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HydroDec Group plc
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("Hydrodec" or the "Group")

Year-end 2011 trading update

The Board of Hydrodec Group plc (AIM: HYR), the clean-tech industrial oil re-refining group, is pleased to provide a year-end trading update and to announce the commencement of duties of the new Chief Executive, Ian Smale, together with David Robertson (Chief Operating Officer) and Lee Taylor (Head of Business Development) from today.

Trading conditions during the second half of 2011 saw a continuation of the favourable trend seen in the first half. As a result, the Group expects to report a significant increase in revenues for the full year 2011 compared with 2010. This growth was driven by higher pricing and improved gross margin as the Group benefitted from a diversification of its customer base and improved feedstock supplies. Sales volumes of the Group's premium quality SUPERFINE oils in the second half increased by 15 per cent. to 10.9 million litres compared with the first half (H1 2011: 9.5 million litres), leading to a slight increase in full year volumes to 20.3 million litres (FY 2010: 20.2 million litres). Year-end feedstock inventories were also higher compared with the end of 2010.

In an encouraging development, the Group has received a draft of the approval from the US Environmental Protection Agency (EPA) to treat polychlorinated biphenyl (PCB) contaminated used oil. Following agreement between Hydrodec and the EPA on the detailed terms of this document, the final approval process will commence with a public notice and 30-day public comment period and, according to the current timetable, it should be complete around the middle of the year. EPA approval will enable Hydrodec for the first time to receive and reprocess high-level PCB-contaminated transformer oil in the US, thereby providing access to certain feedstock supplies at lower, or negative, cost, and offering suppliers a "one-stop shop" and environmentally-friendly solution for their used transformer oil.

Progress continues in Japan with the appointment of an experienced President of the Group's local operations who will represent Hydrodec within the Japanese joint venture with Kobelco Eco-Solutions. The detailed designs for the first plant are almost complete and commercial negotiations are progressing in respect of feedstock commitments. The Board is confident that the gross margin, in addition to the sales

price of the finished transformer oil (current market price in Japan exceeds US\$1.00 per litre), will include a fee for receiving the contaminated oil. The required planning approvals are taking longer than planned and construction of the plant will now start in 2012. As a result, plant operations are now expected to commence in the first half of 2013.

Neil Gaskell, Chairman, said: "We welcome Ian Smale to Hydrodec at an exciting time for the Group following a year of solid operational progress. With the significant increase in full year revenues and margins in 2011, long-awaited progress with the US EPA approval, together with our planned expansion into Japan, we look forward to continued growth in 2012 and beyond."

The Group expects to release its audited results for the year ended 31 December, 2011 in April.

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Notes to Editors:

The Group's technology is a proven highly efficient oil re-refining and chemical process which was initially targeted at the multi-billion US\$ market for transformer oil used by the world's electricity industry and now supplies oil to several other industries. The Group takes spent transformer oil, including polychlorinated biphenyl ("PCB") contaminated oil, as the primary feedstock, which is then processed at its two plants enabling 99 per cent or greater recovery of oil for reuse while also eliminating PCBs, a toxic additive banned under international regulations, without environmentally harmful emissions.

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