

17 May 2007

HYDRODEC GROUP PLC (“Hydrodec” or “the Company”)

HYDRODEC DETERMINES LOCATION FOR SECOND US PLANT

Hydrodec is pleased to announce that it has located two sites in the city of Laurel, Mississippi as likely locations for its second USA transformer oil treatment site. Negotiations are continuing for the incentives that will be made available to the Company so that it can sign a definitive agreement to be located in Laurel. It is likely that this period of negotiation will take approximately 3 months when a final announcement will be made.

Furthermore, the Company is pleased to confirm the announcement by Canton (Ohio) Regional Chamber of Commerce describing the location of Hydrodec’s first US facility within the Stein Industrial Park in Canton. Hydrodec will benefit from a range of incentives and grants provided by the state of Ohio and Canton to a value in excess of \$1.5million. It is planned that the plants in the USA will each have a production capacity in excess of 80,000 litres of *Superfine* transformer oil per day and once they are both operating it will represent an eight fold increase in Hydrodec’s existing *Superfine* production capacity.

John Gunn, Chairman, commented, “We have been delighted to confirm our assumptions that the market in the United States was very open to accepting our superfine product. We have identified a considerable number of utilities and transformer manufacturers who have expressed sufficient interest for us to conclude that a second location in the south of the country will be required. The Company will continue to investigate the market to ascertain its full potential for this product.”

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For further information please contact:

John Gunn, Chairman
Hydrodec Group plc
Tel: 020 7236 6236

Emma Davis
Curve PR
Tel: 07764 197 003
emma@curvepr.co.uk

Nick Westlake
David Poutney
Numis Securities Ltd
Tel: 0207 260 1000

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