

**Hydrogen Group plc
(‘the Group’)**

Half Year Update

Hydrogen Group plc (“Hydrogen” or “the Group”), the specialist professional recruitment business, is today issuing a trading update in respect of the six months ended 30 June 2011.

The Group has traded well over the first six months of the year and ahead of the Board’s expectations. Our contract business has delivered a second consecutive period of record performance, with Net Fee Income (“NFI”) up approximately 40% year on year. The Group experienced a slow start to the year in its permanent recruitment markets, most pronounced in Financial Services, but activity has increased steadily across the period.

The Group has continued to make good progress during the first half of the year on its strategy of internationalisation. Firstly, we have strengthened our operations in Australia and Singapore through the relocation of two experienced Managing Directors from the UK with responsibility for the future growth of those regions. Secondly we have expanded our international reach with the opening of an office in Hong Kong and based on initial feedback, we are confident that this will be a key location in servicing the requirements of our global clients. We have maintained our split of approximately one third of our NFI coming from international markets despite the strong performance of our UK contract business during the period.

We have continued to control our costs and improve our conversion of NFI to profit, which we expect to be significantly ahead of the first half of 2010. Working capital control has been maintained and, despite the growth in revenue and the payment of the 2010 final dividend of £0.6m, the net debt position will be similar to the position at 31 December 2010 at approximately £2m.

Commenting, Ian Temple, Executive Chairman said:

“The Group has delivered a good performance during the period. We have benefited from the investments we have made in our business, both in the UK and overseas.

Although visibility remains limited across the global recruitment markets we have a robust business model, well aligned to the structural growth drivers of the industry. We are well positioned for the remainder of year and will invest in new markets and geographies, whilst maintaining our strong focus on costs and working capital management.”

Enquiries:

Hydrogen Group plc

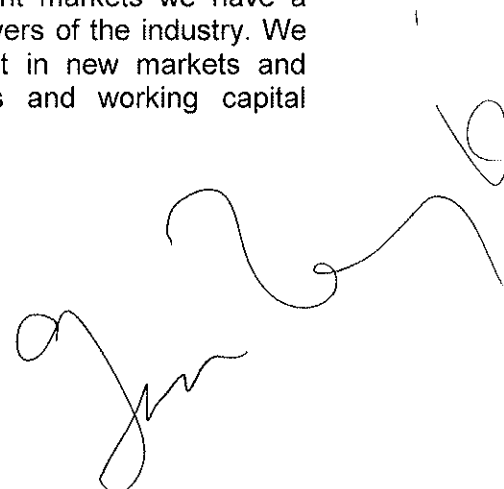
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