

Half Year Report 2020



Our International Reach



Our Specialist Disciplines



Accounting



Banking / Finance



Technology / Digital



Executive Search



Marketing / Sales



Supply Chain



Restructuring / Insolvency



Corporate Finance



Taxation

Results for announcement to the market

This information should be read in conjunction with the 2019 Annual Financial Report of Ambition Group Limited and its controlled entities and any public announcements made in the period on the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Half-Year Ending 30 June 2020

Previous corresponding period is half-year ended 30 June 2019.

	% change			\$,000
Revenue from ordinary activities	Down	7.5 %	to	49,238
Loss from ordinary activities after tax for the period	Down	large	to	(7,145)
Net loss attributable to members	Down	large	to	(7,089)
			Cents	Cents
			2020	2019
Basic earnings per share			(10.53)	(0.68)
Net tangible assets per share			4.54	14.72
Net assets per share			4.54	16.12

Dividends

The Directors have declared that there will be no interim dividend for 2020.

Comments on the results

Revenue, Net Fee Income and Net Loss for the period

	2020	2019
\$'000	30 June	30 June
Revenue	49,238	53,209
Net fee income	16,314	21,597
Net fee income %	33.1%	40.6%
Earnings before Depreciation, amortisation and impairment	776	1,201
Depreciation and amortisation	(1,675)	(1,626)
Impairment	(5,932)	-
Loss before tax	(6,831)	(425)
Net loss for the period	(7,145)	(579)

First and foremost, the Directors wish to pay tribute to everyone on the team across Ambition, Watermark Search, and AccountAbility. In the face of some of the most trying conditions ever witnessed in the recruitment industry, the response has been a tremendous display of resilience and creativity. Thank you very much.

Moving to financial commentary, revenue and net fee income have declined compared with the prior period as a result of the impacts of the global COVID-19 pandemic, which has seen a dramatic reduction in the levels of placements in the recruitment industry.

Fortunately, the Group's contracting and interim business has been less affected than permanent placement, providing some shield from the drastic decline in business confidence.

The loss before tax was impacted by a large non-cash impairment charge of \$5.9m, representing the impairment of right-of-use assets associated with the Group's office leases, as well as some smaller amounts related to capitalised software costs and leasehold improvements.

Losses were mitigated by the Group accessing government stimulus measures across our jurisdictions, reducing the loss by \$1 million. We also introduced a range of cost-containment measures appropriate to a negative economic cycle.

As detailed below, the Group generated improved cash from operations during the period as a result of a focus on working capital management and our cost-containment strategy.

Our strong net cash position is further supported by undrawn finance facilities.

Cash Flow, Net Cash, Net Assets

Review of Cash Flow and Net Cash

	2020 30 June	2019 30 June
\$'000		
Operating cash flow	5,749	(1,274)
Net cash	6,825	1,792

Review of Net Assets

	2020 30 June	2019 31 Dec
\$'000		
Net assets /total equity	3,056	9,917
Net tangible assets	3,056	9,590

Net assets were negatively impacted by the impairment of the right-of-use assets during the period.

Directors' Report

The Directors of Ambition Group Limited (the Company) are pleased to submit the financial report of the Company and its subsidiaries (the Group) for the half-year ended 30 June 2020. In order to comply with the provisions of the *Corporations Act* 2001, the Directors report as follows:

Directors

The names of the Directors of the Company during or since the end of the half-year are: Mr Nick Waterworth

Mr Paul Young

Ms Deborah Hadwen

Professor Richard Petty

Principal Activities

The principal activity of the Consolidated Group during the year was permanent and contracting recruitment in the areas of accounting, banking and finance, information and technology, sales and marketing, and executive search.

Review of Operations

Revenue and net fee revenue have both declined in the current period, as the effects of the COVID-19 pandemic have been felt in the recruitment industry.

In such times, we rely strongly on the ongoing fee base provided by our contracting and interim placements, as the levels of permanent placement activity fall dramatically with client businesses reluctant to engage full-time staff.

Net fee income as a percentage of revenue is 33.1% for the current period, compared with 40.6% for the prior comparative period, also reflecting the changed mix of placement and contracting revenue.

The Group has undertaken significant cost containment measures in response to the difficult business conditions.

Where possible, office space has been rationalised to reduce associated costs in future periods. Further, the Group has been eligible for a range of government incentives across most of the countries in which we operate, which contributed a net \$1 million.

After implementing AASB 16 'Leases' in the comparative period, which led to the recognition of a right-of-use asset on the balance sheet, the Group has fully-impaird this asset in the current period. This decision has also been taken in light of the current difficult operating conditions and the lack of certainty of when they may improve, as well as the acknowledgement that, with ongoing work from home arrangements in many of our offices, the assets are presently under-utilised. This has had the impact of a (non-cash) charge to the current period of \$5.4 million.

The future lease liabilities continue to be held on the balance sheet as current and non-current liabilities in accordance with AASB 16. Additional intangible assets, representing the net book value of leasehold improvements and software were also impaired under the same rationale, contributing a further \$0.5 million to the impairment charge.

Despite the difficulties outlined above, a positive cash inflow from operations of \$5.7 million was generated, compared with a small outflow in the prior comparative period. This was achieved through diligent working capital management as well as the initiatives set out above.

Directors' Report (cont.)

Adjusting for the non-cash items of impairment and depreciation/amortisation, the Group achieved a positive level of Earnings before depreciation, amortisation and impairment of \$776,000 for the period, as against \$1,201,000 for the prior comparative period, and believe this level of performance can be maintained.

	2020	2019
	\$'000	\$'000
Loss before income tax	(6,831)	(425)
Impairment	5,932	-
Depreciation & amortisation	1,675	1,626
Earnings before depreciation, amortisation and impairment	776	1,201

The Directors have declared that there will be no interim dividend for 2020 (30 June 2019: nil).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 7 of the half-year report.

Rounding-off of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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



Nick Waterworth
Executive Chairman



Paul Young
Director

31 August 2020

**RSM Australia Partners**

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Ambition Group Limited for the half year ended 30 June 2020, 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.

RSM

RSM AUSTRALIA PARTNERS

Gary Sherwood
Partner

Sydney, NSW
Dated: 31 August 2020

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Directors' declaration

The Directors declare that :

- a. in the Directors' opinion, the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b. 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
- c. in the Directors' opinion, the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date.

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

On behalf of the Directors



Nick Waterworth
Executive Chairman



Paul Young
Director

31 August 2020

Condensed consolidated statement of profit or loss for the half-year ended 30 June 2020

		Consolidated Half-year ended	
	Note	30 June 2020	30 June 2019
Continuing Operations		\$'000	\$'000
Revenue		49,238	53,209
On-hired labour costs		(32,924)	(31,612)
Net Fee Income		16,314	21,597
Investment income		8	15
Impairment loss	7	(5,932)	-
Government grants (Jobkeeper, JSS, ESS)		1,028	-
Employee benefits expense		(12,092)	(15,673)
Indirect employment costs		(570)	(559)
Payroll tax		(233)	(296)
Depreciation and amortisation expense		(1,675)	(1,626)
Finance costs		(523)	(402)
Advertising and marketing		(661)	(677)
Computer expenses		(560)	(523)
Rental expense on operating leases		(4)	(239)
Other expenses		(1,931)	(2,042)
Loss before tax		(6,831)	(425)
Income tax expense		(314)	(154)
Loss for the period		(7,145)	(579)
Attributable to:			
Owners of the parent		(7,089)	(457)
Non-controlling interests		(56)	(122)
Loss per share			
Basic (cents per share)		(10.53)	(0.68)
Diluted (cents per share)		(10.53)	(0.68)

Condensed consolidated statement of other comprehensive income for the half-year ended 30 June 2020

	Consolidated Half-year ended	
	30 June 2020	30 June 2019
	\$'000	\$'000
Loss for the period	(7,145)	(579)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	283	49
Total comprehensive loss for the period	(6,862)	(530)
Total comprehensive loss attributable to:		
Owners of the parent	(6,846)	(402)
Non-controlling interests	(16)	(128)
	(6,862)	(530)

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

Condensed consolidated statement of financial position as at 30 June 2020

		Consolidated Half-year ended	
		30 June 2020	31 Dec 2019
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		6,825	3,093
Trade and other receivables		12,768	17,485
Current tax assets		222	224
Other current assets		2,574	2,121
Total current assets		22,389	22,923
Non-current assets			
Property, plant and equipment		-	159
Right of use assets	10	-	6,869
Intangible assets		-	327
Deferred tax assets	9	-	1,685
Total non-current assets		-	9,040
Total assets		22,389	31,963
Current liabilities			
Trade and other payables		11,827	11,476
Current tax liabilities		17	638
Lease liabilities	11	1,509	2,063
Provisions		1,084	997
Total current liabilities		14,437	15,174
Non-current liabilities			
Provisions		622	672
Deferred tax liabilities	9	-	1,015
Lease liabilities	12	4,274	5,185
Total non-current liabilities		4,896	6,872
Total liabilities		19,333	22,046
Net assets		3,056	9,917
Equity			
Issued capital	5	13,213	13,213
Reserves		(2,450)	(2,750)
Retained earnings		(6,392)	697
Non-controlling interest		(1,315)	(1,243)
Total equity		3,056	9,917

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

Condensed consolidated statement of changes in equity for the half-year ended 30 June 2020

	Issued Capital	Retained Earnings	Foreign Currency Translation Reserve	Equity Settled Employee Benefits Reserve	Attributable to owners of the parent	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2019	13,213	1,827	(2,493)	10	12,557	(983)	11,574
Adjustment for change in accounting policy	-	(247)	-	-	(247)	-	(247)
Balance as at 1 January 2019 - restated	13,213	1,580	(2,493)	10	12,310	(983)	11,327
Profit / (Loss) for the period	-	(457)	-	-	(457)	(122)	(579)
Other comprehensive income for the period	-	-	55	-	55	(6)	49
Total comprehensive income for the period	-	(457)	55	-	(402)	(128)	(530)
Payment of dividends	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	59	59	-	59
Vesting of employee share schemes	-	-	-	-	-	-	-
Balance as at 30 June 2019	13,213	1,123	(2,438)	69	11,967	(1,111)	10,856
Balance as at 1 January 2020	13,213	697	(2,750)	-	11,160	(1,243)	9,917
Loss for the period	-	(7,089)	-	-	(7,089)	(56)	(7,145)
Other comprehensive income for the period	-	-	300	-	300	(16)	284
Total comprehensive income for the period	-	(7,089)	300	-	(6,789)	(72)	(6,861)
Payment of dividends	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-
Vesting of employee share schemes	-	-	-	-	-	-	-
Balance as at 30 June 2020	13,213	(6,392)	(2,450)	-	4,371	(1,315)	3,056

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

Condensed consolidated statement of cash flows

	Consolidated Half-year ended	
	30 June 2020	30 June 2019
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	55,711	50,822
Payments to suppliers and employees	(49,870)	(51,694)
	5,841	(872)
Interest paid	(224)	(402)
Government grants	762	-
Income tax (paid)	(630)	-
Net cash generated by / (used in) in operating activities	5,749	(1,274)
Cash flows from investing activities		
Payment for property, plant and equipment	(215)	(32)
Interest income	8	15
Payment for intangible assets	-	(65)
Proceeds from disposal of property, plant and equipment	-	18
Net cash used in investing activities	(207)	(64)
Cash flows from financing activities		
Repayment of lease liabilities	(1,826)	(1,624)
Credit facility	-	455
Net cash used in financing activities	(1,826)	(1,169)
Net increase/(decrease) in cash and cash equivalents	3,716	(2,507)
Cash and cash equivalents at the beginning of the period	3,093	3,942
Effect of exchange rate changes on the balance of cash held in foreign currencies	16	357
Cash and cash equivalents at the end of the period	6,825	1,792

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 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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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 2019 annual financial report for the financial year ended 31 December 2019, except for the impact of the Standards and Interpretations described below, in particular the policy regarding Revenue Recognition. 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.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Consolidated Group and by reference to the stage of completion of the contract. Revenue is recognised at the fair value of the consideration received or receivable.

Contingent permanent recruitment revenue is recognised upon candidate's acceptance of a permanent position.

Contracting revenue is recognised when the services are provided.

Retained permanent recruitment revenue has three stages. These stages are "Retainer", "Shortlist" & Completion". The Group concludes that there is only one performance obligation, which is the provision of recruitment services. While substantial work is done during each stage the Group concludes that each stage is interdependent and will recognize revenue at the "Completion" stage.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when dividends are declared.

Notes to the condensed consolidated financial statements

1. Significant accounting policies continued

c. Going Concern

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid spread of the virus has seen an unprecedented global response by Governments, regulators and industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March, an increasing level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdowns and uncertainties.

At 30 June 2020 the Company had net current assets of \$7,952 thousand (December 2019: \$7,749 thousand), and generated funds from operations from the six-month period of \$5,749 thousand (six months to 30 June 2019: outflows of \$1,274 thousand).

The Group has responded to the downturn in economic activity driven by the economic impacts of the COVID-19 pandemic by adopting a 4-day working week for all staff and by pursuing a cost reduction strategy with other key outgoings. In addition, government support programs have been accessed in all jurisdictions, and new or amended government measures are being monitored on an ongoing basis to ensure that the Group can access all possible areas of financial support.

In addition, a finance facility has been negotiated between Ambition Europe Limited and Royal Bank of Scotland plc, providing the Group with access to facilities totalling £325,000 (AUD601,850), to be drawn down as required.

The directors have considered projected cash flow forecasts for the 12 months from the date of approval of these financial statements taking into consideration the estimation of the continued business impacts of COVID-19. In response to the uncertainty facing the business, the Directors have considered severe but not implausible downside forecast scenarios as well as ongoing business in line with the current scenario.

These forecasts indicate that, taking account of reasonably possible downsides, the Group is expected to continue to operate, with headroom, within available cash levels and the terms of its debt facilities.

Based on these forecasts, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Notes to the condensed consolidated 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 Executive Chairman 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 are as follows

- Australia
- Asia
- UK
- Group

	Revenue Half-year ended		Segment profit / loss Half-year ended	
	30 June 2020 \$'000	30 June 2019 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Continuing operations				
Australia	28,162	28,656	(396)	(794)
Asia	18,160	19,667	524	888
UK	2,916	4,886	(278)	489
	49,238	53,209	(150)	583
Investment income			8	15
Impairment			(5,932)	-
Corporate Overhead Unallocated			(757)	(1,023)
Profit / (loss) before tax			(6,831)	(425)
Income tax benefit / (expense)			(314)	(154)
Consolidated segment revenue and profit / (loss) for the period	49,238	53,209	(7,145)	(579)

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.

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

Notes to the condensed consolidated financial statements

3. Net tangible assets

Net tangible asset backing per ordinary share at 30 June 2020 was 4.54 cents per share (30 June 2019: 14.72 cents per share).

4. Events subsequent to reporting date

On 2 July 2020, Ambition Europe Limited entered into a Loan Agreement with the Royal Bank of Scotland plc, providing the Group with access to facilities totalling £325,000.

On 29 June 2020, Ambition Group announced that it had received in-principle agreement from the ASX of the Company's application to be removed from the Official List, subject to compliance with certain conditions including the approval by a special resolution of the ordinary shareholders of the Company. On 31 July 2020, Ambition Group received the requisite shareholder approval, and has now applied to the ASX for removal from the Official List on 30 September 2020. Formal approval has not yet been received from the ASX but Ambition Group believe all conditions have been satisfied and hence that the ASX approval will not be withheld. Accordingly the Company anticipates being removed from the Official List on 30 September 2020.

5. Issuances of Equity Securities

Issued capital at 30 June 2020 amounted to \$13,213,000 (67,348,247 ordinary shares). As at 30 June 2019: \$13,213,000 (67,348,247 ordinary shares).

The Group issued nil share options (30 June 2019: nil) over ordinary shares under its executive share option plan during the half-year reporting period.

6. Dividends

The Directors have not declared an interim dividend for 2020 (30 June 2019: nil).

Notes to the condensed consolidated financial statements

7. Impairment Testing

AASB 16 requires that an entity assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. Revenue and Net Fee Income have declined compared with the prior period as a result of the impacts of the global COVID-19 pandemic, which has seen a dramatic reduction in the levels of placements in the recruitment industry. In addition, a number of the leased premises are currently unoccupied, or only partially occupied. These factors are all considered to be potential impairment indicators. The Board recognises that these are times to be prudent and cautious and, therefore, the Company conducted an impairment assessment of its operating assets. The Board is also cognisant of the fact that the market capitalisation value of the Company, as determined by its prevailing share price, had become lower than the carrying value of its consolidated Net Assets. This was recognised as a further indicator of the need for impairment assessment.

This Standard defines recoverable amount as the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. Given the nature of the assets, it is not considered practicable to determine the assets value in use, and consequently, the assets were written down to their respective fair values less costs to sell. The vast majority of the impairment relates to the Group's right-to-use assets and associated leasehold additions. The fair value of the right-to-use assets would ultimately be determined to be the expected amount for which the Group could potentially sublet its leased premises. There is significant estimation uncertainty in relation to quantifying the fair value of the right-to-use assets. The directors have exercised their judgement in determining that it would be unlikely that the Group would be able to sublet its premises in the current economic climate, and consequently, its right-to-use assets and the associated leasehold improvements have been fully impaired. The Group has recorded an impairment loss of \$5.9m for the half-year period ended 30 June 2020. As a result of the business having no identified goodwill, the impairment loss was specifically allocated to:

	30 June 2020
Assets Impaired	\$'000
Right-of-use assets	(5,367)
Leasehold improvements	(195)
Software	(276)
Other non-current assets	(94)
Total impairment	(5,932)

No asset is being reduced below its recoverable amount.

Impairment losses recognised on assets such as Right of use Assets, and certain other impaired assets are permitted to be reversed in subsequent reporting periods. The Directors closely monitor the Company's operating circumstances and are prepared to make further impairment adjustments or to reverse of some or all impairment adjustments to date as and when future impairment assessments indicate the need for them.

Notes to the condensed consolidated financial statements

8. Adoption of new accounting standards

AASB 120 Government Grants

The consolidated entity has adopted AASB 120 from 1 January 2020.

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:

- a. the entity will comply with the conditions attaching to them; and
- b. the grants will be received.

A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

The entity shall consider the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Due to government grants received from a source other than shareholders, they should not be recognised directly in equity but should be recognised in profit or loss in appropriate periods.

The Ambition group has received government grants in multiple jurisdictions in response to governments supporting businesses affected by the COVID-19 Pandemic. The Group has not recognised any support/income in the profit & loss that is has decided to or will be required to pass on or to repay.

Government Grants

	Consolidated Half-year ended	
	30 June 2020	30 June 2019
	\$'000	\$'000
Government grant receivable	198	-
Government grant provision	(1,780)	-
Government grant Income	1,028	-

The provision represents managements best estimate of government grants that will be passed onto their ultimate beneficiaries.

Notes to the condensed consolidated financial statements

9. Adoption of new critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained externally and within the Consolidated Group. Further detail is given below of the main areas of accounting estimates and judgements.

Government grants repaid & reimbursed

A government grant that becomes repayable shall be accounted for as a change in accounting estimate. Repayment of a grant related to income shall be applied first against any unamortised deferred credit recognised in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment shall be recognised immediately in profit or loss.

The group has taken the approach to provide for all costs associated with the schemes entered into including an estimation of the portion of grants received that will be passed back to the government or on to clients.

Impairment of Assets

There is significant judgement and estimation uncertainty with regard to the determination of the recoverable amounts of assets when assessing assets for impairment. Note 7 provides further detail in respect of the directors judgements and the estimation uncertainty in this regard.

Deferred Tax Assets

The statement of financial position as at 31 December 2019 reflected net deferred tax assets carried at value of \$670,000. The majority of this balance related to tax timing differences in relation to the Group's Australian operations. AASB 112, requires that a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The impacts of the global COVID-19 pandemic have seen a dramatic reduction in the levels of placements in the recruitment industry which has had a significant impact on the profitability of the Australian operations and other global operations. It is not possible to reasonably estimate the extent and duration of the impact of the COVID-19 pandemic in the future and consequently, the directors considered it prudent to de-recognise the deferred assets until such time as there is more certainty in relation to the probability that the Group will have sufficient future taxable profits available against which the unused tax losses and unused tax credits can be utilised.

Notes to the condensed consolidated financial statements

10. Non-current assets – right-of-use-assets

	Consolidated Half-year ended	
	30 June 2020	31 Dec 2019
	\$'000	\$'000
Land and buildings – right-of-use	9,714	9,187
Less: Accumulated depreciation	(4,347)	(2,318)
Impairment	(5,367)	-
	-	6,869

The consolidated entity leases land and buildings for its offices under agreements between three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The consolidated entity leases land and buildings of less than 1 year with no option to renew. These leases are either short-term or low-value, so have been expensed as incurred and not capitalized as right-of-use assets.

11. Current liabilities – lease liabilities

	Consolidated Half-year ended	
	30 June 2020	31 Dec 2019
	\$'000	\$'000
Lease liability	1,509	2,063

12. Non-current liabilities – lease liabilities

	Consolidated Half-year ended	
	30 June 2020	31 Dec 2019
	\$'000	\$'000
Lease liability	4,274	5,185

**RSM Australia Partners**

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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 which comprises the condensed consolidated statement of financial position as at 30 June 2020, the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 those charged with governance 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 2020 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.

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RSM Australia Partners ABN 36 965 185 036

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Independence

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 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 2020 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*.

RSM

RSM AUSTRALIA PARTNERS

Gary Sherwood
Partner

Sydney, NSW
Dated: 31 August 2020

Corporate Directory

Websites

www.ambition.com.au
www.ambition.com.hk
www.ambition.com.sg
www.ambition.co.uk
www.ambition.com.my
www.accountability.com.au
www.watermarksearch.com.au

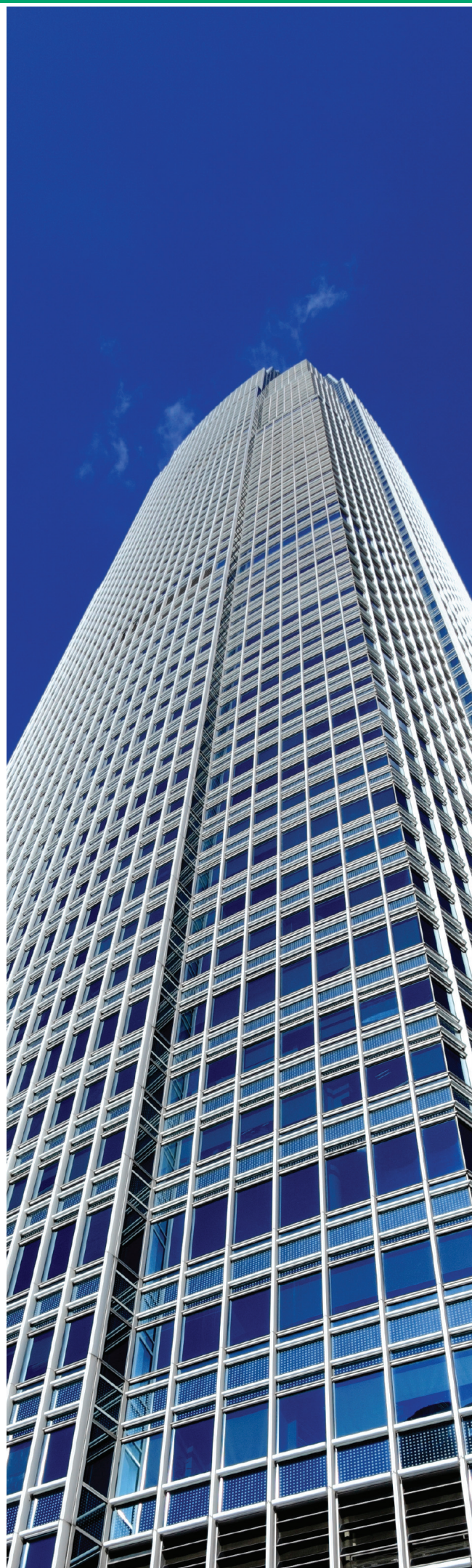
Share Registry

Computershare Investor Services Pty Ltd
Level 5
115 Grenfell Street
Adelaide SA 5000

Stock Exchange Listing

Ambition Group Limited is listed on the
Australian Securities Exchange
ASX code: AMB

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



Notes

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BUILDING BETTER FUTURES.

Ambition Group Limited

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