

11 June 2008

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**HYDRODEC GROUP PLC**  
("Hydrodec" or the "Company")

**JAPAN MEMORANDUM OF UNDERSTANDING SIGNED**

Hydrodec is pleased to announce that a Memorandum of Understanding ("MOU") has been signed with Sanyu Plant Service Co. Ltd ("Sanyu") to further progress Hydrodec's business opportunities in Japan.

The Sanyu Group was established in 1948 to transport and treat hazardous and industrial waste. Starting with a physiochemical plant in Sagamihara, Sanyu has built up further factories in Yokohama, Osaka, Sapporo and Kawasaki, with a final disposal site and Abira Environmental Research Laboratory in Hokkaido.

The MOU is valid for six months. During this six month period, Hydrodec will work exclusively with Sanyu, and our agent Corp 8. The objective is to, prior to completion of the term of the MOU, locate a site for a Hydrodec facility, resolve regulatory approvals necessary for operation of the Hydrodec Technology and to secure product pre-sales and feedstock security sufficient to proceed with establishment of the business in Japan.

Chairman John Gunn commented *"This is another step along the road to establishing Hydrodec as a global producer of Superfine transformer oil. The Japanese market has been identified as significant for Hydrodec from the commencement of our commercialisation, and it is pleasing that we are advancing our entry into this market at a rate that compliments our US developments.*

*Hydrodec is pleased to be associated with the Sanyu Group as our organisations share the same philosophies for protecting and conserving our environment and natural resources."*

For further information please contact:

John Gunn, Chairman  
Hydrodec Group plc  
Tel: 0207 621 5774

Emma Davis  
Curve PR  
Tel: 07764 197 003

Anthony Richardson  
Nick Westlake  
Numis Securities  
Tel: 0207 260 1000

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