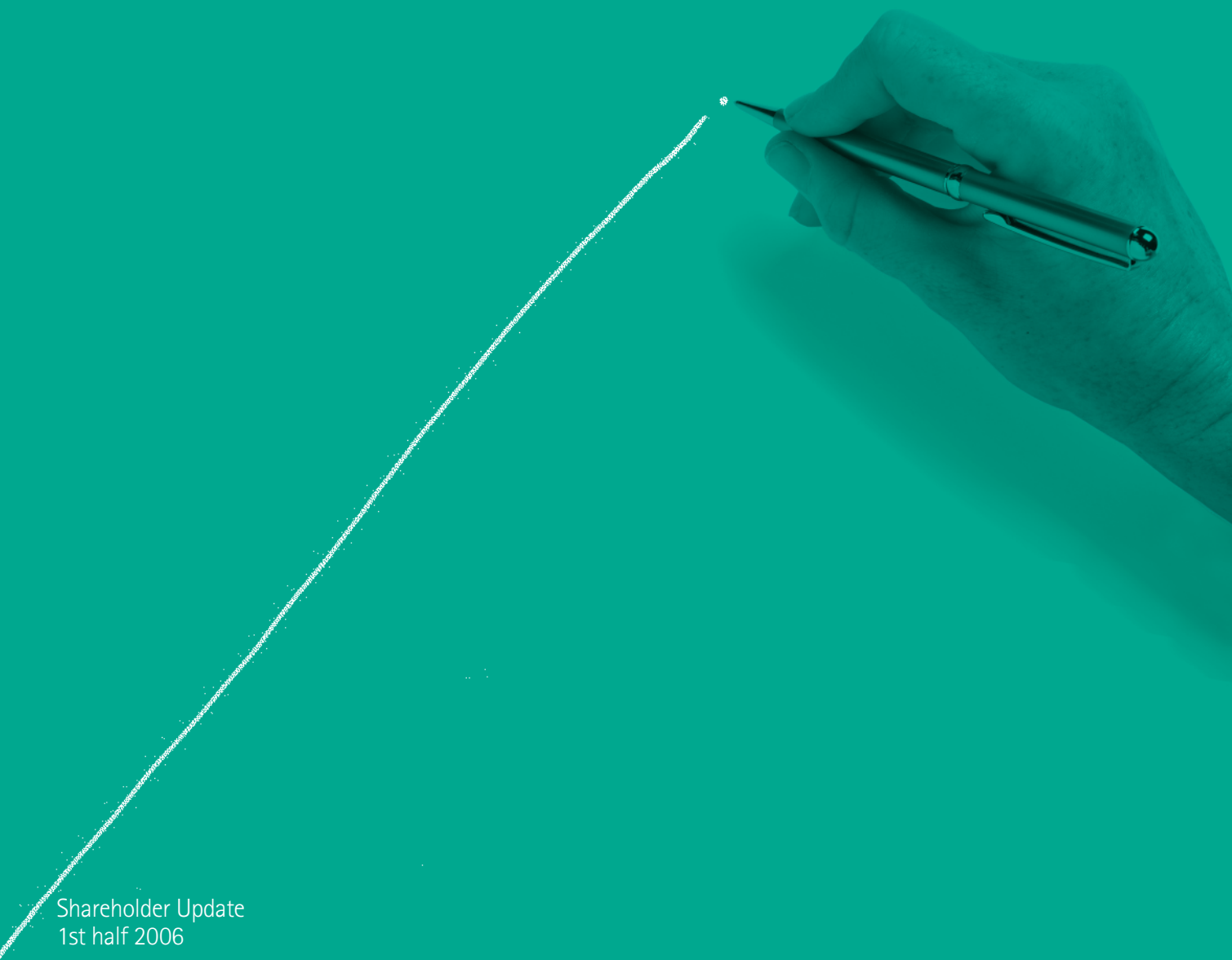


# The Market Continues to Grow. Ambition Group Limited



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+37% to \$27.3m

Revenue

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+86% to \$2.6m

EBITDA

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+100% to \$2.4m

EBIT

---

+105% to \$2.2m

PBT

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# The market continues to grow. We established Ambition with a vision of becoming a significant player in the global recruitment and contracting market.

To build something of value takes time – however, your Directors are delighted to report that we now have some real traction in our various markets and the results are beginning to flow.

In the first half of 2006, the businesses we have built organically, together with our recent acquisitions, contributed to pleasing growth in revenue and profits.

|                      | 30.06.05         | 30.06.06         | % Increase |
|----------------------|------------------|------------------|------------|
| Revenue              | \$19.9m          | \$27.3m          | 37%        |
| EBIT                 | \$1.2m           | \$2.4m           | 100%       |
| Profit Before Tax    | \$1.1m           | \$2.2m           | 105%       |
| EBIT Margin          | 6.0%             | 8.8%             | 46.7%      |
| EPS*                 | 4.2 <sub>c</sub> | 5.1 <sub>c</sub> | 21%        |
| Dividend (per share) | n/a              | 1.0 <sub>c</sub> | n/a        |

\*Fully diluted for the September 2006 convertible notes.

| Revenue Growth Accelerates  |  | A\$m |
|-----------------------------|--|------|
| 1H 2006                     |  | 10.2 |
| 1H 2005                     |  | 6.3  |
| 1H 2004                     |  | 3.5  |
| 1H 2003                     |  | 2.0  |
| Permanent Placement Revenue |  |      |
| 1H 2006                     |  | 16.7 |
| 1H 2005                     |  | 13.2 |
| 1H 2004                     |  | 7.1  |
| 1H 2003                     |  | 6.8  |
| Contracting Revenue         |  |      |
| 1H 2006                     |  | 26.9 |
| 1H 2005                     |  | 19.5 |
| 1H 2004                     |  | 10.5 |
| 1H 2003                     |  | 8.8  |
| Total Recruitment Revenue   |  |      |

| Profit Growth Follows Service Quality & Brand Traction |  | A\$m |
|--|--|------|
| 1H 2006  |  | 2.2  |
| 1H 2005  |  | 0.8  |
| 1H 2004  |  | 0.2  |
| 1H 2003  |  | 0.0  |
| PBT  |  |      |
| 1H 2006  |  | 2.4  |
| 1H 2005  |  | 1.2  |
| 1H 2004  |  | 0.3  |
| 1H 2003  |  | 0.1  |
| EBIT   |  |      |
| 1H 2006  |  | 2.6  |
| 1H 2005  |  | 1.4  |
| 1H 2004  |  | 0.5  |
| 1H 2003  |  | 0.3  |
| EBITDA   |  |      |

Australia Revenue  
 1. Permanent 32%  
 2. Contracting 68%



Asia Revenue  
 1. Permanent 77%  
 2. Contracting 23%



**Maiden dividend declared**

Your Directors are delighted to announce the intention to declare a fully-franked interim dividend, payable on 14 September 2006 with a record date of 31 August 2006.

Holders of the convertible notes that expire at the end of September 2006 who convert prior to the record date will be eligible for the dividend and will be paid interest up to the date of conversion.

**Acquisitions performing according to expectations**

The Brisbane-based McGinty Recruitment has been part of the group since January 2005 and is performing strongly, with minimal staff turnover. The white-collar recruitment market in South-East Queensland is growing rapidly and there are many opportunities for further expansion of this business.

We are continuing to operate under the McGinty brand which has a strong franchise in the Brisbane marketplace, although there has been considerable cross-fertilisation with interstate Ambition offices to generate increased candidate flow and client introductions.

In Sydney, the Watermark Search acquisition that was completed in September 2005 is also proving very successful, with similarly minimal staff turnover. Watermark has a market-leading position in NSW Government executive assignments and an increasing flow of work in commerce and the finance sector.

Watermark benefits from an outstanding and long standing reputation, and clear expansion opportunities exist both in Sydney and interstate.

**Ambition Australia**

Our accounting, finance and information technology business in Australia has shown steady growth year-on-year and has secured a number of large client wins over the past 12 months that will produce strong revenue streams

going forward. Employers in Australia remain confident in their outlook and are certainly more and more committed to the notion that successful recruitment and human capital management is central to securing a competitive advantage – they are therefore continuing to hire to fuel further growth.

**Ambition Asia**

Based out of Hong Kong, Shanghai and Singapore, Ambition has a strong value proposition in marketing, accounting, banking & finance recruitment. We are growing revenue and profits from Asia in a controlled fashion and the Board is excited about the prospects for ongoing expansion and diversification.

The utilisation of the flexible workforce is not as mature as it is in Australia, however contracting numbers are growing and our research indicates that this will accelerate with time.

**AccountAbility**

We launched AccountAbility in October 2004 with a new and innovative approach to the large clerical/sub-professional sector. This division is now trading profitably and its brand has been extremely well received, especially by the Gen X and Y candidates who comprise the vast majority of our placements.

Contracting/temp revenue is strong and reliable in this segment with employers using this form of work for busy periods, projects and maternity cover.

Nick Waterworth  
 Co-Founder  
 & Chairman

Paul Lyons  
 Co-Founder & Group  
 Managing Director

# Consolidated Income Statement

for half year ended 30 June 2006

|  | 30 June<br>2006<br>\$ | 30 June<br>2005<br>\$ |
|--|-----------------------|-----------------------|
| Revenues                               | 27,338,310            | 19,873,790            |
| Employee benefits expense              | (7,746,865)           | (5,103,458)           |
| On-hired labour costs                  | (13,072,292)          | (10,452,595)          |
| Payroll taxes                          | (300,407)             | (171,046)             |
| Depreciation and amortisation expense  | (207,954)             | (168,497)             |
| Finance costs                          | (244,808)             | (200,984)             |
| Advertising & marketing                | (1,020,630)           | (999,468)             |
| Computer expenses                      | (142,292)             | (115,990)             |
| Consulting fees                        | (147,292)             | -                     |
| Rental expense on operating leases     | (554,378)             | (362,785)             |
| Other expenses                         | (1,709,799)           | (1,230,318)           |
| Profit before income tax expense       | 2,191,593             | 1,068,649             |
| Income tax expense                     | (803,457)             | (273,802)             |
| <b>Profit after income tax expense</b> | <b>1,388,136</b>      | <b>794,847</b>        |

# Consolidated Cash Flow Statement

for half year ended 30 June 2006

|   | 30 June<br>2006<br>\$ | 30 June<br>2005<br>\$ |
|---|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>                 |                       |                       |
| Receipts from customers                                     | 28,826,312            | 19,561,400            |
| Payments to suppliers and employees                         | (27,690,045)          | (19,249,511)          |
| Interest received   | 43,953                | 30,400                |
| Income tax paid   | (125,786)             | (129,216)             |
| Interest & other costs of finance paid                      | (126,699)             | (126,700)             |
| <b>Net cash provided by operating activities</b>            | <b>927,735</b>        | <b>86,373</b>         |
| <b>Cash flows from investing activities</b>                 |                       |                       |
| Payments for property, plant and equipment                  | (132,985)             | (206,996)             |
| Initial payment for business acquisition                    | -                     | (1,113,891)           |
| Deferred payment for business acquisition                   | (1,276,370)           | -                     |
| Payments to acquire intangible assets                       | (57,871)              | (27,943)              |
| <b>Net cash used by investing activities</b>                | <b>(1,467,226)</b>    | <b>(1,348,830)</b>    |
| <b>Cash flows from financing activities</b>                 |                       |                       |
| Proceeds from issue of equity securities                    | -                     | 2,008,500             |
| Payment for share issue costs                               | -                     | (44,956)              |
| <b>Net cash provided in financing activities</b>            | <b>-</b>              | <b>1,963,544</b>      |
| Net (decrease) increase in cash held                        | (539,491)             | 701,087               |
| Cash at the beginning of the period                         | 5,474,841             | 1,786,181             |
| Effect of exchange rates on cash held in foreign currencies | -                     | 61,204                |
| <b>Cash at the end of the period</b>                        | <b>4,935,350</b>      | <b>2,548,472</b>      |

# Group Directory

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[www.mcginty.com.au](http://www.mcginty.com.au)  
[www.watermarksearch.com.au](http://www.watermarksearch.com.au)

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Stock Exchange Listing  
Ambition Group Limited is  
listed on the Australian Stock  
Exchange. ASX code: AMB

Ambition Group Limited  
and its Controlled Entities ABN 31 089 183 362

