



30 July, 2008

Update for the Quarter ended June 2008

A significant highlight for the June quarter has been the approval of the Company's Multi Pulse Sequencing system (MPS) technology from London Underground Engineering Directorate (LUL), within the London underground rail network. This now allows Hydrotech to deal with Metronet and TubeLines, who the major managers of LUL stations and therefore responsible for their refurbishment and maintenance. Hydrotech expects this acceptance will greatly add to the credibility of the MPS technology, as well as increased weight to submissions for other major underground rail networks around the world.

In China, an MPS pilot trial within the Huang Hua Gang Station, Line 6, managed by Guangzhou Metro Corporation was awarded to Hydrotech. This will be for the first time that the MPS system will be applied in new structures, instead of a remedial situation. The trial section is to be installed in an area of 1500m², and it will be monitored for approximately three months to prove efficacy, at which point the client has agreed to install the MPS system into the rest of the 16 stations of Line 6.

In late June, Hydrotech participated and presented the MPS technology at the Henan-Hong Kong Joint Symposium, a 2 day conference held in China. The theme of the symposium was "Build a Better Tomorrow", and was attended by more than 200 professionals, engineers and experts in various fields from Hong Kong and Mainland China. The symposium was jointly organised by The Chartered Institution of Building Services Engineers, HK Branch, The Hong Kong Institution of Engineers, Building Services Division, the American Society of Heating, Refrigerating and Air-conditioning Engineers, Inc and the Hong Kong Polytechnic University Department of Building Services Engineering.

Hydrotech completed a placement to Lippo Securities Ltd for 23,390,000 Ordinary Shares, at 10 cents per share, which raised a total of \$2,339,000 in June. This will ensure that the Company has adequate working capital to continue its business development in Asia and Europe, whilst contracts currently awaiting customer acceptance are finalised.

At the end of June Mr Ian Dallas resigned as Managing Director of the Group and has returned to Europe for family reasons. Mr Dallas will remain on the Board of Hydrotech as a non-executive Director, and will take on the special responsibility of managing the Company's European relations.

We look forward to updating you again as developments unfold.

Philip Gray
Chairman

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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 JUNE 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	4	4
1.2 Payments for		
(a) staff costs	-1,335	-2,824
(b) advertising and marketing	-71	-205
(c) research and development	0	0
(d) leased assets	0	0
(e) other working capital	-312	-3,659
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	42	164
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	-1,672	-6,520

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

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	-1,672	-6,520
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	-432
1.12 Loans repaid by other entities	0	521
1.13 Other (provide details if material)	0	-202
Net investing cash flows	0	-113
1.14 Total operating and investing cash flows	-1,672	-6,633
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	2,199	2,199
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	-74
Net financing cash flows	2,199	2,125
Net increase (decrease) in cash held	527	-4,508
1.21 Cash at beginning of quarter/year to date	3,152	8,188
1.22 Exchange rate adjustments to item 1.20	0	-1
1.23 Cash at end of quarter	3,679	3,679

+ 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	1,079												
1.25	Aggregate amount of loans to the parties included in item 1.11													
1.26	Explanation necessary for an understanding of the transactions													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 60%;">Non Executive Directors Parent Company</td> <td style="width: 20%; text-align: right;">\$A'000 -</td> <td style="width: 20%; text-align: right;">32</td> </tr> <tr> <td>Executive Directors - (Including final contract pay I Dallas)</td> <td style="text-align: right;">\$A'000 -</td> <td style="text-align: right;">1,017</td> </tr> <tr> <td>Advisory Fee</td> <td style="text-align: right;">\$A'000 -</td> <td style="text-align: right;">30</td> </tr> <tr> <td colspan="3"> </td> </tr> </tbody> </table>		Non Executive Directors Parent Company	\$A'000 -	32	Executive Directors - (Including final contract pay I Dallas)	\$A'000 -	1,017	Advisory Fee	\$A'000 -	30			
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Executive Directors - (Including final contract pay I Dallas)	\$A'000 -	1,017												
Advisory Fee	\$A'000 -	30												

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

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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	3,679	3,152
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)	3,679	3,152

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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.

Jo Jones

3 Sign here:
 (Director/Company secretary)

Date: 29/07/2008.....

Print name: Julie Jones.....