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Trading Update

HYDRODEC GROUP PLC

HYDRODEC'S *SUPERFINE* TRANSFORMER OIL ACCEPTED INTO THE AUSTRALIAN OIL PRODUCT STEWARDSHIP PROGRAMME

Hydrodec Group plc ("Hydrodec") has received confirmation of its acceptance into the Australian Oil Product Stewardship Programme from the Australian Commonwealth Minister for the Environment. Hydrodec will shortly commence receiving an Australian government payment of up to \$0.50 per litre, in addition to normal sales revenues, for each litre of *Superfine* transformer oil sold within Australia. The contribution is not capped and will continue for an indefinite period.

The Australian Oil Product Stewardship Programme aids the establishment of oil re-refining capacity in Australia by providing a subsidy against the cost of refining oil. The Programme is subject to strict legislative technical guidelines and Hydrodec's acceptance into the programme follows an extensive eighteen-month independent technical evaluation of Hydrodec's refining technology by the Australian government.

Acceptance into the Stewardship Programme provides significant independent verification of the environmental credentials of Hydrodec's technology. Revenues received from the Programme will fund further development within Australia of the technology into other applications, in particular for hydraulic oil refining and other petrochemical applications.

Chairman John Gunn commented "Acceptance of Hydrodec into the Australian Oil Stewardship Programme, following a stringent independent evaluation process, is a high profile and significant verification of *Superfine* transformer oil and Hydrodec's technology.

The additional revenues from the Stewardship Programme will fund further development of the technology, which will allow Hydrodec to expand into other markets in the future, in particular the refining of hydraulic oils."

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