nil</i>
	<i>Nil</i>	<i>Nil</i>

No dividends were announced or paid during the year.

10.3 Dividend Reinvestment Plans

The group currently does not have a Dividend Reinvestment Plan in place.

The last date for receipt of election notices for participation in any dividend reinvestment plans

N/A

11. ACCOUNTING STANDARDS

This report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

12. OTHER INFORMATION REGARDING THE FINANCIAL STATEMENTS

12.1 The information contained in this Appendix 4E is based on financial statements which (choose one):

- have been audited
- are in the process of being audited
- have not yet been audited

12.2 Audit Disputes or Qualifications

The financial data in this report is in the process of being audited, pending completion of the company's statutory financial report and the issue of the accompanying independent auditor's report. The audit process has not identified any material adjustments or misstatements that require the financial data included in this preliminary financial report to be corrected and is not likely to be the subject of an audit dispute or qualification.