



23 May, 2008

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

MARKET UPDATE

In a recent testimonial letter, the MTR Corporation, one of Asia's largest and most sophisticated subway operators has certified that :

"the performance to date of the Multi Pulse Sequencing System (MPS) installed at the Central Subway in Hong Kong has been acceptable" (This refers to their water ingress problem at this location).

This is a major milestone for Hydrotech as subways represent a huge market for us and underlines our confidence in our recent formal submissions/proposals to a number of major Chinese subway operators. In the meantime, our discussions with Metronet in the UK are progressing highly satisfactorily

The MTR testimonial reinforces two milestone ones we received earlier this year from two of Hong Kong's major property developers; for example Henderson Land wrote :

"based on the performance of the MPS system in this instance, we have no hesitation in recommending it as an effective long-term means of preventing water ingress, reducing humidity levels and preserving the condition of concrete in new-build or existing underground structures"

while Swire Properties wrote :

"we are of the opinion that the MPS Waterproofing System is a practical solution to address water seepage problem at basement(s)"

In the meantime, we are grateful to the MTR, Henderson Land, Swire Properties and others for giving us the opportunity to successfully introduce our MPS technological solution to water ingress.

Phillip Gray
Chairman

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