

27 May 2010

Hydrodec Group plc
(“Hydrodec” or the “Company”)

Trading Update

The Chairman of Hydrodec Group plc, the cleantech industrial oil refining group (AIM:HYR), will make the following statement at the Annual General Meeting of the Company which will be held later today.

Sales volumes continue to increase following a difficult first quarter as market acceptance of the SUPERfine product gains momentum. The Company has recently taken its first orders from a new US customer, which is a major original equipment manufacturer. The order followed rigorous testing by the customer whose independent validation of SUPERfine’s performance as a leading, high specification transformer oil is considered an important breakthrough in terms of further developing the customer portfolio across the sector.

US market conditions continue to stabilise with more balanced supply and demand in the base oil market generally. Performance in Australia has strengthened measurably. The availability of feedstock continues to improve from the tight supply experienced earlier in the year and as a result the improvement in the Company’s margins since the start of the year has been maintained.

These performance improvements, together with the measures taken by the Company after its announcement of 23 March, have contributed to an improved working capital position. The Board now expects that, on current market conditions and expected sales volumes, the Company will have adequate working capital for the financial year and beyond.

The Japanese strategic alliance with Kobelco Eco Solutions continues to make steady progress. The approval of the Japanese patent office to the re-registration of the Japanese patent in the name of Hydrodec from CSIRO, the original patent holder, has now been received. The first Japanese site has now been selected and local government approvals are well advanced. A second site, for a further Canton-size plant, has also been identified.

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