



9 January 2012

**Hydrogen Group plc  
("Hydrogen" or "the Group")**

**Pre-Close Trading Update**

Hydrogen, the specialist recruitment business, is today issuing a trading update in respect of its financial year ended 31 December 2011.

Whilst recruitment markets have continued to be affected by global macroeconomic instability, the Group has been able to deliver a 9% increase in Net Fee Income ("NFI") to approximately £30m (2010: £27.6m) and expects to report PBT at the top end of the range of analyst forecasts. This continued growth in an uncertain environment is testament to the Group's careful investment in recent years to take the business into new markets as well as an ongoing emphasis on controlling costs.

Our Pharmaceuticals practice launched last year has performed exceptionally well, particularly in Europe, growing NFI by more than 140% during the year. Our Oil & Gas business, which was launched in 2008, continues to perform impressively, growing NFI by more than 60% to approximately £6.4m (2010: £3.9m). These two comparatively new ventures now contribute 29% of Group NFI, and demonstrate our capability to identify and deliver in new growth markets.

In the UK, the Group's contract business performed well driven by a strong performance in Technology, and we established an office in Edinburgh to meet client demand in this sector. There has been an ongoing trend towards contract placements in Financial Services, where permanent hiring has slowed. As a result, contract placements accounted for 55% of Group NFI during the year, against 46% in 2010, giving the Group a welcome increase in the visibility of future earnings during a period of economic uncertainty.

In line with our strategy of international expansion we opened an office in Hong Kong during the first half of the year, and are confident that this will be a key location in the growth of our business in the Asian region. International NFI increased to approximately 36% of NFI (2010: 32%) for the year, despite the strong performance of the UK business.

Notwithstanding the increase in the proportion of contract revenue, tight control of working capital has enabled the balance sheet to remain strong, with an expected marginal reduction in net debt from £2.2m at the end of 2010, comfortably within our banking facilities, which were extended to February 2014 during the year.

**Commenting, Ian Temple, Executive Chairman, said:**

"I am delighted to report a year of good growth for the Group. This resilient performance is testament to the Group's strategy, the quality of our practices and the strength of our people.

Through careful investment in the business throughout the year we have increased headcount and strengthened our position in key markets whilst maintaining tight control of costs.

We enter 2012 conscious of the current macroeconomic uncertainties, particularly with regard to weakness in the UK economy and the Financial Services sector. However, we will maintain our strategy of selective investment and cost control, and are well placed to take advantage of any growth opportunities as they arise."

**Enquiries:**

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Hydrogen is a leading international specialist recruitment group that places high quality staff into clients on a permanent and contract basis and operates across four core sectors: Technology, Finance, Professional and Engineering. In each of these areas we have scale and strong brand recognition.

As a Group, we are focused on finding and building local and global relationships with hard to find, in demand, specialist candidates that clients cannot source themselves. We continue to leverage these strengths to grow and develop our offering into new markets and geographies, and have placed candidates in over 40 countries in the last 12 months.

The Group currently has approximately 360 employees globally, and 47% of fee earning staff are international facing.