



30 October, 2008

Update for the Quarter ended September 2008

During the quarter, the Company has been progressing its contract negotiations and agreements with various key clients on a number of potentially important installations.

Hydrotech was pleased to announce this week the awarding of the contract to install the MPS system as a remedial solution in the Swansea Guild Hall building in Wales. This building is a listed historic Victorian style structure, and all of the 'listed-building' criteria have been exceeded and the works approved by the Listed Building Authority. Although it is not material in terms of contract value (approx \$150,000AUD), this is for Hydrotech a very significant contract as it is the first non-rail UK commercial contract to be awarded, and it will provide the opportunity to prove that old and valuable buildings can be protected from water ingress problems with the use of the MPS technology. The Company is also in the advanced stages of contract negotiations with several other major building managers and owners based in the UK, and further announcements on these works are expected shortly.

Meetings and discussions have been continuing with Metronet in the UK who have informed us that they are to undertake major repairs to rail tunnels involving the re-pointing of tunnel walls, and see that this could be an opportune time to install the MPS system cathodes and wiring whilst this is being done.

In China, the MPS pilot trial within the Huang Hua Gang Station, Line 6, managed by Guangzhou Metro Corporation is experiencing some delays. The Managers GMC have however suggested that the trial could be moved to Line 5 (which is due for completion in 2009), and have asked that Hydrotech formally request this in writing. This has recently been done and we are awaiting a reply. Negotiations have progressed with a pilot project of 30 metres on Zhongliang Mountain Tunnels (which is a total of 6 Km), and Hydrotech is awaiting approval to proceed with the trial installation.

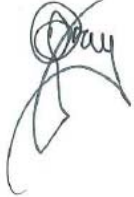
In Hong Kong, presentations have recently been undertaken to leading contractors, consultants and the MTR Sustainability Team. Several smaller projects have progressed from feasibility studies to being recommended for future works, and a world class engineering consultant is currently identifying a pilot project for MPS on a highway tunnel. We are also awaiting confirmation from the Land Transport Authority in Singapore for a location for a trial application of the MPS system on a subway structure in the region.

Following a strategic review by the Hydrotech Board, the Company has appointed two experienced senior sales personnel in both Hong Kong and the UK, who both possess proven track records of successful industrial selling. There have also been changes made to sales and marketing approaches and include the focusing towards durability and sustainability, as well as positioning MPS as the only method to cure all water related issues for below ground concrete structures. The changes have also been complemented by a highly experienced Office Manager. It is expected that these changes will lead to proposals for work being converted into contracts at a greater rate.

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In late August, Hydrotech participated and presented the MPS technology at the 33rd Conference on our World in Concrete and Structure (OWCS), a two day conference held in Singapore. The theme of the symposium was 'sustainability', and was attended by more than 400 delegates. In late September, Hydrotech also attended the 33rd International Tunnel Association & World Tunnel Congress 2008 (ITA-WTC), a three day conference held in India. The theme of symposium was 'underground facilities for better environment & safety', and was attended by more than 1,000 delegates.

We look forward to updating you again as developments unfold.

A handwritten signature in black ink, appearing to read 'Philip Gray', with a stylized flourish extending downwards.

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

37 100 468 589

Quarter ended ("current quarter")

30TH SEPTEMBER 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	3	3
1.2 Payments for		
(a) staff costs	-409	-409
(b) advertising and marketing	-53	-53
(c) research and development	0	0
(d) leased assets	0	0
(e) other working capital	-457	-457
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	32	32
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	-884	-884

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

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
1.8	Net operating cash flows (carried forward)	-884	-884
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	-884	-884
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		-884	-884
1.21	Cash at beginning of quarter/year to date	3,671	3,671
1.22	Exchange rate adjustments to item 1.20	0	0
1.23	Cash at end of quarter	2,787	2,787

+ 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	95
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 - 0
	Executive Directors	\$A'000 - 80
	Advisory Fee	\$A'000 - 15

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

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	2,787	3,671
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)	2,787	3,671

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: 
 (Director)

Date: 30/10/2008

Print name: Julie Jones

Notes

+ See chapter 19 for defined terms.