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Virotec International PLC
07 May 2008

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7 May 2008

RECOMMENDED ACQUISITION

by

Hydrodec Group plc ("Hydrodec")

of

Virotec International plc ("Virotec")

to be effected
by means of a scheme of arrangement
under sections 895 to 901 of the Companies Act 2006

Summary

• The Hydrodec Independent Directors and the Virotec Independent Directors are pleased to announce that they have reached agreement on the terms of a recommended acquisition of the entire issued and to be issued share capital of Virotec by Hydrodec. The Acquisition is to be effected by way of a scheme of arrangement under sections 895 to 901 of the 2006 Act (the "Scheme").

• Under the terms of the Acquisition Virotec Shareholders (other than Restricted Overseas Persons) will be entitled to receive:

For every Virotec Share held	13 pence in cash
(up to a maximum of 20,000 Virotec Shares)	(up to a maximum aggregate amount of £2,600)

And thereafter,

for every 3.75 Virotec Shares held	1 New Hydrodec Share
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• The consideration under the Scheme is arranged such that the amount due in respect of the first 20,000 Virotec Shares held by each Virotec Shareholder is payable in cash. However, a Share Alternative will be made available to all Virotec Shareholders (other than Restricted Overseas Persons) who may elect, subject to certain limitations and conditions, to receive New Hydrodec Shares in lieu of the Cash Consideration to which they would otherwise be entitled pursuant to the Scheme.

• Based on the Closing Price of 54.75 pence per Hydrodec Share on 6 May 2008 (being the last Business Day prior to this announcement), the Acquisition (assuming that all Virotec Shareholders validly elect to receive the Share Alternative) values each Virotec Share at approximately 14.6 pence and the

entire issued share capital of Virotec at approximately £38.57 million.

- The consideration payable under the Scheme values Virotec:

(i) in respect of Virotec Shareholders who receive all of their consideration in cash, at a premium of approximately:

- 89.1 per cent. to the Closing Price of 6.875 pence per Virotec Share on 2 April 2008 (being the last business day prior to Hydrodec notifying Virotec that it had acquired Virotec Shares); and

- 57.4 per cent. to 8.258 pence per Virotec Share being the average Closing Price for the last 30 days trading before 2 April 2008;

(ii) in respect of Virotec Shareholders who receive all of their consideration in New Hydrodec Shares, at a premium of approximately:

- 112.4 per cent. to the Closing Price of 6.875 pence per Virotec Share on 2 April 2008 (being the last business day prior to Hydrodec notifying Virotec that it had acquired Virotec Shares); and

- 76.8 per cent. to 8.258 pence per Virotec Share being the average Closing Price for the last 30 days trading before 2 April 2008.

- Subject to the Scheme becoming Effective, the consent of Hydrodec Shareholders to the Hydrodec Resolutions being obtained at the Hydrodec General Meeting and the consent of Virotec Shareholders being obtained at the General Meeting, it is proposed that the Executive Directors acquire for AUD\$1 the entire share capital of the Operating Businesses of the Virotec Group.

- Virotec owns 54.5 million shares in Hydrodec, representing approximately 26.7 per cent. of Hydrodec's issued share capital, assuming completion of the Placing. Hydrodec intends to utilise these shares to satisfy allotments of new Hydrodec Shares in respect of the exercise of options under the existing Hydrodec option scheme and/or the conversion of the Hydrodec Convertible Loan Notes. The Hydrodec Convertible Loan Notes are not listed and are, in aggregate, convertible into approximately 72.63 million new Hydrodec Shares.

- The Virotec Independent Directors, who have been advised by Arden, consider that the terms of the Acquisition are fair and reasonable and intend unanimously to recommend the Acquisition to Virotec Shareholders. In providing their advice, Arden has relied upon the commercial assessments of the Virotec Independent Directors.

- The Virotec Independent Directors and Justin Seager, who have been advised by Arden, consider that the terms of the Disposal are fair and reasonable in the context of the Acquisition so far as the Virotec Shareholders are concerned. In forming their advice Arden has relied upon the commercial assessments of the Virotec Independent Directors and Justin Seager.

- Irrevocable undertakings to vote (or procure the vote) in favour of the Scheme at the Court Meeting (or, if requested by Hydrodec to execute an agreement consenting to and undertaking to the Court to be bound by the Scheme) and the resolutions to be proposed at the General Meeting (other than as set out below) have been received from the following holders of, in aggregate, 116,910,450 Virotec Shares representing approximately 44.26 per cent. of the existing issued ordinary share capital of Virotec, being;

- the holders (other than Virotec Directors) of 96,516,117 Virotec Shares, representing approximately 36.54 per cent. of the existing issued ordinary share capital of Virotec;

- the Virotec Independent Directors and Justin Seager in respect of their own aggregate beneficial holdings of 1,901,300 Virotec Shares, representing (as at the date of this announcement) approximately 0.72 per cent. of the existing issued ordinary share capital of Virotec; and

- the Executive Directors in respect of their own aggregate beneficial holdings of 18,493,033 Virotec Shares, representing (as at the date of this announcement) approximately 7.00 per cent. of the existing issued ordinary share capital of Virotec. The Executive Directors will not vote on the resolution at the General Meeting relating to the Disposal.

- In addition to the irrevocable undertakings, Hydrodec and persons acting or deemed to be acting in concert with Hydrodec hold in aggregate, 8,803,998 Virotec Shares representing 3.33 per cent. of the existing issued share capital of Virotec, although these shares will not be available to be voted at the Court Meeting.

- It is expected that the Scheme Document, containing further details of the Acquisition and Disposal, will be dispatched on or around 12 May 2008 and that the Scheme will become effective on, or shortly after, 25 June 2008, subject, inter alia, to the satisfaction of the conditions set out in Appendix I to this announcement and to be set out in the Scheme Document.

- Brian Sheeran and Bruno Bamonte, currently non-executive directors of Hydrodec, have agreed to step down from the board of Hydrodec upon the Scheme becoming Effective.

- Hydrodec is being advised by Ludgate and Numis and Virotec is being advised by Arden.

Commenting on the Acquisition, John Gunn, Chairman of Hydrodec Group plc, said:

"The Acquisition will enable Virotec Shareholders to participate directly in Hydrodec's future growth potential. It will create a broader shareholder base for the enlarged group and will have a substantial benefit on the future profit margins of Hydrodec as the Hydrodec Board seeks to deliver on its plans for creating a major international oil services company."

Commenting on the Acquisition and Disposal, John Glynn, on behalf of the independent non-executive directors of Virotec International plc, said:

"The Acquisition represents an opportunity for Virotec Shareholders to receive a significant premium to the share price prior to the announcement of share purchases by Hydrodec. The Scheme also provides Virotec Shareholders with a direct investment in the fast developing Hydrodec business as well as giving a cash exit for smaller shareholders who might otherwise be constrained by dealing costs."

This summary should be read in conjunction with, and is subject to, the full text of this announcement and the Appendices to this announcement. Appendix I contains the conditions to, and certain further terms of, the Acquisition and the Scheme. Appendix II contains further details of the bases and sources of information contained in this announcement. Appendix III contains further details relating to the irrevocable undertakings received by Hydrodec and Appendix IV contains definitions of certain expressions used in this summary and in this announcement.

Ludgate and Numis are acting exclusively as financial adviser to Hydrodec. Numis is also NOMAD and corporate broker to Hydrodec.

Arden is acting exclusively as financial adviser and corporate broker to Virotec in respect of the Acquisition. Arden is also NOMAD to Virotec.

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This announcement is not intended to, and does not, constitute, or form part of, any offer to sell or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. Any decision in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Document, Forms of Proxy and Form of Election or any other document by which the proposals of the Acquisition are made, which will include the full terms and conditions of the Acquisition.

Virotec and Hydrodec encourage Virotec Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition. The proposals of the Acquisition will be made solely through the Scheme Document.

Ludgate, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Hydrodec and no-one else in connection with the Acquisition and will not be responsible to anyone other than Hydrodec for providing the protections afforded to customers of Ludgate or for providing advice in relation to the Acquisition or any other matter referred to in this announcement.

Arden, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Virotec and no-one else in connection with the Acquisition and will not be responsible to anyone other than Virotec for providing the protections afforded to customers of Arden or for providing advice in relation to the Acquisition or any other matter referred to in this announcement.

Numis, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Hydrodec and no-one else in connection with the Acquisition and will not be responsible to anyone other than Hydrodec for providing the protections afforded to customers of Numis Securities Limited or for providing advice in relation to the Acquisition or any other matter referred to in this announcement.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons into whose possession this announcement comes should inform themselves about, and observe, any applicable restrictions or requirements. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction. This announcement has been prepared for the purposes of complying with the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the City Code or the laws and regulations of any jurisdiction other than England.

Persons in, or resident in, Australia should note that the Scheme is exempt from the requirement to issue a prospectus under the provisions of Parts 6D.2 and 6D.3 and sections 1012A, 1012B and 1012C of the Corporations Act 2001 of Australia (Cth), pursuant to the provisions of the Australian Securities and Investments Commission (ASIC) Class Order 07/9 ("Prospectus relief for foreign schemes of arrangement and PDS relief for Pt 5.1 schemes and foreign schemes of arrangement"). ASIC Class Order 07/9 provides that where securities are offered for issue under a scheme of arrangement which is between a foreign company and its members and regulated under a law that is in force in an 'eligible foreign country' (which includes the United Kingdom) the issuer is exempt from the requirement to prepare a prospectus under the Corporations Act 2001 (Cth).

US Persons should note that the Scheme relates to the shares of a UK company and will be governed by English law. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Scheme. Moreover, the Scheme will be subject to the relevant disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this announcement and the Scheme Document has been or will have been prepared in accordance with accounting standards applicable in the UK that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The New Hydrodec Shares that may be issued pursuant to the Scheme have not been and will not be registered under the US Securities Act or under the relevant securities laws of any state, district, territory or other jurisdiction of the United States. Accordingly, New Hydrodec Shares may not be offered or sold in the United States, except in an offer not subject to, or in reliance on an exemption from, the registration requirements of the US Securities Act and such state securities laws.

Any New Hydrodec Shares which may be issued pursuant to the Scheme have not been and will not be registered under the relevant securities laws of the US, Canada, Australia, New Zealand, Republic of Ireland or Japan and no regulatory clearances in respect of the New Hydrodec Shares have been, or will be, applied for in any jurisdiction. In particular, any relevant clearances and registrations have not been, and will not be, obtained from the securities commission of any province of Canada and no prospectus in relation to the New Hydrodec Shares has been, or will be, lodged with, or registered with, the Australian Securities and Investments Commission, the Registrar of Companies in New Zealand or the Japanese Ministry of Finance. Accordingly, unless otherwise determined by Hydrodec and permitted by applicable law and regulation, the New Hydrodec Shares may not be, offered, sold, resold, transferred, delivered or distributed, directly or indirectly in or into the US, Canada, Australia, New Zealand, Republic of Ireland or Japan or any other jurisdiction where to do so would violate the laws of that jurisdiction or would require registration or clearance thereof in such jurisdiction.

No listing authority or equivalent has reviewed, approved or disapproved of this announcement or any of the proposals described in this announcement.

Virotec confirms that as at the close of business on 6 May 2008 it had 264,168,231 ordinary shares of 1 penny each in issue. The International Securities Identification Number (ISIN) for Virotec's ordinary shares is GB00B15PVR02.

Hydrodec confirms that as at the close of business on 6 May 2008 it had 193,845,402 ordinary shares of 0.5 pence each in issue. The International Securities Identification Number (ISIN) for Hydrodec's ordinary shares is GB00B02FJF09.

Forward Looking Statements

This announcement includes statements that are, or may be deemed to be, 'forward looking statements' that are based on current expectations or beliefs, as well

as assumptions about future events. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'anticipates', 'targets', 'aims', 'continues', 'expects', 'intends', 'hopes', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this announcement and include statements regarding the directors of Hydrodec's intentions, beliefs or current expectations concerning, amongst other things, Hydrodec's and/or Virotec's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which Hydrodec and Virotec operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this announcement based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the AIM Rules or other applicable legislation or regulation, none of Hydrodec, Virotec, Numis, Ludgate or Arden undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Undue reliance should not be placed on forward-looking statements, which speak only as of the date of this announcement.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

Profit Forecasts

Nothing in this announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per New Hydrodec Share for the current or future financial years, or those of the combined group, will necessarily match or exceed the historical published earnings per Hydrodec Share or Virotec Share.

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7 May 2008

RECOMMENDED ACQUISITION

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Virotec International plc

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by means of a scheme of arrangement

under sections 895 to 901 of the Companies Act 2006

1. Introduction

The Independent Directors of Hydrodec Group Plc ("Hydrodec") and the Independent Directors of Virotec International Plc ("Virotec") are pleased to announce that they have reached agreement on the terms of a recommended acquisition of the entire issued and to be issued share capital of Virotec by Hydrodec.

2. Terms of the Acquisition

The Acquisition will be effected by means of a scheme of arrangement between Virotec and the Virotec Shareholders pursuant to sections 895 to 901 of the 2006 Act. The Acquisition is conditional on the Scheme becoming Effective, the consent of Hydrodec Shareholders to the Hydrodec Resolutions being obtained at the Hydrodec General Meeting and the consent of the Virotec Shareholders to the Disposal being obtained at the General Meeting. The Scheme requires, inter alia, the approval of Virotec Shareholders at the Court Meeting and the General Meeting and the sanction of the Court, to become Effective.

Virotec Shareholders (other than Restricted Overseas Persons) will be entitled to receive:

For every Virotec Share held	13 pence in cash
(up to a maximum of 20,000 Virotec Shares)	(up to a maximum aggregate amount of £2,600)

And thereafter,

for every 3.75 Virotec Shares held	1 New Hydrodec Share
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Based on the Closing Price of 54.75 pence per Hydrodec Share on 6 May 2008 (being the last business day prior to this announcement), the Acquisition (assuming that all Virotec Shareholders validly elect to receive the Share Alternative) values each Virotec Share at approximately 14.6 pence and the entire issued share capital of Virotec at approximately £38.57 million.

The consideration payable under the Scheme values Virotec:

(i) in respect of Virotec Shareholders who receive all of their consideration in cash, at a premium of approximately:

- 89.1 per cent. to the Closing Price of 6.875 pence per Virotec Share on 2 April 2008 (being the last business day prior to Hydrodec notifying Virotec that it had acquired Virotec Shares); and

- 57.4 per cent. to 8.258 pence per Virotec Share being the average Closing Price for the last 30 days trading before 2 April 2008;

(ii) in respect of Virotec Shareholders who receive all of their consideration in New Hydrodec Shares, at a premium of approximately:

- 112.4 per cent. to the Closing Price of 6.875 pence per Virotec Share on 2 April 2008 (being the last business day prior to Hydrodec notifying Virotec that it had acquired Virotec Shares); and

- 76.8 per cent. to 8.258 pence per Virotec Share being the average Closing Price for the last 30 days trading before 2 April 2008.

The consideration under the Scheme is arranged such that the amount due in respect of the first 20,000 Virotec Shares held by each Virotec Shareholder is payable in cash. However, a Share Alternative will be made available to Virotec Shareholders (other than Restricted Overseas Persons) who may elect, subject to certain limitations and conditions, to receive New Hydrodec Shares in lieu of the Cash Consideration to which they would otherwise be entitled pursuant to the Scheme. Satisfaction of elections under the Share Alternative will be effected on the basis of one New Hydrodec Share for every 3.75 Virotec Shares.

Restricted Overseas Persons shall not be entitled to receive New Hydrodec Shares and shall not be eligible to elect for the Share Alternative. Restricted Overseas Persons will receive a cash payment of 13 pence per Virotec Share.

Virotec currently has 4,860,000 options outstanding, the exercise prices of which range between 20 and 40 pence per share. All holders of options are to be offered a cash payment of 1 penny per share to which they would otherwise be entitled, under the options for the cancellation and surrender of such options. Full acceptance of this offer would require the payment by Hydrodec of the cash sum of £48,600.

Virotec also has a Short Term Incentive Plan ("STIP") under the terms of which the Executive Directors are due to be allotted an aggregate of 5,041,264 Virotec Shares, and a Long Term Incentive Plan ("LTIP") under which they are due to be allotted further Virotec Shares. The Executive Directors have agreed, subject to completion of the Scheme and the Disposal, to waive all their rights under the LTIP and STIP in return for an aggregate cash payment of approximately £605,000, which will be payable over six months in equal monthly instalments.

Virotec owns 54.5 million shares in Hydrodec, representing approximately 26.7 per cent. of Hydrodec's issued share capital, assuming completion of the Placing. Hydrodec intends to utilise these shares to satisfy, in part, allotments of new Hydrodec Shares in respect of options under the existing Hydrodec option scheme and the Hydrodec Convertible Loan Notes. The Hydrodec Convertible Loan Notes are not listed and are, in aggregate, convertible into approximately 72.63 million new Hydrodec Shares.

The New Hydrodec Shares to be issued under the Scheme will be allotted and issued credited as fully paid. An application will be made for the admission of the New Hydrodec Shares to trading on AIM. The New Hydrodec Shares will rank pari passu in all respects with the Hydrodec Shares in issue at the time such New Hydrodec Shares are allotted and issued, including the right to receive and retain dividends and other distributions declared, made or paid after the Effective Date.

The Virotec admission document dated 1 August 2006 indicated that Virotec was subject to the provisions of the City Code. As a result of changes that have taken place since then, the Panel now considers that the place of central management and control of Virotec is located outside the UK, the Channel Islands or the Isle of Man and has therefore confirmed that Virotec is no longer within the jurisdiction of the City Code. The Panel is not, as a result, regulating the Acquisition.

The Acquisition will be subject to the Conditions and certain further terms set out in Appendix I to this announcement and to be set out or referred to in the Scheme Document, Forms of Proxy, Form of Election and any other document by which the proposals of the Acquisition are made.

which in turn will benefit Virotec Shareholders that become holders of New Hydrodec Shares, as well as existing Hydrodec Shareholders.

Virotec has made substantial losses of AUD\$7.57 million (£3.57 million) and AUD \$13.37 million (£6.31 million) respectively in the six months ended 31 December 2006 and the year ended 31 December 2007. Despite, the award of the Nyrstar Hobart Pty Ltd contract which is expected to generate up to AUD\$3.5 million (£1.65 million) in revenue in 2008, there is no certainty that Virotec would record a profit for the current year or in the near future.

In December 2007, Virotec sold 5.5 million shares in Hydrodec to fund its near term requirements and the business is expected to require further funding to make its future secure. Furthermore, the major Virotec Shareholders have indicated that they would not support any further significant fundraisings in Virotec. As a result, the Directors of Virotec may need to make further sales of Hydrodec Shares, or other assets. The Acquisition will both remove this potential overhang in Hydrodec Shares and will broaden the shareholder base of the enlarged group.

5. The Disposal

The Operating Businesses comprise environmental remediation services for the mining, agriculture and aquaculture industries, applications for the treatment of water and waste-water and services relating to the treatment of alumina refinery residue.

These businesses have to date been consistently loss making and cash consuming. Whilst Virotec has recently announced a significant contract to supply solid waste treatment services to Nyrstar Hobart Pty Ltd which is expected to generate up to AUD\$3.5 million (£1.65 million) in revenue in 2008, there is no certainty that the Virotec Group will record a profit for the current year or in the near future.

The board of Hydrodec has informed Virotec that it intends to focus all of the enlarged Hydrodec Group's resources on the development of Hydrodec as a major international oil services company. Consequently, Virotec is proposing to sell and the Executive Directors are proposing to acquire the Operating Businesses, subject to the Scheme becoming Effective, Hydrodec Shareholders consenting to the Hydrodec Resolutions at the Hydrodec General Meeting and Virotec Shareholder consent being obtained in respect of the Disposal at the General Meeting.

The consideration for the Disposal will be the sum of AUD\$1 payable to Virotec in cash and the assumption of the liabilities of the Operating Businesses. The Operating Businesses reported combined operating losses of AUD\$6.43 million (£3.05 million) and AUD\$11.75 million (£5.54 million) and combined turnover of AUD\$1.47 million (£0.70 million) and AUD\$3.52 million (£1.66 million) respectively in the six months ended 31 December 2006 and the year ended 31 December 2007. The total liabilities and the total assets of the Operating Businesses were approximately AUD\$5.3 million (£2.5 million) and AUD\$7.9 million (£3.7 million) respectively, as at 31 December 2007.

Further information on the Virotec Group appears in Section 7 and further details of the Disposal will appear in the Scheme Document.

6. Information on Hydrodec

Hydrodec is a public company, whose shares are admitted to trading on AIM, with a market capitalisation of approximately £106.1 million based on the current issued share capital as at 6 May 2008 (the last dealing day prior to this announcement). Hydrodec's technology is an oil refining process that produces new speciality oils using spent transformer oil as the primary feedstock. The process also removes dangerous contaminants such as PCB's from oil and similar fluids.

Hydrodec reported revenues of approximately £0.8 million and £1.9 million with

an operating loss of £2.9 million and £2.3 million for the years ended 31 December 2006 and 2007 respectively.

Hydrodec is currently developing two new production facilities in the US. The first of these in Canton, Ohio received its first feedstock of transformer oil at the end of February 2008 and Hydrodec expects the plant to be fully operational early in the second half of 2008. Construction of the second production facility at Laurel, Mississippi, is due to start in the third quarter of 2008, with commercial operations commencing within a further twelve months. Each plant is expected to have a minimum production capacity per day in excess of 80,000 litres of Superfine™ transformer oil.

Superfine™ is continuing to receive considerable support from the Australian transformer industry. This includes an agreement with Schneider Electric, a key manufacturer of distribution transformers which supplies major power utilities across the country. Schneider Electric has targeted conditional allocation of up to 75 per cent. of its annual new transformer oil purchase in Australia to Superfine™. In addition Australian power utilities including the two largest electricity distribution companies in Victoria and Queensland, the largest electricity distributor in New South Wales and a major South Australian distribution utility have approved Superfine™ transformer oil for use in their new transformers.

The market feedback for Superfine™ in the USA is very positive and the recently announced purchase commitment by one of the largest purchasers of transformer oil in the US supports Hydrodec's expansion plans and shows the confidence of the US power industry in Hydrodec's Superfine™ product.

In addition to its encouraging progress in the US, Hydrodec is now looking to expand in Japan and Europe. In particular, Hydrodec has validated market data that confirms the competitiveness of its re-refining model in the Japanese market and has secured interest from key market players. Hydrodec expects that the Japanese market will comfortably support a Hydrodec production capacity in excess of 160,000 litres per day in the near future. In Europe, Hydrodec is investigating scope for further growth through Turkey, which is a major European transformer manufacturing centre and into which Hydrodec is already exporting from its plant in Australia.

The treatment of other spent or used speciality oils (e.g. hydraulic oils) for refining is being evaluated at the request of major producers and users in this sector. The directors of Hydrodec consider that the market opportunity for Hydrodec in these areas is many times the size of the transformer oil market. Hydrodec expects to reach a conclusion on the viability of these market sectors within twelve months.

7. Information on Virotec

Virotec provides environmental services in the following areas:

- Environmental Remediation - application developed for the mining, agricultural, fertiliser and aquaculture industries;
- Drinking Water, Wastewater and Solids Treatment - applications developed for the treatment of drinking water, wastewater from industrial sites and the sewage industry; and
- Other Services - services to the alumina industry relating to the treatment of refinery residue.

Operations are conducted in three geographical areas: (i) USA; (ii) Australia and Asia; and (iii) Europe.

Other than the Operating Businesses, Virotec: (i) owns the Reserve Shares which represent approximately 26.7 per cent. of the existing issued share capital of Hydrodec assuming completion of the Placing; (ii) is entitled to receive a 5 per cent. royalty payable on Hydrodec's sales derived from the use of its technology

; and (iii) owns 30 million shares in the capital of The Greenhouse Fund representing approximately 19.3 per cent. of the issued share capital of that company.

On 18 April 2008, Virotec announced its results for the year ended 31 December 2007 which showed revenues of AUD\$3.52 million (£1.66 million) compared with AUD\$1.57 million (£0.74 million) for six months ended 31 December 2006. The loss after tax for the year ended 31 December 2007 was AUD\$13.37 million (£6.32 million), compared to a loss of AUD\$7.57 million (£3.58 million) for the six months ended 31 December 2006.

Virotec's balance sheet disclosed net assets of AUD\$17.4 million (£8.21 million) with limited borrowings and significant investments in two listed companies (Hydrodec and The Greenhouse Fund). These are recorded at their book value in the balance sheet of AUD\$9.7 million (£4.58 million) whilst their current market value is in excess of AUD\$69.6 million (£32.8 million). The cash balance at the year end was AUD\$0.4 million (£0.2 million), but this does not include approximately AUD\$2.0 million (£0.94 million) relating to the sale of Hydrodec Shares in December 2007, which was received in January 2008.

In March 2008, Virotec announced a significant new contract to supply solid waste treatment services to Nyrstar Hobart Pty Ltd (formerly part of Zinifex Ltd) using its ViroFlow™ Technology. The contract is to treat mercurous filter cake and is expected to generate up to AUD\$3.5 million (£1.65 million) in revenue in 2008.

Following a restructuring, all US operations are now being managed directly by Dr Lee Fergusson on a much reduced headcount of five employees. The Directors believe the US operations are now both financially and operationally structured to resemble more closely Virotec's Australian operations.

8. Recommendations

The Virotec Independent Directors are John Glynn and David McConchie. The Executive Directors cannot be treated as independent directors of Virotec as they are directors of Hydrodec and are proposing to acquire the Operating Businesses from the Virotec Group under the Disposal. Justin Seager is interested in 1,000,000 Hydrodec Shares, representing approximately 0.51 per cent. of the issued share capital of Hydrodec prior to completion of the Placing and cannot therefore be treated as independent in relation to the Acquisition.

Accordingly, the Executive Directors and Justin Seager have absented themselves from the deliberations in connection with the Acquisition and a committee of the Board, comprising the Virotec Independent Directors has been established for the purpose of progressing and considering the terms of the Acquisition and making the recommendation in relation to the Acquisition. In addition, the Executive Directors have absented themselves from the deliberations in connection with the Disposal and a committee of the Board, comprising the Virotec Independent Directors and Justin Seager has been established for the purpose of progressing and considering the terms of the Disposal and making the recommendation in relation to the Disposal.

8.1 Recommendation of the Acquisition

The Virotec Independent Directors recommend the Acquisition to Virotec Shareholders. The Virotec Independent Directors recognise that the Acquisition represents an opportunity for Virotec Shareholders to realise a premium for their Virotec Shares and to receive shares in a larger company which the Virotec Independent Directors believe should have greater liquidity than Virotec Shares.

The Virotec Independent Directors believe that Hydrodec has a valuable technology which has been successfully exploited in Australia and which has demonstrated very substantial potential in the US by virtue of the advance

orders from its initial plant and the decision to proceed with a second facility. Other opportunities worldwide add to the attractive growth prospects of Hydrodec.

In coming to these views the Virotec Independent Directors have considered the following factors:

- the Virotec Operating Businesses have made substantial losses in the past three years and despite the recent award of the Nyrstar solid waste treatment contract, there is no certainty that Virotec would record a profit for the current year or in the near future;
- Virotec has raised approximately £18.43 million in aggregate from shareholders on four separate occasions since July 2001 and the business will require further funding to make its future secure. The major shareholders have indicated that they would not support a major fundraising. The alternative is to consider further sales of Hydrodec Shares, its holding in The Greenhouse Fund or other assets of the Virotec Group;
- the Hydrodec royalty arrangements entitle Virotec to a 5 per cent. share in relevant sales achieved by Hydrodec. Valuing such a stream of income is inherently uncertain and subjective. It is also the case that, to the extent that Virotec Shareholders become shareholders of Hydrodec, they will share in the enhanced profitability of Hydrodec arising from the cancellation of the royalty. Nevertheless the value which the Virotec Independent Directors calculate has been attributed to the royalty is at the lower end of their views of its valuation;
- Virotec Shareholders with holdings of less than 20,000 Virotec Shares will be entitled to receive cash in respect of their holding thus providing a cost-effective exit for such shareholders at a significant premium to the price prior to the announcement of an approach for the Company; and
- 44.26 per cent. of shareholders in Virotec have provided irrevocable undertakings to vote (or procure the vote) in favour of the Scheme at the Court Meeting (or, if requested by Hydrodec to execute an agreement consenting to and undertaking to the Court to be bound by the Scheme) and the resolutions to be proposed at the General Meeting, save that the Executive Directors will not vote in the resolution to approve the Disposal.

Shareholders are being offered a cash price of 13 pence per share in respect of their holding up to a maximum of 20,000 Virotec Shares. The offer of 13 pence currently represents a lesser consideration than that being offered under the Share Alternative offer which, based on the Closing Price of Hydrodec of 54.75p on the last business day before the announcement of the Acquisition, valued each Virotec Share at 14.6 pence.

Whilst the cash offer is currently 11.0 per cent. lower than the Share Alternative, Virotec Shareholders should be aware that the share price of Hydrodec may increase or decrease in the period up to the conclusion of the Acquisition in which case this difference in consideration may increase or decrease, accordingly. Virotec Shareholders will need to be aware of the Hydrodec share price at the time when they make their election for cash or shares but should take into account the costs of any subsequent sale of their Hydrodec Shares in such a decision.

After considering the above factors, the Virotec Independent Directors, who have been advised by Arden Partners plc, consider the terms of the Acquisition to be fair and reasonable. In providing their advice Arden have relied upon the commercial assessments of the Virotec Independent Directors.

8.2 Recommendation in respect of the Disposal

The rationale and detail of the transaction involving the disposal of the Operating Businesses, which comprise all of the operating businesses of the Virotec Group, to the two Executive Directors are set out in Section 5 above.

This transaction requires the approval of Virotec Shareholders pursuant to Rule 15 of the AIM Rules and constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules. The Virotec Independent Directors and Justin Seager believe the following points to be relevant:

- although the Virotec Independent Directors and Justin Seager have considerable faith in the technology behind the Operating Businesses, they do not believe that it is practical to embark on a separate sales process within the timescale of the Acquisition proposal and there is no certainty of finding an alternative purchaser for such specialist businesses; and
- the Hydrodec management have made it clear that resources will not be made available to the Virotec's Operating Businesses as they intend to focus on the development of Hydrodec as a major international oil services company and hence an immediate sale is an important element of their proposals. The Virotec Independent Directors and Justin Seager recognise that the existing Virotec management are best placed to develop the businesses and are able to conclude an early completion of the transaction.

The Virotec Independent Directors and Justin Seager, who have been advised by Arden, believe the terms of the Disposal to be fair and reasonable in the context of the Acquisition so far as the Virotec Shareholders are concerned. In providing their advice Arden have relied upon the commercial assessments of the Virotec Independent Directors and Justin Seager.

9. Irrevocable Undertakings

Irrevocable undertakings to vote (or procure the vote) in favour of the Scheme at the Court Meeting (or, if requested by Hydrodec to execute an agreement consenting to and undertaking to the Court to be bound by the Scheme) and the resolutions to be proposed at the General Meeting (other than as set out below) have been received, in aggregate from the holders of 116,910,450 Virotec Shares representing approximately 44.26 per cent. of the existing issued ordinary share capital of Virotec, being:

- the holders (other than the Virotec Directors) of 96,516,117 Virotec Shares, representing approximately 36.54 per cent. of the existing issued ordinary share capital of Virotec;
- the Virotec Independent Directors and Justin Seager in respect of their own aggregate beneficial holdings of 1,901,300 Virotec Shares, representing (as at the date of this announcement) approximately 0.72 per cent. of the existing issued ordinary share capital of Virotec; and
- the Executive Directors in respect of their own aggregate beneficial holdings of 18,493,033 Virotec Shares, representing (as at the date of this announcement) approximately 7.00 per cent. of the existing issued ordinary share capital of Virotec. The Executive Directors will not vote on the resolution at the General Meeting relating to the Disposal.

The undertakings received from the Executive Directors will cease to be binding only if the Scheme lapses or is withdrawn (other than in connection with a switch to an Offer or if an Offer is announced within 21 Business Days of such lapse or withdrawal) or the Offer lapses or is withdrawn (other than in accordance with a switch to a Scheme). All other irrevocable undertakings will, subject to certain conditions, cease to be binding in circumstances where a third party offer is made on terms which represent an improvement of more than 10 per cent in the value of the consideration payable by Hydrodec.

Each of the Directors has irrevocably undertaken not to solicit, engage with, or provide any information relating to any competing acquisition for Virotec and to notify Hydrodec promptly of any approach he receives or becomes aware of in relation to such a competing acquisition (including providing details of the material terms) and to keep Hydrodec informed as to the progress of any such competing acquisition.

In addition to the irrevocable undertakings, Hydrodec and persons acting or deemed to be acting in concert with Hydrodec hold, in aggregate 8,803,998 Virotec Shares, representing 3.33 per cent. of the existing issued share capital of Virotec, although these shares will not be available to be voted at the Court Meeting. Further details of these shareholdings are set out in Section 14 below.

Further details of the irrevocable undertakings are set out in Appendix III to this announcement.

10. Management and Employees

In the event of the Acquisition and Disposal proceeding, the existing contractual and statutory employment rights, including pension rights, of all the employees of the Virotec Group will be safeguarded.

11 Financing of the Consideration

The Cash Consideration payable pursuant to the Acquisition will be provided by Hydrodec from its own cash resources, which will be increased by receipt of the proceeds of the Placing.

Ludgate is satisfied that sufficient resources are available to Hydrodec to satisfy in full the Cash Consideration payable pursuant to the Acquisition.

The maximum number of New Hydrodec Shares that would be issued as consideration for the Acquisition (assuming all Virotec Shareholders make a valid election for the Share Alternative) is 68,271,528, which represents 26.0 per cent. of the enlarged issued share capital of Hydrodec or 19.8 per cent. following conversion of all the Hydrodec Convertible Loan Notes and the completion of the Placing.

12. Structure of the Acquisition

It is intended that the Acquisition will be effected by means of a court-sanctioned scheme of arrangement between Virotec and the Scheme Shareholders under sections 895 to 901 of the 2006 Act.

The Scheme is subject to the Conditions and certain further terms referred to in Appendix I to this announcement and to be set out in the Scheme Document. In particular, to become Effective, the Scheme requires the approval of holders of Scheme Shares by the passing of a resolution at the Court Meeting. That resolution must be approved by a majority in number of the Scheme Shareholders present, entitled to vote and voting at the Court Meeting (or at any adjournment thereof), either in person or by proxy, representing not less than 75 per cent. in value of all Scheme Shares which are voted at the Court Meeting (or at any adjournment thereof). The holders of the Excluded Voting Shares will not be able to vote at this meeting, but will separately consent to and undertake to be bound by the Scheme in respect of their interests in Virotec Shares.

Implementation of the Scheme will also require the passing of certain resolutions to facilitate the Acquisition at the General Meeting, which will be held immediately after the Court Meeting.

Following the Meetings, the Scheme must be sanctioned and the Reduction confirmed by the Court, and will only become effective on delivery to the Registrar of Companies of a copy of the Order and the Order and the Minute being registered by the Registrar of Companies.

Upon the Scheme becoming Effective, it will be binding on all Virotec Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

The Acquisition is also conditional upon approval of the Disposal by Virotec Shareholders at the General Meeting and the passing of the Hydrodec Resolutions

at the Hydrodec General Meeting.

Further details of the Scheme, including the timetable for its implementation, will be set out in the Scheme Document which is expected to be posted to Virotec Shareholders on or around 12 May 2008.

13. Delisting and re-registration

Hydrodec intends to apply for cancellation of the admission of the Virotec Shares to trading on AIM and to re-register Virotec as a private company, either as part of the Scheme, or under the relevant provisions of the 2006 Act.

If the Acquisition is effected by way of an Offer and such Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Hydrodec intends to exercise its rights to acquire compulsorily the remaining Virotec Shares in respect of which the Offer has not been accepted.

14. Disclosure of interests in Virotec

Except as disclosed below, as at the close of business on 6 May 2008, being the latest practicable Business Day prior to the date of this announcement, neither Hydrodec nor any of the directors of Hydrodec, nor, so far as Hydrodec is aware, any person acting in concert with Hydrodec has: (i) any interest in or right to subscribe for any Virotec Shares, nor (ii) any short positions in respect of Virotec Shares (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor (iii) borrowed or lent any Virotec Shares (save for any borrowed shares which have been on-lent or sold):-

Name	Interest in Virotec Shares	Per cent. of issued share capital
Hydrodec Group plc	8,150,000	3.09%
Ludgate Investments Limited	253,998	0.10%
Non-executive directors of Ludgate Investments Limited:		
David Burton	200,000	0.08%
Trevor Cooke	200,000	0.08%
Brian Sheeran (a)(b)	10,947,540	4.14%
Bruno Bamonte (a)(b)	7,545,493	2.86%

Notes to table:

(a) Virotec's Executive Directors, Brian Sheeran and Bruno Bamonte, are included in the above table as a result of their being directors of Hydrodec, and have been excluded from discussions of both the Hydrodec and Virotec boards in respect of the Acquisition.

(b) Under the terms of the Virotec STIP and LTIP, the Executive Directors, Brian Sheeran and Bruno Bamonte are due to be allotted shares are not included in the above table. The Executive Directors have chosen to waive their rights under the STIP and LTIP in return for a cash payment - refer to Section 2.

15. Overseas Shareholders

Restricted Overseas Persons shall not be entitled to receive New Hydrodec Shares and shall not be eligible to elect for the Share Alternative. Restricted Overseas Persons will receive a cash payment of 13 pence per Virotec Share.

The ability of the Virotec Shareholders who are not resident in the United

Kingdom to receive the consideration resulting from the implementation of the Scheme may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Virotec Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

16. Implementation Agreement

Virotec and Hydrodec have entered into the Implementation Agreement which sets out, inter alia, various matters in relation to the implementation of the Scheme (or, if applicable, the Offer) the conduct of Virotec's business prior to the Effective Date or the lapse or withdrawal of the Acquisition, and a non-solicit undertaking.

Hydrodec also has the right, upon Virotec receiving details of a competing proposal, to match or better the value implied by that competing proposal by 5.00 p.m. on the third Business Day after being advised of such proposal. If Hydrodec announces a revised offer (whether by way of scheme of arrangement or otherwise) within such period, the Virotec Independent Directors have agreed that the Scheme or, if applicable, the Offer will continue to be the subject of a unanimous and unqualified recommendation by them.

Further information in relation to the Implementation Agreement will be set out in the Scheme Document.

17. General

The Acquisition will be subject to the Conditions and certain further terms set out in Appendix I and the further terms and conditions to be set out in the Scheme Document, the related Forms of Proxy, the Form of Election and any other document by which the proposals of the Acquisition are made.

The bases and sources of certain information contained in this announcement are set out in Appendix II. Details of the irrevocable undertakings received by Hydrodec are set out in Appendix III. Certain terms used in this announcement are defined in Appendix IV.

The Scheme will be governed by English law and will be subject to the applicable requirements of the AIM Rules.

The Scheme Document is expected to be posted to Virotec Shareholders on or around 12 May 2008 and the Scheme is expected to become Effective on or shortly after 25 June 2008.

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This announcement is not intended to, and does not, constitute, or form part of, any offer to sell or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. Any decision in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Document, Forms of Proxy, Form of Election and Hydrodec Circular or any other document by which the proposals of the Acquisition are made, which will include the full terms and conditions of the Acquisition.

Virotec and Hydrodec encourage Virotec Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition. The proposals of the Acquisition will be made solely through the Scheme Document.

Ludgate, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Hydrodec and no-one else in connection with the Acquisition and will not be responsible to anyone other than Hydrodec for providing the protections afforded to customers of Ludgate or for providing advice in relation to the Acquisition or any other matter referred to in this announcement.

Arden, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Virotec and no-one else in connection with the Acquisition and will not be responsible to anyone other than Virotec for providing the protections afforded to customers of Arden Partners plc or for providing advice in relation to the Acquisition or any other matter referred to in this announcement.

Numis, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Hydrodec and no-one else in connection with the Acquisition and will not be responsible to anyone other than Hydrodec for providing the protections afforded to customers of Numis Securities Limited or for providing advice in relation to the Acquisition or any other matter referred to in this announcement.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons into whose possession this announcement comes should inform themselves about, and observe, any applicable restrictions or requirements. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction. This announcement has been prepared for the purposes of complying with the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the City Code or the laws and regulations of any jurisdiction other than England.

Persons in, or resident in, Australia should note that the Scheme is exempt from the requirement to issue a prospectus under the provisions of Parts 6D.2 and 6D.3 and sections 1012A, 1012B and 1012C of the Corporations Act 2001 of Australia (Cth), pursuant to the provisions of the Australian Securities and Investments Commission (ASIC) Class Order 07/9 ("Prospectus relief for foreign schemes of arrangement and PDS relief for Pt 5.1 schemes and foreign schemes of arrangement"). ASIC Class Order 07/9 provides that where securities are offered for issue under a scheme of arrangement which is between a foreign company and its members and regulated under a law that is in force in an 'eligible foreign country' (which includes the United Kingdom) the issuer is exempt from the requirement to prepare a prospectus under the Corporations Act 2001 (Cth).

US Persons should note that the Scheme relates to the shares of a UK company and will be governed by English law. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Scheme. Moreover, the Scheme will be subject to the relevant disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this announcement and the

Scheme Document has been or will have been prepared in accordance with accounting standards applicable in the UK that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The New Hydrodec Shares that may be issued pursuant to the Scheme have not been and will not be registered under the US Securities Act or under the relevant securities laws of any state, district, territory or other jurisdiction of the United States. Accordingly, New Hydrodec Shares may not be offered or sold in the United States, except in an offer not subject to, or in reliance on an exemption from, the registration requirements of the US Securities Act and such state securities laws.

Any New Hydrodec Shares which may be issued pursuant to the Scheme have not been and will not be registered under the relevant securities laws of the US, Canada, Australia, New Zealand, Republic of Ireland or Japan and no regulatory clearances in respect of the New Hydrodec Shares have been, or will be, applied for in any jurisdiction. In particular, any relevant clearances and registrations have not been, and will not be, obtained from the securities commission of any province of Canada and no prospectus in relation to the New Hydrodec Shares has been, or will be, lodged with, or registered with, the Australian Securities and Investments Commission, the Registrar of Companies in New Zealand or the Japanese Ministry of Finance. Accordingly, unless otherwise determined by Hydrodec and permitted by applicable law and regulation, the New Hydrodec Shares may not be, offered, sold, resold, transferred, delivered or distributed, directly or indirectly in or into the US, Canada, Australia, New Zealand, Republic of Ireland or Japan or any other jurisdiction where to do so would violate the laws of that jurisdiction or would require registration or clearance thereof in such jurisdiction.

No listing authority or equivalent has reviewed, approved or disapproved of this announcement or any of the proposals described in this announcement.

Virotec confirms that as at the close of business on 6 May 2008 it had 264,168,231 ordinary shares of 1 penny each in issue. The International Securities Identification Number (ISIN) for Virotec's ordinary shares is GB00B15PVR02.

Hydrodec confirms that as at the close of business on 6 May 2008 it had 193,845,402 ordinary shares of 0.5 pence each in issue. The International Securities Identification Number (ISIN) for Hydrodec's ordinary shares is GB00B02FJF09.

Forward Looking Statements

This announcement includes statements that are, or may be deemed to be, 'forward looking statements' that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'anticipates', 'targets', 'aims', 'continues', 'expects', 'intends', 'hopes', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this announcement and include statements regarding the directors of Hydrodec's intentions, beliefs or current expectations concerning, amongst other things, Hydrodec's and/or Virotec's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which Hydrodec and Virotec operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this announcement based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the AIM Rules or other applicable legislation or regulation, , Virotec, Numis, Ludgate

or Arden undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Undue reliance should not be placed on forward-looking statements, which speak only as of the date of this announcement.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

Profit Forecasts

Nothing in this announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per New Hydrodec Share for the current or future financial years, or those of the combined group, will necessarily match or exceed the historical published earnings per Hydrodec Share or Virotec Share.

APPENDIX I PART A

CONDITIONS TO IMPLEMENTATION OF THE ACQUISITION AND THE SCHEME

1 The Acquisition is conditional upon:

1.1 the Scheme becoming Effective by no later than 30 September 2008 or such later date (if any) as Virotec and Hydrodec may agree and (if required) the Court may allow. The Scheme will comply with the AIM Rules and applicable securities laws;

1.2 approval of the requisite majorities of the Hydrodec Shareholders being received at a general meeting of Hydrodec in order to increase the authorised share capital of Hydrodec and to authorise the directors to allot the New Hydrodec Shares under the Scheme; and

1.3 the approval of the Disposal by the Virotec Shareholders at the General Meeting.

2 The Scheme is conditional upon:-

2.1 its approval by a majority in number representing not less than three-fourths in value of the Scheme Shareholders who are on the register of members of Virotec at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting (or any adjournment thereof);

2.2 the resolutions set out in the notice of General Meeting required to approve and implement the Scheme and to approve certain related matters being duly passed by the requisite majority at the General Meeting (or any adjournment thereof); and

2.3 (i) the sanction (with or without modification (but subject to such modification being acceptable to Hydrodec and Virotec)) of the Scheme and the confirmation of the Reduction of Capital by the Court, (ii) an office copy of the Order and of the Minute being delivered for registration to the Registrar of Companies and (iii) the registration of the Order and of the Minute by the Registrar of Companies.

3 In addition, Hydrodec and Virotec have agreed that the Scheme will also be conditional upon, and accordingly the necessary actions to make the Scheme become Effective will only be taken upon, the satisfaction or waiver of the following Conditions:-

3.1 no government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body (including without limitation, any national or supranational anti-trust or competition authority), court, trade agency, association, institution or any other person or body whatsoever in any relevant jurisdiction (each a "Third Party") having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having made, proposed or enacted, any statute, regulation, decision or order, or taken any other steps which would or might reasonably be expected to:-

3.1.1 require, prevent, limit or delay the divestiture, or alter the terms for any proposed divestiture, by any member of the Wider Virotec Group or by any member of the Hydrodec Group of all or any portion of their respective businesses, assets, undertakings or properties or impose any limitation on the ability of any of them to conduct all or any portion of their respective businesses or own or control all or any portion of their respective assets or properties, which in each case would be material in the context of the Acquisition or the Hydrodec Group, as applicable;

3.1.2 require, prevent, limit or delay the divestiture by any member of the Hydrodec Group of any shares or other securities in any member of the Wider Virotec Group;

3.1.3 impose any limitation on, or result in a delay in, the ability of any member of the Hydrodec Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares or loans or securities convertible into shares in Virotec or any other member of the Wider Virotec Group or on the ability of any member of the Wider Virotec Group to hold or exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in any member of the Wider Virotec Group or to exercise management control over any such member of the Wider Virotec Group;

3.1.4 require any member of the Hydrodec Group or the Wider Virotec Group to acquire, offer to acquire, redeem or repay any shares or other securities (or interest therein) and/or any indebtedness of any member of the Wider Virotec Group or the Hydrodec Group owned by or owed to any third party;

3.1.5 make the Scheme or its implementation or the acquisition or proposed acquisition by Hydrodec of any shares or other securities in, or control of, Virotec or any other member of the Wider Virotec Group void, illegal, and/or unenforceable under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, or delay the same, or impose any additional conditions or financial or other obligations with respect thereto, or otherwise challenge, hinder or interfere, therewith or require amendment to the Acquisition; or

3.1.6 otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Virotec Group or the Hydrodec Group in a manner which is material to the obligations of the Hydrodec Group taken as a whole in connection with the Acquisition,

and all applicable waiting and other time periods during which any Third Party could institute, implement or thereafter take any such action, proceedings, suit, investigation, enquiry or reference or otherwise intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

3.2 all reasonably necessary filings having been made in connection with the Acquisition and all statutory or regulatory obligations in any relevant jurisdiction having been complied with in connection with the Acquisition or the acquisition by any member of the Hydrodec Group of any shares or other securities in or under the control of Virotec, and all necessary approvals, including antitrust approvals, having been obtained (and all waiting periods, including extensions thereto under any applicable legislation and/or regulations of any relevant jurisdiction having expired, lapsed or been terminated), in each case which are material in the context of the Acquisition;

3.3 all Authorisations reasonably necessary or appropriate for or in respect of the Acquisition and the proposed acquisition of any shares or other securities in or under the control of Virotec by Hydrodec having been obtained in terms and in a form satisfactory to Hydrodec, from all appropriate Third Parties or persons with whom any member of the Wider Virotec Group has entered into contractual arrangements and all such Authorisations, together with all Authorisations necessary or appropriate to carry on the business of any member of the Wider Virotec Group, remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, not renew or amend or not to renew the same at the time at which the Scheme becomes Effective in all respects and all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with in all material respects;

3.4 Save as Disclosed, there being no provision of any arrangement, agreement, licence, permit or other instrument to which any member of the Wider Virotec Group is a party or by or to which any such member or any of its assets is or are bound, entitled or subject and which, in consequence of the Scheme, or the proposed change in the control of Virotec, could or might reasonably be expected to result, to an extent which would be material in the context of the Acquisition, in each case in:-

3.4.1 any monies borrowed by, or any other indebtedness (actual or contingent) of, any such member of the Wider Virotec Group being or becoming repayable or capable of being declared repayable immediately or prior to their stated maturity date or repayment date or the ability of such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

3.4.2 the creation of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member of the Wider Virotec Group or any such security (whenever created, arising or having arisen) being enforced or becoming enforceable;

3.4.3 any such arrangement, agreement, licence, permit or instrument of any member of the Wider Virotec Group being (or becoming capable of being) terminated or adversely modified or any adverse action being taken or any obligation or liability arising thereunder;

3.4.4 any assets or interests of, or any asset the use of which is enjoyed by, any such member of the Wider Virotec Group being or falling to be disposed of or charged or ceasing to be available to any member of the Virotec Group or any right arising under which any such asset or interest could be required to be disposed of or charged or could be expected not to be available to any member of the Virotec Group, otherwise than in the ordinary course of business;

3.4.5 the rights, liabilities, obligations, interests or business of any member of the Wider Virotec Group thereunder being terminated or adversely modified or affected;

3.4.6 any member of the Wider Virotec Group ceasing to be able to carry on business under any name under which it presently does so; or

3.4.7 the creation of any liability, actual or contingent, by any member of the Wider Virotec Group,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit, or other instrument to which any member of the Wider Virotec Group is a party or by or to which, any such member or any of its assets is bound, entitled or subject, is likely to result in any of the events or circumstances as are referred to in sub-paragraphs 3.4.1 to 3.4.7 (to an extent which would be material in the context of the Acquisition);

3.5 Save as Disclosed, no member of the Wider Virotec Group having, since 31 December 2007:-

3.5.1 save as between wholly owned subsidiaries of Virotec or between Virotec and any of its wholly owned subsidiaries, issued or agreed to issue or authorised or proposed the issue or grant of additional shares of any class, or securities convertible into or exchangeable for shares, or rights, warrants or options to subscribe for or acquire any such shares or convertible or exchangeable securities;

3.5.2 recommended, declared, paid, made or proposed to recommend, declare, pay or make any dividend or other distribution (whether payable in cash or otherwise) other than to another wholly owned member of the Wider Virotec Group;

3.5.3 save as between wholly owned subsidiaries of Virotec or between Virotec and any of its wholly owned subsidiaries, effected, authorised or proposed or announced its intention to effect, authorise or propose any merger, demerger or scheme or any acquisition, disposal or transfer of or the creation of any security interests over any assets or shares or any change in its share or loan capital;

3.5.4 issued, authorised or proposed the issue of or made any change in or to any debentures or, save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability;

3.5.5 disposed of or transferred, mortgaged or encumbered any asset or any right, title or interest in any asset save in the ordinary course of business;

3.5.6 proposed or entered into any contract, any reconstruction or amalgamation, any transaction or arrangement otherwise than in the ordinary course of business;

3.5.7 proposed or entered into an agreement, contract, arrangement or commitment or passed any resolution or made any offer (which remains open for acceptance) with respect to any of the transactions or events referred to in this paragraph 3.5;

3.5.8 proposed or entered into or varied the terms of any service agreement with any of the directors or senior executives of Virotec or any director or senior executive of any member of the Virotec Group;

3.5.9 proposed or entered into any agreement which consents to the restriction of the scope of the business of any member of the Wider Virotec Group (which in any case would be material in the context of the Acquisition);

3.5.10 waived or compromised any claim (which in any case would be material in the context of the Acquisition);

3.5.11 other than in the ordinary course of business, entered into, varied, authorised or proposed any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a loss-making, long term, onerous or unusual nature or magnitude or which is or is likely to be restrictive to the businesses of any member of the Wider Virotec Group or which involves or could involve an obligation of such a nature or magnitude;

3.5.12 purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital or any other securities;

3.5.13 taken or proposed any corporate action or had any legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution, striking-off or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in

any jurisdiction or had any such person appointed (which in any case would be material in the context of the Acquisition);

3.5.14 been unable or admitted that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business or proposed or entered into any composition or voluntary arrangement with its creditors (or any class of them) or the filing at court of documentation in order to obtain a moratorium prior to a voluntary arrangement or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness or any form of insolvency proceeding or event similar or analogous to any of the aforementioned events in any jurisdiction;

3.5.15 made any alteration to its memorandum or articles of association or other constitutional documents;

3.5.16 made or announced any proposal to make any change or addition to any retirement, death or disability benefit or any other employment-related benefit of or in respect of any of its directors, employees, former directors or former employees;

3.5.17 made or formally consented to any change to the terms of the trust deeds or rules constituting the pension schemes established for its directors and/or employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined, or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees; or

3.5.18 merged with any body corporate or acquired or disposed (in either case otherwise than in the ordinary course of trading) of any assets (including shares in subsidiaries, associates and trade investments) or made any change in its share or loan capital, or authorised or proposed or announced any intention to propose any merger, de-merger, acquisition, disposal or change as aforesaid;

3.6 Save as Disclosed, since 31 December 2007:-

3.6.1 there having been no material adverse change in the business, financial or trading position or profits or prospects of Virotec or any other member of the Wider Virotec Group ;

3.6.2 there having been no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Virotec Group is or may become a party (whether as plaintiff or defendant or otherwise), no such proceedings having been threatened against any member of the Wider Virotec Group and no investigation by a third party against or in respect of any member of the Wider Virotec Group having been instituted, threatened or announced by or against or remaining outstanding in respect of any member of the Wider Virotec Group which in any such case might materially affect any member of the Wider Virotec Group in any way; and

3.6.3 no contingent or other liability having arisen or become apparent or increased (which in any case would be material in the context of the Acquisition);

3.7 Save as Disclosed, Hydrodec not having discovered:-

3.7.1 that the financial, business or other information concerning the Wider Virotec Group, as contained in the information publicly disclosed by any member of the Wider Virotec Group prior to the date of this announcement or as otherwise fairly disclosed to any member of the Hydrodec Group or its advisers by or on behalf of Virotec prior to the date of this announcement, contains a misstatement of a fact or omits to state a fact

necessary to make the information contained therein true or not misleading in any case which has not been subsequently corrected by appropriate disclosure prior to the date of announcement;

3.7.2 that any member of the Wider Virotec Group is subject to any liability, contingent or otherwise, which is not disclosed in the Annual Report and Accounts of Virotec for the financial year ended 31 December 2007 (which in any case would be material in the context of the Wider Virotec Group);

3.7.3 that any partnership or company in which any member of the Wider Virotec Group has a significant economic interest (being, in the case of a company, an interest carrying 10 per cent, or more of the voting capital of that company) and which is not a subsidiary of Virotec is subject to any liability, contingent or otherwise, which is not disclosed in the Annual Report and Accounts of Virotec for the financial year ended 31 December 2007 (which in any case would be material in the context of the Acquisition);

3.7.4 that any past or present members of the Wider Virotec Group has not complied with all applicable legislation or regulations of any jurisdiction with regard to the disposal, spillage or leak of waste or disposal or emission of hazardous substances or any other environmental matters which non-compliance would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Virotec Group (which in any case would be material in the context of the Acquisition);

3.7.5 that there has been a disposal, spillage, leak of waste or hazardous substances on, or an emission of waste or hazardous substances from, any property now or previously owned, occupied or made use of by any past or present member of the Wider Virotec Group which would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Virotec Group (which in any case would be material in the context of the Acquisition);

3.7.6 that there is any liability (whether actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider Virotec Group under any environmental legislation, regulation or order of any government, or governmental, quasi-governmental, supranational, statutory or regulatory body, court, trade agency or professional association or any other person or body in any jurisdiction (which in any case would be material in the context of the Acquisition);

3.7.7 that circumstances exist (whether as a result of the Acquisition or otherwise):-

(i) which would be likely to lead to any government or governmental, quasi-governmental, supranational, statutory or regulatory body, court, trade agency, professional association or any other person or body in any jurisdiction instituting, or

(ii) whereby any member of the Wider Virotec Group or any present or past member of the Wider Virotec Group would be likely to be required to institute,

an environmental audit or take any other steps which would in any case be likely to result in any actual or contingent liability to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any member of the Wider Virotec Group (which in any case would be material in the context of the Acquisition); or

3.7.8 the Virotec Group has failed to comply with applicable statutory or regulatory obligations in any relevant jurisdiction (which in any case would be material in the context of the Acquisition).

4 Hydrodec reserves the right to waive, in whole or in part, all or any of the above Conditions, except Condition 2.

5 Hydrodec shall be under no obligation to waive or treat as fulfilled any of such Conditions earlier than the date of the sanction of the Scheme referred to in Condition 2 notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfillment or waiver.

PART B

Certain further terms of the Acquisition

1. Hydrodec reserves the right to elect to implement the Acquisition by way of an Offer. In such event, such Offer(s) will be implemented on the same terms (subject to appropriate amendments, including (without limitation) that Condition 2 would not apply and that the Offer would be subject to an acceptance condition set at ninety per cent. (or such lesser percentage (being more than 50 per cent.)), as Hydrodec may decide), so far as applicable, as those which would apply to the Scheme.

2. Any Virotec Shares acquired under the Acquisition will be acquired free from all liens, equities, charges, encumbrances, rights of pre-emption and other interests and rights and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions and other distributions (if any) declared, made or paid on or after the date of this announcement.

3. The Acquisition and Scheme will be governed by English law and be subject to the jurisdiction of the English courts, and to the conditions set out in this announcement and any further terms to be set out in the Scheme Document, the related Forms of Proxy, the Form of Election or any other document by which the proposals of the Acquisition are made.

APPENDIX II

BASES AND SOURCES OF INFORMATION

1. As at the close of business on 6 May 2008, Virotec had in issue 264,168,231 ordinary shares of 1 penny each.

2. Unless otherwise stated, the financial information on Virotec is extracted from or derived (without any adjustment) from the Virotec annual report and accounts for the six months ended 31 December 2006, and the reports and accounts for the year ended 31 December 2007.

3. Unless otherwise stated, the financial information on Hydrodec is extracted from or derived (without any adjustment) from the audited annual report and accounts for the year ended 31 December 2006 and the preliminary unaudited results for the year ended 31 December 2007.

4. Unless otherwise stated, all prices for Virotec Shares and Hydrodec Shares have been derived from the AIM appendix to the Daily Official List of the London Stock Exchange and represent closing middle market prices on the relevant dates.

5. The currency exchange rate used throughout the announcement is £1 to AUD\$2.12 which was the rate ruling as at 28 April 2008.

APPENDIX III

DETAILS OF IRREVOCABLE UNDERTAKINGS

Irrevocable undertakings as described in Section 9 of this announcement have been given in respect of the number of Virotec Shares set out opposite the names of the following Virotec Shareholders below (and any further Virotec Shares

acquired by them prior to the completion of the Acquisition):

Name	Number of Virotec Shares	Per cent. of existing Ordinary Share Capital of Virotec
BNY Norwich Union Nominees Ltd	1,340,751	0.51
Chase Nominees Ltd	12,488,568	4.73
CUIM Nominee Ltd	3,408,055	1.29
Guardian Trust Company Ltd	141,600	0.05
JP Morgan Chase	1,560,129	0.59
Lewetta Investments Ltd	335,571	0.13
Ludgate Environmental Fund Ltd	7,500,000	2.84
Ludgate 181 (Jersey) Limited	5,900,000	2.23
Majedie Investments Plc	7,000,000	2.65
Pershing Keen Nominees Ltd	7,642,300	2.89
PIHL Equity LLP	10,583,333	4.01
Damor Investments Ltd	4,166,667	1.58
Roger & Rita Griffiths Securities Services Nominees Ltd	1,600,000	0.61
State Street Nominees Ltd	2,499,910	0.95
The Sawyer Trust	26,498,965	10.03
Vidacos Nominees Ltd	156,000	0.06
WB Nominees Limited	2,371,868	0.90
	1,322,400	0.50
	96,516,117	36.54

The following Virotec Independent Directors and Justin Seager have given irrevocable undertakings as described in Section 9 of this announcement in respect of the number of Virotec Shares set out opposite their names below (and any further Virotec Shares acquired by them prior to the completion of the Acquisition):

Name	Number of Virotec Shares	Per cent. of existing Ordinary Share Capital of Virotec
David McConchie	500,000	0.19
John Glynn	56,300	0.02
Justin Seager	1,345,000	0.51
	1,901,300	0.72

The Executive Directors have given irrevocable undertakings as described in Section 9 of this announcement in respect of the number of Virotec Shares set out opposite their names below (and any further Virotec Shares acquired by them prior to the completion of the Acquisition):

Name	Number of Virotec Shares	Per cent. of existing Ordinary Share Capital of Virotec
Brian Sheeran	10,947,540	4.14
Bruno Bamonte	7,545,493	2.86
	18,493,033	7.00

APPENDIX IV

DEFINITIONS

The following definitions apply throughout this announcement unless the context

otherwise requires:

"2006 Act"	the Companies Act 2006
"Acquisition"	the proposed acquisition of Virotec (other than the Excluded Shares) to be effected by means of the Scheme (or should Hydrodec so elect, by means of an Offer)
"Act" or the "Companies Act"	the Companies Act 1985, as amended
"AIM"	the AIM market of the London Stock Exchange
"AIM Rules"	the London Stock Exchange's AIM Rules for Companies as amended from time to time
"Arden"	Arden Partners plc
"Australia"	the Commonwealth of Australia and its dependant territories
"Authorisations"	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals
"AUD\$"	Australian Dollars, the lawful currency of Australia
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday or public holiday) on which banks are open for business in London
"Canada"	Canada, its provinces and territories and all areas subject to its jurisdiction or any political sub-division thereof
"Cash Consideration"	the cash consideration due to Scheme Shareholders under the Scheme, being 13 pence per Scheme Share up to a maximum amount of £2,600
"City Code" or "Code"	the City Code on Takeovers and Mergers
"Closing Price"	the closing middle-market quotation of a Hydrodec Share and a Virotec Share as derived from the AIM appendix to the Daily Official List of the London Stock Exchange
"Company" or "Virotec"	Virotec International plc, incorporated in England and Wales with registered number 05796515
"Conditions"	the conditions to the implementation of the Offer, which are set out in Appendix I of this announcement
"Court"	the High Court of Justice in England and Wales
"Court Meeting"	the meeting of the Scheme Shareholders (other than the holders of the Excluded Shares) convened by order of the Court pursuant to section 896 of the 2006 Act, to consider and, if thought fit, to approve the Scheme with or without modification (including any adjournment or postponement thereof)
"Directors"	the directors of Virotec
"Disclosed"	disclosed in the 2007 annual report and accounts of Virotec or

	otherwise publicly announced via a Regulatory Information Service by or on behalf of Virotec prior to the date of this announcement or as otherwise fairly disclosed in writing prior to the date of this announcement to Hydrodec or the Hydrodec Group by or on behalf of Virotec
"Disposal"	the proposed disposal of the Operating Businesses of Virotec to the Executive Directors, which is conditional upon the Scheme becoming Effective and the approval of Virotec Shareholders at the General Meeting
"Effective"	if the Acquisition is implemented by way of the Scheme, the Scheme having become effective in accordance with its terms
"Effective Date"	the date on which the Scheme becomes effective in accordance with its terms
"Excluded Shares"	any Virotec Shares beneficially owned by any member of the Hydrodec Group at the Scheme Record Time
"Excluded Voting Shares"	means the Excluded Shares and any Scheme Shares beneficially owned by persons acting in concert (as defined in the Code), or considered to be acting in concert, with Hydrodec (including, for the avoidance of doubt Bruno Bamonte and Brian Sheeran)
"Executive Directors"	each of Bruno Bamonte and Brian Sheeran, being directors of Virotec
"Form of Election"	the form of election to be sent to Virotec Shareholders pursuant to which a Virotec Shareholder may make an election under the Share Alternative in respect of his Cash Consideration
"Forms of Proxy"	the forms of proxy for use by Virotec Shareholders at the Court Meeting and the General Meeting
"General Meeting"	the general meeting of Virotec to be convened in connection with the Acquisition and the Disposal, or any adjournment thereof
"The Greenhouse Fund"	The Greenhouse Fund Limited, an AIM listed company, incorporated in Jersey
"Hydrodec"	Hydrodec Group plc, incorporated in England and Wales with registered number 05188355
"Hydrodec Circular"	the document to be addressed to Hydrodec Shareholders containing, notice of the general meeting of Hydrodec
"Hydrodec Convertible Loan Notes"	£1 fixed rate unsecured convertible loan notes 2012 in the capital of Hydrodec issued under an instrument dated 5 November 2007
"Hydrodec Independent Directors"	each of John Gunn, Mark McNamara, John Dickson, John Cowan and Rodger Sargent, being directors of Hydrodec
"Hydrodec General Meeting"	the general meeting of Hydrodec to

	be called to approve the Hydrodec Resolutions
"Hydrodec Group"	Hydrodec, its subsidiaries and subsidiary undertakings
"Hydrodec Resolutions"	resolutions to be proposed to Hydrodec Shareholders to increase the authorised share capital of Hydrodec and to authorise the directors of Hydrodec to issue the New Hydrodec Shares
"Hydrodec Shareholder"	a holder of Hydrodec Shares
"Hydrodec Shares"	ordinary shares of 0.5 pence each in the capital of Hydrodec
"holder"	a registered holder and includes any person(s) entitled by transmission
"Japan"	Japan, its cities, prefectures, territories and possessions
"London Stock Exchange"	London Stock Exchange plc
"Ludgate"	Ludgate Investments Limited, financial adviser to Hydrodec, of 80 Cannon Street, London EC4N 6HL
"Meetings"	the Court Meeting and the General Meeting
"Minute"	the minute (approved by the Court) confirming the Reduction in accordance with section 138 of the Act
"New Hydrodec Shares"	new ordinary shares of 0.5 pence each in the capital of Hydrodec to be issued under the Scheme
"Numis"	Numis Securities Limited
"Offer"	a takeover offer as that term is defined in section 974 of the 2006 Act
"Operating Businesses"	Mt Carrington Mines Pty Ltd, Virotec Technologies Pty Ltd, Virotec Global Solutions Pty Ltd, Virotec Italia srl, Virotec USA Inc, Virotec Aquasolve LLC, Virotec Europe Ltd and Sterling Environmental Solutions Ltd, and any other subsidiary of the Company, other than Virotec Investments Pty Limited
"Order"	the order of the Court sanctioning the Scheme under section 899 of the 2006 Act and confirming the Reduction under section 137 of the Act
"Panel"	the Panel on Takeovers and Mergers
"pence", "£" and "Sterling"	the lawful currency of the United Kingdom
"Placing"	the placing of 10,000,000 Hydrodec Shares at a placing price of 50 pence per share to raise £5 million before expenses, announced by Hydrodec on 21 April 2008 and expected to complete on 7 May 2008
"Reduction"	the proposed reduction of capital pursuant to section 137 of the Act, to be provided for under the Scheme
"Reduction Hearing"	the hearing by the Court of the claim form to confirm the Reduction in accordance with section 137 of the Act
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"Regulatory Information Service"	has the meaning attributed to it by

"Reserve Shares" the AIM Rules
the 54.5 million Hydrodec Shares registered in the name of Virotec

"Restricted Overseas Person" (i) a US Person, a person in the US or a person whom Hydrodec reasonably believes to be in or resident in the US;

(ii) a person (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, or any person whom Hydrodec reasonably believes to be in or resident in Canada or Japan (or any custodian, nominee or trustee for such person); and

(iii) any person in any other jurisdiction (other than persons in the UK or Australia) whom Hydrodec is advised to treat as a restricted overseas person in order to observe the laws of such jurisdiction or to avoid the requirement to comply with any governmental or other consent or registration, filing or other formality which Hydrodec regards as unduly onerous

"Scheme" or "Scheme of Arrangement" the scheme of arrangement under sections 895 to 901 of the 2006 Act to be proposed by Virotec to the Virotec Shareholders in connection with the Acquisition, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Virotec and Hydrodec

"Scheme Document" the document to be addressed to Virotec Shareholders containing, inter alia, the Scheme and an explanatory statement in compliance with section 897 of the 2006 Act

"Scheme Hearing" the Court hearing of the claim form to sanction the Scheme and of the claim form to confirm the Reduction in accordance with section 137 of the Act

"Scheme Record Time" 6.00 p.m. on the Business Day immediately prior to the date of the Scheme Hearing

"Scheme Shareholders" the holders of Scheme Shares in the register of members of the Company at the Scheme Record Time

"Scheme Shares" the Virotec Shares:

(i) in issue at the date of the Scheme Document;

(ii) (if any) issued after that date and before the Voting Record Time; and

(iii) (if any) issued at or after the Voting Record Time but on or before the Scheme Record Time either on terms that the original or any subsequent holder thereof shall be bound by the Scheme or in respect of which the holder thereof shall have agreed in writing to be bound by the Scheme,

in each case excluding the Excluded Shares

"Share Alternative" the facility to be provided for in the Scheme whereby a Virotec Shareholder may elect, subject to certain limitations and conditions, to receive New Hydrodec Shares in lieu of the Cash Consideration to which they would otherwise be entitled to pursuant to the Scheme

"subsidiary" has the meaning given in section 736 of the Act

"subsidiary undertaking" has the meaning given in section 258 of the Act

"UK" or "United Kingdom" the United Kingdom of Great Britain and Northern Ireland

"US" or "United States" the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

"US Person" as defined in Regulation S under the US Securities Act

"US Securities Act" the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

"Virotec" Virotec International plc, incorporated in England and Wales with registered number 05796515

"Virotec Group" or "Group" Virotec and its subsidiaries and subsidiary undertakings

"Virotec Independent Directors" each of John Glynn and David McConchie, being directors of Virotec

"Virotec Shareholders" the holders of Virotec Shares

"Virotec Shares" ordinary shares of 1 pence each in the capital of Virotec

"Voting Record Time" 6.00 p.m. on the day prior to the day immediately before the Court Meeting and the General Meeting or any adjournment thereof (as the case may be)

"Wider Virotec Group" the Virotec Group and associated undertakings of Virotec and any other body corporate, partnership, joint venture or person in which Virotec and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent

"\$" or "US Dollars" the lawful currency of the United States

All references in this announcement to time are to the time in London, UK unless otherwise stated.

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