

25 October 2011

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

**Chairman's AGM Address
Hydrotech International Limited
(‘Hydrotech’ or ‘the Company’)**

Every successive phase in a company's lifecycle presents a new set of problems and challenges as the company develops. For example, a year ago we were scrabbling for orders and grateful to receive any contract – whatever the size.

Today, we have become more discerning with a clear eye on gross margins and have become increasingly aware of the diseconomies of scale that are inherent in small contracts. Fortunately we now have the luxury of choosing which contracts to take.

In a similar vein, other problems have cropped up associated with our success and growth; take for example the large amount of polyurea that we now ship from the USA - stock rotation and storage have become key issues and to this extent we have recently hired a Warehouse Manager.

In the past we worked on the principle that one size of MPS control unit ‘fitted all’ but we have now realised that this is not necessarily the case and have developed a number of other units specifically for the residential market which appears to be a highly viable segment.

Quality control and discipline are also key issues and to this end, we have recently hired a Project Supervisor to oversee MPS installations and to ensure that we maintain the highest of standards and that we have satisfied clients which results in repeat business.

However it is fair to say that we are still at the early stages of this growth phase and the Company does not rule out the possibility of raising funds in the near future. Total income for the first quarter of this year represents 45% of total sales for last year; this is attributable to the considerable effort that was focused on positioning for growth, coupled with resolving coatings application-related issues. A detailed financial overview of the Company's current position will be included in the quarterly 4C that will be released after this meeting.



Notwithstanding the new set of challenges, your Company has now started to prosper as our reputation spreads through the marketplace with customers now approaching us for solutions to their water ingress problems rather than us having to chase for business. A detailed overview of the opportunities that the Company is currently working on is included in the 4C.

Our research and development in the areas of products and machinery continues apace and apart from the smaller MPS control units we have designed, we have identified a smaller spraying system which is ideally suited for spraying of water tanks which festoon Hong Kong buildings.

The most exciting development is the recent confirmation received that the Hong Kong Mass Transit Railway has approved the use of Hydrotech's sprayed Polyurea lining system for a new tunnel being constructed in Hong Kong. The MTR is seen as a world leader in tunnel construction and we are very confident that with the successful installation of Polyurea on the pilot project that Hydrotech will have a very good introduction to this potentially lucrative market.

All that remains for me to do is to thank our dedicated and hardworking team for all their efforts.

A handwritten signature in black ink, appearing to read "Philip Gray", with a stylized flourish extending downwards and to the left.

Philip Gray
Chairman