



28 January, 2010

Attention: Public Announcements Officer
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Update for the Quarter ended December, 2009

In the last quarter there has been a significant effort spent in developing our new coatings business. Technical brochures have been produced, distribution agreements have been confirmed, and on-site demonstrations have commenced.

We are currently finalising negotiations with two major clients who have expressed an interest in adopting the coating systems for their primary waterproofing requirements. Commercial discussions are ongoing, and it is hoped that we will be able to announce a conclusion to these projects over the coming months.

We continue to improve our financial monitoring and control procedures and have reduced our burn rates down to around AUD \$120,000 per month on average. However, this is not sustainable in the long run and we are looking to revenues generated by our new coatings business to finance certain key strategic appointments, which the company sorely needs if it is to achieve its long term goals.

Operational highlights for the last quarter are as follows:-

UK High Profile Residential Development

The MPS installation in Central London has been completed, and is presently being monitored by the designer and the building owner's representatives.

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Metronet UK

As a result of meetings in September with rail infra-structure companies in London, Metronet have identified 3 locations for the installation of the MPS system. Site investigations have been undertaken and proposals have been forwarded to both Metronet and the contractors undertaking the maintenance works. These projects are presently under review and we are hopeful that at least one of these projects will commence before April 2010.

St Georges Hospital Cancer Care Centre, New Zealand

This project was commissioned in December 2009. Higgs Builders were satisfied with the assistance provided by Hydrotech throughout the installation of the MPS system and payment has been received. Major consultants Opus New Zealand and Sinclair & Johnson are involved with the ongoing monitoring of the system.

Guangzhou Metro

The long awaited project to install the MPS system into the Guangzhou Metro in China will commence in March. A segment of tunnel has been identified and discussions are ongoing with both the client and the contractor on installation details.

Dalian Provincial Government

The MPS system has been assessed by a panel of experts on behalf of the Dalian Provincial Government in China, and it has been accepted as a suitable waterproofing system for use within their infrastructure projects. The Dalian Government has incorporated the MPS system within their specification for a new cable tunnel presently under design. The final configuration of the tunnel is still under design and further information will be available when the design concept has been completed.

Shanghai and Pinghu Villas

Shanghai Villas has been completed, and Pinghu Villa will be completed by the end of January 2010. These are both large walled residential developments in China.

Hong Kong

The previously reported project to install the MPS system into the Wo Hop Shek Crematorium for Hong Kong's Architectural Services Department (ASD) is about to commence. An agreement has been reached with the main contractor Wan Chung Construction Co. Ltd, which is currently being drawn up and the first stage of the installation will commence in March 2010.

A small project has recently been completed to the basement at 181 Gloucester Road in Hong Kong's Wan Chai district. The building is over 30 years old and has suffered significant water ingress throughout this period. The MPS system was installed to the columns to stop rising damp.

The Company continues to work towards securing further signed contracts from submissions made for both its MPS and waterproof coatings products.

I look forward to updating you again in the near future.

A handwritten signature in black ink, appearing to read 'Philip Gray', with a stylized flourish at the end.

Philip Gray
Chairman

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

HYDROTECH INTERNATIONAL LIMITED

ABN

42 122 726 283

Quarter ended ("current quarter")

31ST DECEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1.1 Receipts from customers	59	150
1.2 Payments for		
(a) staff costs	-191	-439
(b) advertising and marketing	-14	-15
(c) research and development	0	0
(d) leased assets	0	0
(e) other working capital	-95	-472
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	22	22
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Other (provide details if material)		
Net operating cash flows	-219	-754

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	-219	-754
Cash flows related to investing activities		
1.9 Payment for acquisition of:	0	0
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	0
(d) physical non-current assets	0	0
(e) other non-current assets	0	0
1.10 Proceeds from disposal of:	0	0
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	0
(d) physical non-current assets	0	0
(e) other non-current assets	0	0
1.11 Loans to other entities	0	0
1.12 Loans repaid by other entities	0	0
1.13 Other (provide details if material)	0	0
Net investing cash flows	0	0
1.14 Total operating and investing cash flows	-219	-754
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	0	0
1.16 Proceeds from sale of forfeited shares	0	0
1.17 Proceeds from borrowings	0	0
1.18 Repayment of borrowings	0	0
1.19 Dividends paid	0	0
1.20 Other (provide details if material)	0	0
Net financing cash flows	0	0
Net increase (decrease) in cash held	-219	-754
1.21 Cash at beginning of quarter/year to date	1,723	2,258
1.22 Exchange rate adjustments to item 1.20	0	0
1.23 Cash at end of quarter	1,504	1,504

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	45
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Non Executive Directors Parent Company	\$A'000 - 10
Executive Directors	\$A'000 - 35

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	0	0
3.2	Credit standby arrangements	0	0

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,504	1,723
4.2 Deposits at call	0	0
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.23)	1,504	1,723

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	0	0
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.
- 3 Sign here:



Company Secretary

Date: 28/1/10

Print name: Fiona Boucher

+ See chapter 19 for defined terms.