

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your shares in the Company, please immediately forward this document together with the accompanying Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold only part of your holding of shares in the Company, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document should be read in conjunction with the Notice of Annual General Meeting set out at the end of this document.

Hydrodec Group plc

*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered number 05188355)*

NOTICE OF ANNUAL GENERAL MEETING

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company, which is set out on pages 4 to 5 of this document and which recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting.

Notice of the Annual General Meeting of the Company to be held at the offices of Pinsent Masons LLP at CityPoint, One Ropemaker Street, London EC2Y 9AH on at 4.00 p.m. on Tuesday 28 July 2009 is set out at the end of this document. Shareholders are requested to return the enclosed Form of Proxy for use in connection with the Annual General Meeting which, to be valid, must be completed and returned in accordance with the instructions printed thereon so as to be received as soon as possible by the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU and in any event no later than 4.00 p.m. on 26 July 2009. Completion and return of a Form of Proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting if they so wish.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	4.00 p.m. on 26 July 2009
Annual General Meeting	4.00 p.m. on 28 July 2009

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Annual General Meeting”	the annual general meeting of the Company to be held on 28 July 2009
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“CREST Regulations”	the uncertificated securities Regulations 2001 (SI2001/3755)
“Directors” or “Board”	the directors of the Company whose names are set out on page 4 of this document
“Form of Proxy”	the form of proxy for use in connection with the Annual General Meeting which accompanies this document
“Issued Voting Shares”	the Ordinary Shares in issue from time to time, after deduction of the Treasury Shares
“Notice of Annual General Meeting”	the notice convening the Annual General Meeting which is set out on pages 6 and 7 of this document
“Ordinary Shares”	ordinary shares of 0.5 pence each in the capital of the Company
“Resolutions”	the resolutions set out in the Notice of Annual General Meeting
“Shareholders”	holders of Ordinary Shares
“Treasury Shares”	the 56,673,333 Ordinary Shares which are now held by a member of the Group and in respect of which votes may not be cast at a general meeting of the Company

LETTER FROM THE CHAIRMAN

Hydrodec Group plc

*(Incorporated and registered in England and Wales
under the Companies Act 1985 with registered no.05188355)*

Directors:

John Gunn (Chairman)
Neil Gaskell (Non-Executive Deputy Chairman)
Mark McNamara (Chief Executive Officer)
John Dickson (Finance Director)
John Cowan (Chief Marketing Officer)
Rodger Sargent (Non-Executive Director)
Gillian Leates (Non-Executive Director)

Registered Office:

6th Floor
80 Cannon Street
London
EC4N 6HL

29 June 2009

*To Shareholders and, for information only, participants in the Company's
share option schemes and holders of loan notes*

Dear Shareholder,

Set out on pages 6 and 7 of this document is a notice convening the Annual General Meeting to be held on 28 July 2009 at 4.00 p.m. at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH at which the Resolutions will be proposed. The Resolutions to be proposed at the Annual General Meeting are as follows:

Resolution 1

Resolution 1 is an ordinary resolution that the accounts and reports of the directors and of the auditors for the year ended 31 December 2008 be received and considered.

Resolution 2

Resolution 2 is an ordinary resolution to re-appoint Grant Thornton UK LLP as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the directors of the Company from time to time to fix their remuneration.

Resolutions 3 and 4

Article 92 of the Company's articles of association requires that one-third of the Directors who are subject to retirement by rotation retire from office. This year Rodger Sargent retires by rotation. Rodger Sargent is not standing for re-election.

Neil Gaskell and Gillian Leates, having each been appointed since the last annual general meeting of the Company also retire at this Annual General Meeting as required by article 87 of the articles of association. They are each standing for re-election as Directors.

Resolutions 3 and 4, which are ordinary resolutions, will be considered separately as required by the Companies Act 2006.

Resolution 5

Resolution 5 is a special resolution. The Company is seeking authority to purchase up to 32,188,500 Ordinary Shares in aggregate which represents approximately 10% of the Company's current issued share capital. The Company has no current plans to exercise this right, if granted, but would like to have the authority to do so should the Board consider it appropriate. The parameters within which the Board would exercise such a right include not paying more than 5 per cent. above the average mid-market price for Ordinary Shares for the five business days immediately preceding the date of purchase. The authority will subsist until the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of the passing of this Resolution, unless such

authority has been previously revoked, varied or renewed by the Company in general meeting. The Company may, however, at any time prior to the expiry of such authority make a contract or contracts to purchase Ordinary Shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

Resolution 6

Resolution 6 is a special resolution. The Companies Act 2006 prohibits companies and their subsidiaries from making a political donation to a political party or other political organisation or to an independent election candidate or otherwise incurring political expenditure unless they have been authorised to do so by the relevant company's shareholders. The statutory definitions of "political organisations", "political donations" and "political expenditure" are wide. It includes organisations which carry on activities which are capable of being reasonably regarded as intended to affect public support for a political party or an independent election candidate in any EU member state or to influence voters in relation to any referendum in any EU member state.

Accordingly the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breach of this legislation through the undertaking of routine activities which would not normally be considered to result in the making of political donations or political expenditure. Neither the Company nor any of its subsidiaries has any present intention of making any particular donations or expenditure under the terms of this Resolution.

Action to be taken

A Form of Proxy for use at the Annual General Meeting accompanies this document. The Form of Proxy should be completed in accordance with the instructions thereon and returned to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event so as to be received by no later than 4.00 p.m. on 26 July 2009. The completion and return of a Form of Proxy will not preclude Shareholders from attending the Annual General Meeting and voting in person should they so wish.

Recommendation

The Directors consider the passing of the Resolutions to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the Annual General Meeting as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 5,877,500 Ordinary Shares, representing approximately 2.2 per cent. of the Issued Voting Shares as at the date of this document.

Yours sincerely

John Gunn
Chairman

NOTICE OF ANNUAL GENERAL MEETING

HYRODEC GROUP PLC (the "Company")

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered no. 05188355)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH on 28 July 2009 at 4.00 p.m. The business of the meeting will be to consider and, if thought fit, pass the following resolutions (the "Resolutions") of which Resolutions 1 to 4 (inclusive) will be proposed as ordinary resolutions of the Company and Resolutions 5 and 6 will be proposed as special resolutions of the Company:

As ordinary business:

1. To receive and consider the report of the Directors and the audited accounts of the Company for the year ended 31 December 2008 together with the report of the auditors thereon.
2. To re-appoint Grant Thornton UK LLP as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the directors of the Company from time to time to fix their remuneration.
3. To re-elect Gillian Leates, who was appointed since the last Annual General Meeting and retires in accordance with Article 87 of the Company's articles of association and who, being eligible, offers herself for re-election, as a director.
4. To re-elect Neil Gaskell, who was appointed since the last Annual General Meeting and retires in accordance with Article 87 of the Company's articles of association and who, being eligible, offers himself for re-election, as a director.

As special business:

5. That the Company be and is hereby generally and unconditionally authorised, pursuant to, and in accordance with, section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of section 163(3) of the Act) of its own ordinary shares of 0.5 pence each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the directors of the Company shall from time to time determine, provided that:
 - (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 32,188,500;
 - (b) the minimum price which may be paid for an Ordinary Share is its nominal value;
 - (c) the maximum price (exclusive of expenses payable by the Company) which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the closing mid-market price of such shares (as derived from London Stock Exchange plc) for the five business days immediately preceding the date of purchase;
 - (d) the authority hereby conferred shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of the passing of this Resolution, unless previously revoked, varied or renewed by the Company in general meeting; and
 - (e) the Company may at any time prior to the expiry of such authority make a contract or contracts to purchase Ordinary Shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

References in this Resolution to the Act, or to sections of the Act, shall, where the context requires and where appropriate, include references to the Companies Act 2006 and any corresponding or similar sections of that Act, it being the intention that, to the extent permitted by law, the authority contained in this resolution shall continue in full force and effect notwithstanding any repeal of the Act or any relevant part or section thereof.

6. That, in accordance with section 366 of the Companies Act 2006 (“CA 2006”), the Company and its subsidiaries are hereby authorised to:

- (i) make political donations to political organisations or independent election candidates, as defined in sections 363 and 364 of CA 2006, not exceeding £25,000 in total; and
- (ii) incur political expenditure, as defined in section 365 of CA 2006, not exceeding £25,000 in total,

during the period commencing on the date of this Resolution and ending on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of the passing of this Resolution.

By Order of the Board
John Dickson
Secretary

Registered office
6th Floor
80 Cannon Street
London EC4N 6HL

29 June 2009

NOTES:

1. A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote in that member's place. A member may appoint more than one proxy in relation to this meeting provided that each proxy is appointed to exercise rights attached to a different share or shares held by that member. A proxy need not also be a member. Completion and return of a Form of Proxy (or any CREST Proxy Instruction, as described in notes 6 to 8) will not preclude a member from attending and voting at the meeting should the member so decide. A pre-paid Form of Proxy accompanies this notice. If you wish to appoint multiple proxies please photocopy the Form of Proxy, fill in each copy in respect of different shares and send the multiple forms together to the Company's registrars, Capita Registrars in accordance with note 2 below. Alternatively you may appoint multiple proxies by CREST Proxy Instruction in accordance with note 6 below.
2. To be valid, the enclosed Form of Proxy and the Power of Attorney or other authority (if any) under which it is signed (or a copy certified notarially, or in some other manner approved by the Board) must be completed and returned so as to reach the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 4.00 p.m. on 26 July 2009 (or, if the meeting is adjourned, not less than 48 hours before the time fixed for the holding of the adjourned meeting).
3. In the event that a poll is demanded at the meeting, and such poll is to be taken more than 48 hours thereafter, the enclosed Form of Proxy (together with any documents of authority required by note 2) may be returned to the Company's registrars, Capita Registrars at the address in note 2 above so as to arrive not later than 24 hours before the time appointed for such poll. In the event that a poll is demanded at the meeting, and such poll is not taken at the meeting, but is taken less than 48 hours after the meeting, the enclosed Form of Proxy (together with any documents of authority required by note 2) may be delivered at the meeting to the chairman of the meeting or to the secretary or any director of the Company.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes a member may cast), members must be entered on the Register of Members of the Company by 6.00 p.m. on 26 July 2009.
5. In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy, but the vote of the senior (by order in the register of members) who tenders a vote will be accepted to the exclusion of the others.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent (ID RA10 by the latest time for proxy appointments set out in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

Hydrodec Group plc

FORM OF PROXY

Form of proxy for use by holders of ordinary shares of 0.5 pence each in the capital of Hydrodec Group plc (the "Company") at the Annual General Meeting (the "Meeting") to be held at the offices of Pinsent Masons LLP at CityPoint, One Ropemaker Street, London EC2Y 9AH at 4.00 p.m. on 28 July 2009

I/We.....

of.....

being a member/members of the Company entitled to receive notice, attend and vote at general meetings of the Company, hereby appoint the Chairman of the Meeting (Note 1)

..... as my/our proxy to vote for me/us and on my/our behalf at the Meeting and at any adjournment thereof in relation to the resolutions specified in the Notice of the Meeting dated 29 June 2009 (the "Resolutions") and any other business (including adjournments and amendments to the Resolutions) which may properly come before the Meeting or any adjournment thereof.

Please tick here if this proxy appointment is one of multiple appointments made (Note 3).

Enter the number of shares in relation to which your proxy is authorised or leave the box blank to authorise your proxy to act in relation to your full voting entitlement (Note 3).

I/We direct my/our proxy to vote as follows in respect of the Resolutions (Note 2):

ORDINARY RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. To receive the accounts and reports of the directors and the auditors for the financial year ended 31 December 2008			
2. To re-appoint Grant Thornton UK LLP as auditors of the Company and to authorise the directors to fix their remuneration			
3. To re-elect Gillian Leates as a director of the Company			
4. To re-elect Neil Gaskell as a director of the Company			
SPECIAL RESOLUTIONS			
5. To authorise the Company to make market purchases of its own shares in the capital of the Company			
6. To authorise the Company and its subsidiaries to make political donations and incur political expenditure			

In the absence of instructions the proxy is authorised to vote (or abstain from voting) on the Resolutions at his or her discretion. The proxy is also authorised to vote (or abstain from voting) on any other business which may properly come before the Meeting.

Signed.....Dated.....2009

NOTES:

1. A member wishing to appoint someone other than the Chairman of the Meeting as his or her proxy (who need not be a member of the Company) should insert that person's name in the space provided in substitution for the reference to "the Chairman of the Meeting" and initial the alteration.
2. Please indicate by inserting an "X" under "FOR" or "AGAINST" or "ABSTAIN" how you wish your vote to be cast on the Resolutions. On receipt of this Form of Proxy duly signed but without any specific directions as to how you wish your vote to be cast, you will be considered to have authorised the proxy to vote or abstain at his or her discretion on the Resolutions and any other matter which may properly come before the Meeting. It should be noted that a vote to abstain is not a vote in law and will not be counted in the determination of the votes "FOR" or "AGAINST".
3. A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in that member's place. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise rights attached to a different share or shares held by that member. A proxy need not also be a member. Completion and return of this Form of Proxy will not preclude a member from attending and voting at the meeting should the member so decide. If you wish to appoint multiple proxies please photocopy this Form of Proxy, fill in each copy in respect of different shares and send the multiple forms together to the Company's registrars, Capita Registrars in accordance with note 4 below. Please indicate if the proxy instruction is one of multiple instructions being given and, if so, the number of shares which are to be included within the authority to your proxy.
4. To be valid, this Form of Proxy and the Power of Attorney or other authority (if any) under which it is signed (or a copy certified notari ally, or in some other manner approved by the Board) must be completed and returned so as to reach the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 4.00 p.m. on 26 July 2009 (or, if the meeting is adjourned, not less than 48 hours before the time fixed for the holding of the adjourned meeting).
5. In the event that a poll is demanded at the meeting, and such poll is to be taken more than 48 hours thereafter, this Form of Proxy (together with any documents of authority required by note 4) may be returned to the Company's registrars, Capita Registrars at the address in note 4 above so as to arrive not later than 24 hours before the time appointed for such poll. In the event that a poll is demanded at the meeting, and such poll is not taken at the meeting, but is taken less than 48 hours after the meeting, this Form of Proxy (together with any documents of authority required by note 4) may be delivered at the meeting to the chairman of the meeting or to the secretary or any director of the Company.
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes a member may cast), members must be entered on the Register of Members of the Company by 6.00 p.m. on 26 July 2009.
7. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the senior (by order in the register of members) who tenders a vote will be accepted to the exclusion of the others. In the case of a corporation, this Form of Proxy must be under the common seal or signed by an officer or attorney duly authorised in writing.
8. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

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BUSINESS REPLY SERVICE
Licence No. MB 122

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**Capita Registrars
Hydrodec Group Plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4BR**

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First Fold