



30 October, 2009

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

Update for the Quarter ended September, 2009

As I have recently provided a comprehensive review in the 2009 Annual Report, a Board Room Radio presentation, and again in my Chairman's Address at last week's successful AGM, I will keep this update brief to avoid being repetitious if at all possible. A copy of these documents is available for review on our website.

During the last quarter we have been keeping ourselves busy with ever increasing world-wide enquiries and calls for proposals for our MPS system, with a view to securing as many contracts as possible. Some new promising contracts have been confirmed and we are widening our base and the applicability's for the MPS system as these occur.

A considerable amount of effort is also being placed on getting our coatings division off the ground, and ramping up the opportunities that should arise from this new range of products that compliment the MPS system.

Due to our recent fund raising activities (which naturally incur expenses), tail-end office rationalisation amounts, year-end Group audit costs and annual insurance premiums, our actual burn rate has not yet achieved its full expectation which are in the main due to seasonal, one off costs and timing differences.

Operational highlights for the last quarter are as follows:-

**UK High Profile Residential Development**

An agreement with Cardoe Martin Limited was finalised for the MPS system to be installed in the basement of one of their client's properties in Central London, being a high profile residential development. Cardoe Martin Limited is the parent Company of an independent multi-disciplined practice providing building

Level 40, 108 St Georges Terrace  
Perth WA 6000  
+61 8 93759796  
[info@hydro-usl.com](mailto:info@hydro-usl.com)

surveying and property consultancy services to a broad range of corporate, institutional, and private sector clients in the UK. The subcontractor performing the works is Volkerlaser, one of the UK's leading companies specialising in concrete repair systems. The first stage of the works, which covers a small part of the basement has now been completed, and the system is due to be commissioned shortly. It is expected that an opportunity to quote on a larger section of the basement will be available, once efficacy is proven.

### **St Georges Hospital Cancer Care Centre, New Zealand**

An agreement with Higgs Builders Limited (NZ) for the MPS system to be installed in the basement of St Georges Hospital Cancer Care Centre in Christchurch, New Zealand was entered into, and we are currently on-site implementing the works in this purpose built facility which is nearing completion. This is a milestone project in that it is the first installation of the MPS system in the region, as well as being in a medical facility.

Higgs Builders were appointed by St Georges Hospital as main contractor for the project, with Opus New Zealand and Sinclair & Johnson acting as consultants.

### **Pinghu and Shanghai Villas, China**

Agreements were signed for the MPS system to be installed at the Pinghu Villas project in Eastern China (the fastest growing economic region in China), as well as Shanghai Villa's in Shanghai.

Pinghu Villas is a large walled residential development ready for immediate commencement of construction. The project is located in the Yangtze River Delta, where water ingress issues in underground facilities have been a major technical difficulty for developers in the past, it is expected that the successful installation and proven efficacy will demonstrate effectiveness to overcome the water ingress issues historically plaguing this vast area, and that this will in return lead to further projects in this region.

A contract has also been signed for MPS to be installed in the basement of a private home in the Shanghai Villa residential compound, in Shanghai, China. Shanghai, located on China's central eastern coast, at the mouth of the Yangtze River is the largest city in China and one of the largest metropolitan areas in the world with over 20 million people.

These projects provide another opportunity for Hydrotech to showcase its MPS technology to wealthy home owners in residential compounds in China, most of which are located near rivers/lakes and where water ingress issues in underground facilities have been a major technical difficulty for developers in the past.

I would also like to note that Ian Dallas, one of the founding directors decided not to opt for re-election at the AGM and has decided to retire. On behalf of the Board, I would like to thank Ian for all of his efforts in the past.

The Company continues to work towards securing further signed contracts from submissions made within the jurisdictions of China, Hong Kong, United Kingdom and Australia.

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 extending from 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")

30<sup>TH</sup> SEPTEMBER 2009

### 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	91	91
1.2 Payments for		
(a) staff costs	-248	-248
(b) advertising and marketing	-1	-1
(c) research and development	0	0
(d) leased assets	0	0
(e) other working capital	-377	-377
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	0	0
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)		
<b>Net operating cash flows</b>	<b>-535</b>	<b>-535</b>

+ 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 (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>-535</b>	<b>-535</b>
<b>Cash flows related to investing activities</b>		
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
<b>Net investing cash flows</b>	0	0
<b>1.14 Total operating and investing cash flows</b>	<b>-535</b>	<b>-535</b>
<b>Cash flows related to financing activities</b>		
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
<b>Net financing cash flows</b>	0	0
<b>Net increase (decrease) in cash held</b>	<b>-535</b>	<b>-535</b>
1.21 Cash at beginning of quarter/year to date	2,258	2,258
1.22 Exchange rate adjustments to item 1.20	0	0
1.23 <b>Cash at end of quarter</b>	<b>1,723</b>	<b>1,723</b>

+ 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	39
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 - 39

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

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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	1,723	2,258
4.2 Deposits at call	0	0
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
<b>Total: cash at end of quarter (item 1.23)</b>	<b>1,723</b>	<b>2,258</b>

**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

4 Date: 30/10/09

Print name: Fiona BOUCHER

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+ See chapter 19 for defined terms.