

AMBITION GROUP LIMITED.

**Interim Report for the half-year ended
30th June 2013 & Appendix 4D information**

ABN 31 089 183 362

The Directors of Ambition Group Limited are pleased to announce financial results for the six months ended 30th June 2013.

6 months ended	30-Jun	30-Jun
	2013	2012
	\$m	\$m
Revenue	40.4	44.4
On-hired labour costs	(21.4)	(24.3)
Gross profit	19.0	20.1
Employee benefits expense	(14.1)	(14.3)
Restructuring costs	(0.5)	(0.1)
Payroll tax	(0.5)	(0.4)
Depreciation and amortisation expense	(0.4)	(0.4)
Advertising and marketing	(0.7)	(0.8)
Net other expenses	(3.1)	(3.3)
(Loss) / profit before income tax expense	(0.3)	0.8
Income tax expense	(0.1)	(0.3)
(Loss) / profit after income tax expense	(0.4)	0.5
Basic earnings per share (cents per share)	(0.65)	0.79
Diluted earnings per share (cents per share)	(0.65)	0.77

Ambition experienced varying conditions in its respective markets of Australia, Hong Kong, Singapore and the United Kingdom.

Our Asian business continued to make good progress. Whilst the challenging trading conditions in Australia and the United Kingdom persisted, the Directors made significant progress restructuring and repositioning the business in those locations.

Eric Dodd was appointed as Independent Non-Executive Chairman in March 2013. In conjunction with the Board, he will support the executive management team on changing the business deliver sustainable, profitable growth. The recruitment industry has undergone significant cyclical and structural shifts in recent years and Ambition has responded by embarking on a programme that will position the business appropriately for the future.

To address the market environment, our company structure has been refined and headcount reductions implemented that we anticipate will deliver annualised employment cost savings in excess of \$1.0m. The associated costs of \$0.5m have been expensed in this period. Reductions to the senior management team have been made and a new Chief Financial Officer will be appointed with an expanded remit. The business transformation includes a detailed, company-wide cost review as well as an assessment of our systems, processes and organisation structure. It is anticipated that improvements will lead to efficiency gains and further cost reductions.

Although gross profit declined by 5% compared to the corresponding period in 2012 and a pre-tax loss of \$0.3m incurred, excluding the costs of restructuring, our profit before tax would have been \$0.2m.

Research shows our brands remain well-regarded by clients, candidates and by our industry peers.

The company is debt free and cash reserves are around \$6m. The Directors have not declared an interim dividend for 2013.

Australia

Our largest market experienced a difficult first half and revenues declined 11% versus the same period in 2012, contributing to a material reduction in operating profit to \$174,000.

Although we have no significant exposure to mining and resources, the slowdown in this sector compounded weakening hiring sentiment and wider economic confidence has been at its lowest level for some years. The uncertain political backdrop in 2013 added to the cautious mood by our clients towards new and replacement headcount.

In early June, we responded to a series of disappointing monthly financial results by reducing employee headcount by 10%, principally across senior management and non-fee generating staff and also rigorously performance managing fee earners.

We see no obvious signs for a material uplift in market conditions in the short-term but believe that the level of hiring activity has stabilised.

Asia

Asia is the group's strategic growth priority and good progress was made in the period. Revenues increased by 37% and operating profits more than doubled to \$756,000 versus the same period in 2012. Whilst Hong Kong and Singapore are highly competitive markets, we believe further growth opportunities exist and we continue to invest in both offices. Consultant headcount for the region stood 30% higher than a year earlier.

In July, the Board approved the establishment of a Kuala Lumpur office and we expect to commence trading in Malaysia by the end of the year.

Much remains to be achieved in our Asian business and we are excited by its potential. We are committed to the region accounting for a significantly higher proportion of our global fee income and, as such, the Chief Executive continues to be based in Singapore with an overwhelming operational focus on Asia.

UK

Although the UK recorded an operating loss of \$167,000 for the period, our total costs in London have now been reduced by 20% versus a year earlier. Gross profit declined versus the corresponding period in 2012 but has now stabilised.

There is some evidence pointing to 'green shoots' of recovery in the UK, especially in certain segments of professional services. However, overall economic sentiment is relatively fragile and we expect trading conditions to remain challenging. We also anticipate the level of interaction between London and our other offices to increase as and when the business cycle becomes more positive.

Investor enquiries:

Guy Day
Chief Executive
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Nick Waterworth
Deputy Chairman
+61 (2) 9249 5000

Ambition Group is a global boutique recruitment business operating in the areas of Finance & Accounting, Banking & Financial Services, Information Technology, Sales & Marketing, HR as well as having an executive search offering.

Our office network covers Sydney, Parramatta, Melbourne, Brisbane, Perth, Hong Kong, Singapore and London. Our vision is 'Building Better Futures' for our candidates, client organisations and employees.

Results for announcement to the market

Financial half-year ended ('current period') : 30 June 2013
Previous corresponding period : 30 June 2012

	30 June 2013 \$'000	30 June 2012 \$'000	Change \$'000	Change %
Revenue from ordinary activities	40,407	44,429	(4,022)	(9%)
(Loss) / profit before tax	(330)	833	(1,163)	N/A
(Loss) / profit after tax attributable to Owners of the Parent	(423)	510	(933)	N/A
Basic earnings per share (cents per share) to Owners of the Parent	(0.65)	0.79	(1.44)	N/A

Dividends

The Directors have declared that there will be no interim dividend for 2013.

Directors' report

The directors of Ambition Group Limited submit herewith the financial report of Ambition Group Limited and its subsidiaries (the Group) for the half-year ended 30 June 2013. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows :

The names of the directors of the company during or since the end of the half year are :

Name

Mr Eric Dodd
Ms Cathy Doyle
Mr Paul Young
Mr Guy Day
Mr Nick Waterworth
Mr Paul Lyons

The above named directors held office during and since the end of the half-year except for :

Name

Mr Eric Dodd	Appointed 18 th March 2013
Mr Paul Lyons	Resigned 14 th May 2013

Review of operations

Ambition is in the business of recruitment consultancy, generating revenue from both permanent and contracting placements.

Gross profit declined by 5% to \$19,012,000 compared to the corresponding period in 2012, resulting in a pre-tax loss of \$330,000. Whilst our core markets in Australia and the UK continued to experience challenging trading conditions, the Directors made significant progress restructuring and repositioning the business. Asia is the group's **strategic growth priority**. In July, the Board approved the establishment of a Kuala Lumpur office and we expect to commence trading in Malaysia by the end of the year.

The Directors' commentary in the preceding section gives further detail on the performance this period.

Dividends

The Directors have declared that there will be no interim dividend for 2013 (30th June 2012 : nil).

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year report.

Rounding off of amounts

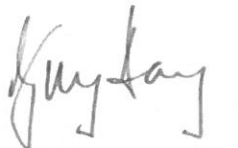
The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Eric Dodd
Chairman
Sydney
15th of August 2013



Guy Day
Chief Executive

The Board of Directors
Ambition Group Limited
Level 5, 55 Clarence Street
Sydney
NSW 2000

15 August 2013

Dear Board Members

Ambition Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ambition Group Limited.

As lead audit partner for the review of the financial statements of Ambition Group Limited for the half-year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Jason Thorne
Partner
Chartered Accountant

Directors' declaration

The directors declare that :

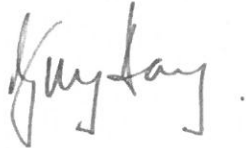
- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Eric Dodd
Chairman
Sydney
15th of August 2013



Guy Day
Chief Executive Officer

**Condensed consolidated statement of profit or loss
for the half-year ended 30 June 2013**

	Note	Consolidated Half-year ended	
		30 June 2013 \$'000	30 June 2012 \$'000
Revenue		40,407	44,429
On-hired labour costs		(21,395)	(24,320)
Gross profit		19,012	20,109
Investment income		40	67
Employee benefits expense		(14,106)	(13,630)
Indirect employment costs		(494)	(712)
Payroll tax		(456)	(432)
Depreciation and amortisation expense		(412)	(378)
Advertising and marketing		(699)	(805)
Computer expenses		(438)	(328)
Rental expense on operating leases		(1,281)	(1,230)
Other expenses		(1,496)	(1,828)
(Loss) / profit before tax		(330)	833
Income tax expense	3	(93)	(323)
(Loss) / profit for the period		(423)	510
Attributable to:			
Owners of the parent		(423)	510
Non-controlling interests		-	-
Earnings per share			
Basic (cents per share)		(0.65)	0.79
Diluted (cents per share)		(0.65)	0.77

**Condensed consolidated statement of comprehensive income
for the half-year ended 30 June 2013**

	Consolidated Half-year ended	
	30 June 2013 \$'000	30 June 2012 \$'000
(Loss) / profit for the period	(423)	510
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	492	44
Total comprehensive income for the period	69	554
Total comprehensive income attributable to:		
Owners of the parent	69	554
Non-controlling interests	-	-
	69	554

Notes to the condensed consolidated financial statements are included on pages 12 to 14.

**Condensed consolidated statement of financial position
as at 30 June 2013**

	Note	Consolidated	
		30 June 2013	31 Dec 2012
		\$'000	\$'000
Current assets			
Cash and cash equivalents		6,043	6,457
Trade and other receivables		13,015	10,616
Current tax assets		76	377
Other current assets		460	349
Total current assets		19,594	17,799
Non-current assets			
Property, plant and equipment		829	926
Intangible assets		463	366
Deferred tax assets		777	882
Total non-current assets		2,069	2,174
Total assets		21,663	19,973
Current liabilities			
Trade and other payables		7,289	5,970
Other liabilities	5	30	-
Provisions		1,485	1,371
Total current liabilities		8,804	7,341
Non-current liabilities			
Other liabilities	5	107	-
Provisions		580	502
Total non-current liabilities		687	502
Total liabilities		9,491	7,843
Net assets		12,172	12,130
Equity			
Issued capital	7	47,657	47,564
Reserves		(3,733)	(4,105)
Accumulated losses		(31,752)	(31,329)
Total equity		12,172	12,130

Notes to the condensed consolidated financial statements are included on pages 12 to 14.

**Condensed consolidated statement of changes in equity
for the half-year ended 30 June 2013**

	Issued Capital \$'000	Accumulated Losses \$'000	Foreign Currency Translation Reserve \$'000	Employee Benefits Reserve \$'000	Equity Settled Reserve \$'000	Attributable to owners of the parent \$'000	Non controlling interest \$'000	Total \$'000
Balance as at 1 January 2012	47,553	(31,398)	(4,306)	777	12,626	-	-	12,626
Profit for the period	-	510	-	-	-	510	-	510
Other comprehensive income for the period	-	-	44	-	-	44	-	44
Total comprehensive income for the period	-	510	44	-	-	554	-	554
Recognition of share based payments	-	-	-	(379)	-	(379)	-	(379)
Vesting of employee share scheme	7	-	-	(7)	-	-	-	-
Balance as at 30 June 2012	47,560	(30,888)	(4,262)	391	12,801	-	-	12,801
Balance as at 1 January 2013	47,564	(31,329)	(4,282)	177	12,130	-	-	12,130
Loss for the period	-	(423)	-	-	-	(423)	-	(423)
Other comprehensive income for the period	-	-	492	-	-	492	-	492
Total comprehensive income for the period	-	(423)	492	-	-	69	-	69
Recognition of share based payments	-	-	-	(32)	-	(32)	-	(32)
Shares issued under employee share plans	-	-	-	5	-	5	-	5
Vesting of employee share scheme	93	-	-	(93)	-	-	-	-
Balance as at 30 June 2013	47,657	(31,752)	(3,790)	57	12,172	-	-	12,172

Notes to the condensed consolidated financial statements are included on pages 12 to 14.

**Condensed consolidated statement of cash flows
for the half-year ended 30 June 2013**

	Consolidated	
	Half-year ended	
	30 June 2013	30 June 2012
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	43,363	48,772
Payments to suppliers and employees	(43,997)	(48,836)
Income tax refunded / (paid)	318	(150)
Net cash used in operating activities	(316)	(214)
Cash flows from investing activities		
Interest received	40	67
Payment for property, plant and equipment	(106)	(26)
Payment for intangible assets	(196)	(267)
Net cash used in investing activities	(262)	(226)
Cash flows from financing activities		
Proceeds from issue of equity securities	-	-
Payment for share issue costs	-	-
Dividends paid	-	-
Net cash used in financing activities	-	-
Net (decrease) in cash and cash equivalents	(578)	(440)
Cash and cash equivalents at the beginning of the period	6,457	6,951
Effect of exchange rate changes on the balance of cash held in foreign currencies	164	17
Cash and cash equivalents at the end of the period	6,043	6,528

Notes to the condensed consolidated financial statements are included on pages 12 to 14.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

For the purpose of preparing the condensed consolidated financial statements the Company is a for-profit entity.

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 31 December 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 10 Consolidated Financial Statements
- AASB 13 Fair Value Measurements
- AASB 119 (2011) Employee Benefits
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (AASB 10, AASB 128).

The adoption of AASB 119 (2011) Employee Benefits has resulted in a change to the Group's accounting policy. The change has not had a material impact, nor resulted in changes to the Group's presentation of, or disclosures in, its half-year financial statements. The adoption of the other new and revised Standards and Interpretations, noted above, has not resulted in any other changes to the Group's accounting policies, presentation of, or disclosure in, its half-year financial statements.

2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is focused on the geographic segments the business operates in. The Group's reportable segments under AASB 8 are as follows:

- Australia
- Asia
- UK
- Group.

There have been no changes in the basis of segmentation or basis of segmental profit or loss since the previous financial report. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

	Revenue		Segment profit	
	Half-year ended		Half-year ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Australia	28,169	31,583	174	1,048
Asia	5,618	4,107	756	357
UK	6,620	8,739	(167)	(195)
	40,407	44,429	763	1,210
Investment income	40	67	40	67
Group charges	-	-	(1,133)	(444)
(Loss) / profit before tax			(330)	833
Income tax (expense)			(93)	(323)
Consolidated segment revenue and (loss) / profit for the period	40,447	44,496	(423)	510

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

3. Income tax

(Loss) / profit before income tax	(330)	833
Prima facie tax	(99)	250
Add / (Less) tax effect of:		
- other non-deductible expenses	40	33
- tax assets not brought to account	126	55
- non-taxable share based payment (write back) / expense	(13)	(83)
- overseas tax differential	32	14
- under / (over) provision in prior period	7	54
Income tax expense attributable to profit before tax	93	323

4. Net tangible assets

Net tangible asset backing per ordinary share	\$0.18	\$0.19
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5. Other liabilities

Other liabilities relate to lease incentives of \$137,000 (31st December 2012 : Nil) that was recognised following a lease renegotiation.

6. Events subsequent to reporting date

There are no events subsequent to the report date of which we are aware that would have a material impact on this report.

7. Issuances of Equity Securities

Issued capital at 30 June 2013 amounted to \$47,657,099 (67,170,954 ordinary shares). During the half-year, 352,554 treasury shares (included in the 67,170,954) vested and the employee became entitled to full ownership. As a result of the vesting, \$93,005 was transferred from the Equity Settled Employee Benefits Reserve to Issued Capital (30th June 2012 : \$7,000). The Group issued no share options (2012 : Nil) over ordinary shares under its executive share option plan during the half-year reporting period.

8. Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, a provision of \$117,000 has been made to reflect a payment payable to the former CFO, Mr R Taylor, as part of a business restructure.

9. Dividends

The Directors have not reported an interim dividend (30th June 2012 : nil).

Independent Auditor's Review Report to the Members of Ambition Group Limited

We have reviewed the accompanying half-year financial report of Ambition Group Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2013 and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ambition Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Jason Thorne

Partner

Chartered Accountants

Sydney, 15 August 2013