

Ambition Group Limited
Interim Report for the six months ended 30th June 2008
&
Appendix 4D information

Major Cities | Major Disciplines

- **1.5cps fully-franked interim dividend**
- **Continued positioning for long-term success**

The results reflect strong revenue growth as a result of both the inclusion of Witan Jardine (acquired January 2008) and an increased emphasis on providing clients with contracting/temporary services.

However, headwinds created by global economic uncertainty have impacted adversely on margins and profitability in all markets. In addition, the results have been influenced by several internal and external initiatives in the period designed to enable Ambition to make significant strides in positioning the Group for long-term sustainability and growth.

We are confident that the company is in a strong position, with no net debt and that it will be well-placed to leverage to the upside in all markets when they recover.

Financial highlights include:

- Revenue: up 80% to \$67m
- Contracting revenue up 92% to \$42m
- EBITDA down 7% to \$2.8M
- Earnings before tax down 23% to \$2.0m
- Net profit after tax down 31% to \$1.3m
- Cash flow from operations up from -\$0.5m to +\$2.1m

There are a number of key operational points to emphasize:

UK operations (Witan Jardine):

As we announced at our AGM in April, the UK economy has slowed noticeably and this has had a major and rapid effect on recruitment, reducing the volume and pace of activity.

As a result, the profits from our London operations are markedly lower than expected. However, we are generating profits and are certainly very pleased with the cultural fit between Witan Jardine and the rest of the Group. Furthermore we are confident that the UK market will recover (albeit our expectation is not for noticeable change in the next 12-18 months) and also that the international strategy is sound and will differentiate us from many competitors.

Contracting revenue growth:

Our strategy is to build a business with a well-balanced mix of contracting/temporary and permanent income.

The contracting business has some annuity characteristics and is perhaps more immune to cyclical downturns. Permanent recruitment is strongly cash generative and produces close client relationships.

Over the last 12 months we have successfully implemented a Group-wide plan to increase the proportion of contracting revenue, resulting in a 92% growth in contracting revenue and leading us to a position where 67% of our total revenue (excluding Asia where temporary assignments are much less well-accepted) is from temporary/contract placements.

Geographic diversity:

Since inception, Ambition has had a guiding principal of developing a closely-integrated international recruitment group.

We have made considerable strides along this path over the last year and we now have in excess of 40% of our revenue coming from outside Australia, with over 300 people working across eleven offices in four countries.

This enables us to take advantage of the increasingly global talent pool and also to spread our risk across economies at different stages of the cycle.

Global Ambition - a new initiative:

We are delighted to announce the launch of Global Ambition.

Global Ambition has been established to undertake a two-pronged business model. Firstly, it will place newly-qualified to partner level chartered accountants from primarily OECD countries (such as Australia, New Zealand, UK, Ireland, and Canada) into non-OECD countries around the world including the United Arab Emirates and other Middle Eastern countries, China and other Asian countries, The Caribbean and Eastern Europe.

These accountants are seeking to combine their career with a new lifestyle and Global Ambition is helping them with research and advice and is then placing them with predominately top ten accounting firms as well as those industrial and financial organisations that realise the need to source accounting talent globally.

Secondly, Global Ambition is developing the internal candidate channel (returnees, migrants, 457 visa holders and those undertaking working holidays) between Ambition offices in the UK, Asia and Australia - this complements our existing recruitment businesses particularly with regard to candidates for contracting assignments.

This business now has an experienced Managing Director and 12 other experienced consultants working out of Ambition offices in Sydney and London. Whilst we are currently incurring modest establishment costs, we are confident that Global Ambition has the potential to generate good returns from 2009 onwards.

Staff retention and career development:

The Directors have implemented an upgraded Staff Development and Retention Programme.

This is already showing benefits in terms of increased rewards for the highest performing consultants, promotional opportunities around the Group and long-term incentives for the management team.

Solid balance sheet:

The Directors continue to believe that Ambition's financial gearing in its current phase should be conservative.

Whilst our strategy of increasing the proportion of our contracting income is necessarily resulting in higher working capital requirements and we have an earn-out liability to the vendors of Witan Jardine in early 2009, we intend to maintain the financial strength of the Group with as little reliance on permanent debt as possible.

Interim Dividend:

We are pleased to declare an interim dividend of 1.5c per share, fully-franked. The dividend record date is 9 October 2008 and the payment date is 23 October 2008.

The Directors also confirm that Ambition's Dividend Reinvestment Plan will continue to operate, offering a 5% discount to the weighted average share price over the 5 trading days up to the Record Date.

Whilst this dividend is down from 2.0c per share last year, it is consistent with our previous practice of paying out around 50% of after tax earnings. The Directors are very conscious of providing a return for shareholders, notwithstanding the difficult environment in which we are operating.

Outlook:

Whilst current market conditions are challenging and the immediate outlook in most of the markets in which Ambition operates is not positive, our significant experience of previous cycles has demonstrated that it is crucial to maintain the operating infrastructure and brand investment that has been established throughout the development phase of the Group.

This may be to the detriment of short-term profitability but enables Ambition to be well-placed to take advantage of the change in economic outlook and in sentiment in financial and investment markets upon which the buoyancy of global recruitment markets depends.

The Directors currently expect that the full year results for 2008 will be at the lower end of the guidance range provided in April, with anticipated earnings before tax of around \$4million, subject to market conditions not deteriorating markedly from those being encountered currently.

More information: Nick Waterworth, Executive Chairman: +61 2 9249 5004

Ambition is a careers, recruitment and contracting group with offices in Sydney, Brisbane, Melbourne, London, Hong Kong and Singapore. We specialise in a number of the largest middle management recruitment disciplines plus offer a growing executive search capability.

Results for announcement to the market:

	30 June 2008	30 June 2007	Change	Change
	\$'000	\$'000	\$'000	%
Revenues from ordinary activities	67,031	37,234	29,797	80%
Profit before tax attributable to members	2,043	2,661	(618)	(23%)
Profit after tax attributable to members	1,350	1,951	(601)	(31%)
Net profit for the period attributable to members	1,350	1,951	(601)	(31%)

Interim Dividend

The Board has declared a fully-franked interim dividend of 1.5c per share. The record date for determining entitlements to dividends is 9 October 2008.

Victor G. Cuthell

Victor Cuthell
Company Secretary

28 August 2008

Directors' Report

The Directors present their report on Ambition Group Limited and its Controlled Entities for the half-year ended 30 June 2008 report as follows:

Directors

The names of directors in office at any time during or since the end of the period are:

Nick Waterworth
Paul Lyons
Paul Young
Andrew Adamovich

All directors held office from the start of the period to the date of this report.

Dividends

The Directors have declared a fully-franked interim dividend for the half-year of 1.5c per share.

Review of operations

Financial results

Operating revenues of \$67,031,000 were up from \$37,234,000 in the previous corresponding period, an increase of 80%. Profit before tax of \$2,043,000 was down from \$2,661,000 in the previous corresponding period, a decrease of 23%.

Operational results

2008 commenced with the acquisition of Witan Jardine, a London-based recruitment company. Since the acquisition, Witan Jardine has performed satisfactorily in an increasingly challenging economic climate.

In Asia, trading levels have been steady during a time when the financial services sector has been impacted by the 'credit crunch'. Although revenues have been maintained, this has been achieved with some increased costs and therefore decreased margins. In particular, occupancy costs have increased due to higher rents in Hong Kong. In Singapore, revenues have increased as the business develops and leverages off existing relationships in London, Hong Kong and Australia.

Australian revenues have increased significantly over the corresponding period last year but profitability has reduced. Trading conditions have softened and the outlook has deteriorated.

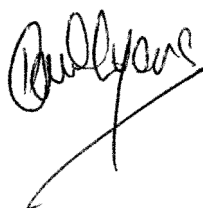
The group has reacted to the changing trading conditions in its markets in the UK, Asia and Australia. This has included a strong focus on efficiency, some reduction in headcount and a general review of the business.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307 of the Corporations Act 2001 is set out on page 17 for the half-year ended 30 June 2008 and forms part of this report.



Nick Waterworth
Executive Chairman



Paul Lyons
Group Managing Director

28 August 2008

**Consolidated Income Statement
for the half-year ending 30 June 2008**

	Note	30 June 2008 \$'000	30 June 2007 \$'000
Revenue	2(a)	67,031	37,234
Employee benefits expense		(22,200)	(12,269)
On-hired labour costs		(32,181)	(16,930)
Payroll tax		(708)	(443)
Depreciation and amortisation expense	2(b)	(591)	(278)
Finance costs	2(b)	(330)	(174)
Advertising and marketing		(1,552)	(1,024)
Computer expenses		(270)	(199)
Rental expense on operating leases	2(b)	(1,767)	(677)
Other expenses		(5,389)	(2,579)
Profit before income tax expense		2,043	2,661
Income tax expense	3	(693)	(710)
Profit after income tax expense		1,350	1,951
Basic earnings per share (cents per share)		2.74	6.12
Diluted earnings per share (cents per share)		2.74	6.08

The interim financial statements should be read in conjunction with the accompanying notes.

**Consolidated Balance Sheet
as at 30 June 2008**

	Note	30 June 2008 \$'000	31 December 2007 \$'000
Current assets			
Cash and cash equivalents		4,415	3,107
Trade and other receivables		20,529	12,393
Other current assets		617	261
TOTAL CURRENT ASSETS		25,561	15,761
Non-current assets			
Financial assets		9	9
Property, plant and equipment		2,533	1,997
Intangible assets	5	32,873	12,570
Deferred tax assets		793	927
TOTAL NON-CURRENT ASSETS		36,208	15,503
TOTAL ASSETS		61,769	31,264
Current liabilities			
Trade and other payables	6	16,364	8,734
Current tax liabilities		551	874
Short-term provisions		771	652
Financial liabilities		303	744
TOTAL CURRENT LIABILITIES		17,989	11,004
Non-current liabilities			
Deferred tax liabilities		487	641
Long-term provisions		246	199
TOTAL NON-CURRENT LIABILITIES		733	840
TOTAL LIABILITIES		18,722	11,844
NET ASSETS		43,047	19,420
Equity			
Issued capital		44,627	21,100
Reserves		(1,200)	(1,274)
Accumulated losses		(380)	(406)
TOTAL EQUITY		43,047	19,420

The interim financial statements should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
for the half-year ending 30 June 2008**

	Issued Capital \$'000	Accumulated Losses \$'000	Reserves \$'000	Total \$'000
Balance as at 1 January 2007	19,025	(2,696)	(318)	16,011
Adjustment arising from translation of foreign controlled entity's financial statements	-	-	(240)	(240)
Income recognised directly in equity	-	-	(240)	(240)
Profit attributable to members of parent	-	1,951	-	1,951
Total recognised income for the period	-	1,951	(240)	1,711
Shares issued under DRP	324	-	-	324
Share placements net of costs	717	-	-	717
Shares issued under employee share plans	542	-	-	542
Shares vesting under share option plans	178	-	-	178
	20,786	(745)	(558)	19,483
Dividends paid	-	(1,096)	-	(1,096)
Balance as at 30 June 2007	20,786	(1,841)	(558)	18,387
Balance as at 1 January 2008	21,100	(406)	(1,274)	19,420
Adjustment arising from translation of foreign controlled entity's financial statements	-	-	(660)	(660)
Movement in value of hedge reserve	-	-	734	734
Income recognised directly in equity	-	-	74	74
Profit attributable to members of parent	-	1,350	-	1,350
Total recognised income for the period	-	1,350	74	1,424
Shares issued under DRP	136	-	-	136
Share placements net of costs	22,522	-	-	22,522
Shares issued under employee share plans	869	-	-	869
	44,627	944	(1,200)	44,371
Dividends paid	-	(1,324)	-	(1,324)
Balance as at 30 June 2008	44,627	(380)	(1,200)	43,047

**Consolidated Cash Flow Statement
for the half-year ending 30 June 2008**

	30 June 2008 \$'000	30 June 2007 \$'000
Cash flows from operating activities		
Receipts from customers	77,797	36,699
Payments to suppliers and employees	(74,706)	(36,956)
Interest received	121	58
Income tax paid	(931)	(260)
Interest and other costs of finance paid	(162)	(1)
Net cash provided by/(used in) operating activities	2,119	(460)
Cash flows from investing activities		
Payments to acquire plant and equipment	(470)	(187)
Payment for other non-current assets	(90)	(210)
Payments for acquisition of businesses	(20,981)	(1,705)
Net cash used in investing activities	(21,541)	(2,102)
Cash flows from financing activities		
Proceeds from issue of equity securities	23,380	50
Payment for share issue costs	(1,082)	(55)
Dividends paid	(1,182)	-
Net cash used in financing activities	21,116	(5)
Net increase/(decrease) in cash held	1,694	(2,567)
Cash at the beginning of the financial period	3,107	6,093
Effect of exchange rates on cash holdings in foreign currencies	(386)	(144)
Cash at the end of the financial period	4,415	3,382

The interim financial statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Basis of Preparation and Reporting

The half-year consolidated financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2007 and the public announcements made by Ambition Group Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the December 2007 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which fair value accounting has been applied.

2. Profit from operations

	30 June 2008 \$'000	30 June 2007 \$'000
(a) Revenue		
Recruitment services revenue	66,910	37,176
Interest received	121	58
	<u>67,031</u>	<u>37,234</u>

(b) Profit before income tax

Profit from ordinary activities before income tax has been determined after:

Finance costs		
- deferred purchase liability	168	173
- other finance costs	162	1
	<u>330</u>	<u>174</u>
Depreciation and amortisation expense		
- depreciation of plant and equipment	486	199
- amortisation of intangibles	105	79
	<u>591</u>	<u>278</u>
Share based payments expense	779	542
Rental expense on operating leases		
- minimum lease payments	1,767	677

	30 June 2008 \$'000	30 June 2007 \$'000
3. Income Tax		
Profit before income tax	2,043	2,661
Prima facie tax	613	798
Add tax effect of:		
- non deductible interest	91	-
- non deductible amortisation	-	24
- other non-deductible expenses	122	88
Less tax effect of:		
- overseas tax differential	(133)	(200)
Income tax expense attributable to profit before tax	693	710

4. Dividends

Interim fully franked ordinary dividend of 1.5 cents per share (2007: 2 cents per share) franked at the tax rate of 30% (2007: 30%)	781	656
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On 27 August 2008 the directors declared a fully franked interim dividend of 1.5 cents per share in respect of the six months ending 30 June 2008. The record date for determining entitlements is 9 October 2008 and the payment date is 23 October 2008.

	30 June 2008 \$'000	31 December 2007 \$'000
5. Intangible assets		
Goodwill - at cost	32,580	12,229
Computer software – at cost	639	596
Web development – at cost	565	547
Accumulated amortisation	(911)	(802)
	32,873	12,570

6. Trade and other payables

Current

Trade payables	12,459	8,734
Witan Jardine purchase liability	3,905	-
	16,364	8,734

	30 June 2008 \$'000	30 June 2007 \$'000
7. Earnings per share		
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	49,202	31,894
Potential number of ordinary shares which have been treated as dilutive	-	182
Total potential ordinary shares	49,202	32,076
Basic earnings per share (cents per share)	2.74	6.12
Diluted earnings per share (cents per share)	2.74	6.08
	\$	\$
8. Net tangible assets		
Net tangible asset backing per ordinary share	0.21	0.23

9. Acquisition of a Subsidiary

During the period, Ambition Group Limited purchased Witan Jardine, a London based recruitment company. The acquisition occurred on 21 January 2008 for an initial consideration of £12.6m. A further payment will be made in March 2009 based on the results for the year ending 31 December 2008.

As this acquisition occurred in January of 2008 the accounting for this business combination has not been fully completed. Instead, the accounting for this acquisition is provisional. The following accounting and amounts are therefore likely to change when this exercise has been fully completed:

	\$'000
Total acquisition costs	<u>28,517</u>
Assets and liabilities acquired at acquisition date:	
Cash	8,851
Trade receivables	12,053
Property, plant and equipment	343
Intangible assets	3
Trade payables	<u>(14,163)</u>
Net Assets acquired	<u>7,087</u>
Goodwill on consolidation	<u>21,430</u>

Total acquisition costs comprise cash consideration, deferred consideration and professional fees incurred in 2007 and 2008. Currently the fair value of the assets and liabilities acquired is equal to their carrying value at acquisition date.

To fund the acquisition and related costs, Ambition Group Limited issued 16.9m shares and raised approximately A\$23.4m in new capital. This was completed in January 2008.

As a result of this acquisition there was an increase in profit before tax of \$383,000.

10. Events subsequent to reporting date

There were no events subsequent to the reporting date.

11. Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

12. Other Information

The accounting policies, estimation methods and measurement bases used in this report are consistent with those used in the annual report. This report and the accounts upon which it is based use the same accounting policies.

This report gives a true and fair view of the matters disclosed and is based on accounts which have been reviewed by auditors. This entity has a formally constituted audit committee.

13. Segment reporting

Primary reporting -

Geographical segments

	Australia		Asia		Europe		Unallocated		Economic Entity	
	30 June 2008 \$'000	30 June 2007 \$'000	30 June 2008 \$'000	30 June 2007 \$'000	30 June 2008 \$'000	30 June 2007 \$'000	30 June 2008 \$'000	30 June 2007 \$'000	30 June 2008 \$'000	30 June 2007 \$'000

Primary reporting -

Geographical segments

(a) Revenue

External revenue	40,135	31,568	5,706	5,608	21,069	-	-	-	66,910	37,176
Interest revenue	28	50	1	8	92	-	-	-	121	58
Total segment revenue	40,163	31,618	5,707	5,616	21,161	-	-	-	67,031	37,234

(b) Result

Profit/(loss) before income tax	2,046	2,216	995	1,598	383	-	(1,381)	(1,153)	2,043	2,661
Income tax expense	(802)	(775)	(185)	(281)	(120)	-	414	346	(693)	(710)
Profit/(loss) after income tax	1,244	1,441	810	1,317	263	-	(967)	(807)	1,350	1,951

Secondary reporting -

Business segments

The group operates in the one business segment of recruitment.

Directors' Declaration

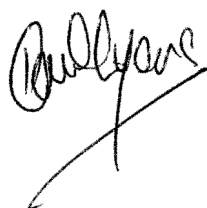
The directors of the company declare that:

1. The financial statements and notes as set out on pages 7 to 15
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Nick Waterworth
Executive Chairman



Paul Lyons
Group Managing Director

Dated this 28th of August 2008

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AMBITION GROUP LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Ambition Group Limited for the half-year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants



Partner

Sydney, 28 August 2008

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AMBITION GROUP LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Ambition Group Limited (the company) and consolidated entity, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration set out on page 7 to 16. The consolidated entity comprises both the company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AMBITION GROUP LIMITED (cont)

Auditor's responsibility (cont)

view of the consolidated entity's financial position as at 30 June 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Ambition Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ambition Group Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

G S Layland
Partner

Sydney, 28 August 2008