

29 January 2008

## HYDRODEC GROUP PLC

### UPDATE ON CURRENT ACTIVITY

Hydrodec Group plc (“Hydrodec” or the “Company”) is providing the market with an update on current activity.

Overall, the Company is making good progress in its development as a cost effective global provider of sustainable transformer oil.

#### US Market

The Company’s progress in the US reflects strong interest in the *Superfine* transformer oil product and the Company is now in advanced discussions with a number of utility companies and transformer manufacturers in respect of possible off-take agreements. The Company hopes to be able to announce the first such agreement in respect of the Canton, Ohio plant in the near future. Meanwhile, construction of the Canton plant, which commenced in June 2007, is proceeding ahead of its projected schedule.

Also, in light of current US commercial discussions, the Board has now taken the decision to accelerate the planning and construction of the Laurel Mississippi facility and expect it to be fully operational by Q3 2009.

#### Turkish Contract

Following the recent announcement of the first shipment of its *Superfine* transformer oil to Ceyhan Petrokimya Sanayi ve Ticaret Ltd Sti in Turkey, the first 144,000 litre order has left the Young, Australia plant for Turkey and a second order of a further 144,000 litres is expected in the following weeks.

*Chairman John Gunn commented: “Progress has been more than satisfactory and the executive team and their staff have delivered excellent performance to date. We can look forward to the accelerated expansion of the US activities during 2008. This will, of course, result in an enhanced financial performance. On behalf of the shareholders, I have expressed to the executive team our thanks for their work to date.”*

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