

Hydrodec Group plc
(the “Company”)

Trading Update

The Board of the Company is pleased to provide the following trading update.

Highlights

- Record quarterly SUPERfine sales for Q4 2009 of 4.4m litres
- Plants operated well and margins improved gradually during the quarter
- Approval of Hydrodec technology by Japanese Environment Ministry

As anticipated in the Company’s announcement of 15 December 2009, sales of SUPERfine continued to increase in the fourth quarter of 2009 (4.4m litres), significantly exceeding those of the third quarter (3.7m litres). Production in the fourth quarter continued to comfortably meet demand and also exceeded that of the third quarter. The Board remain confident that sales volumes will continue to increase in the first quarter of 2010 based largely on the planned level of contracted off-take of c.19m litres for 2010.

Although the majority of sales in December continued to be subject to a prevailing soft spot market, margins continued to show steady improvement. As previously reported, the Company anticipates making a substantial proportion of its sales in 2010 under contracted off-take arrangements with utilities and original equipment manufacturers and to reduce correspondingly its exposure to the spot market.

Following the successful close of the placing of new ordinary shares announced on 15 December 2009, the Company is in the process of building additional stocks of feedstock and finished product to meet anticipated increased demand.

As announced on 13 January, the technical committee of the Waste Management Foundation, on behalf of the Japanese Environment Ministry, has granted national approval for the use of the Hydrodec technology in Japan for the treatment of PCB contaminated transformer oils. The focus therefore moves to finalising site selection from among several potential sites currently under investigation and the formal application for approval to build and operate the first plant.

The Chairman of the Board, Neil Gaskell, commented: “I am very pleased that performance has continued to improve in the fourth quarter of 2009 and the Company is well placed to take advantage of hopefully improving market conditions in 2010.”

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