

Ambition Group Limited

Interim Report: 6 months to 30th June 2007 & Appendix 4D information

(ABN 31 089 183 362)

ambition

Financial Highlights

↑ Revenue up 36% to \$37.2m

↑ Profit before tax up 21% to \$2.7m

↑ Diluted EPS up 19% to 6.1c per share

↑ Interim fully-franked dividend up 1c to 2c per share

↑ Number of consultants up 67%

Half Year Review:

- **Continued strong performance; future looking favourable:** As a result of the strong performance and an expectation that favourable trading conditions will continue, the Directors have declared an increase in the interim dividend to 2c per share (2006: 1c).

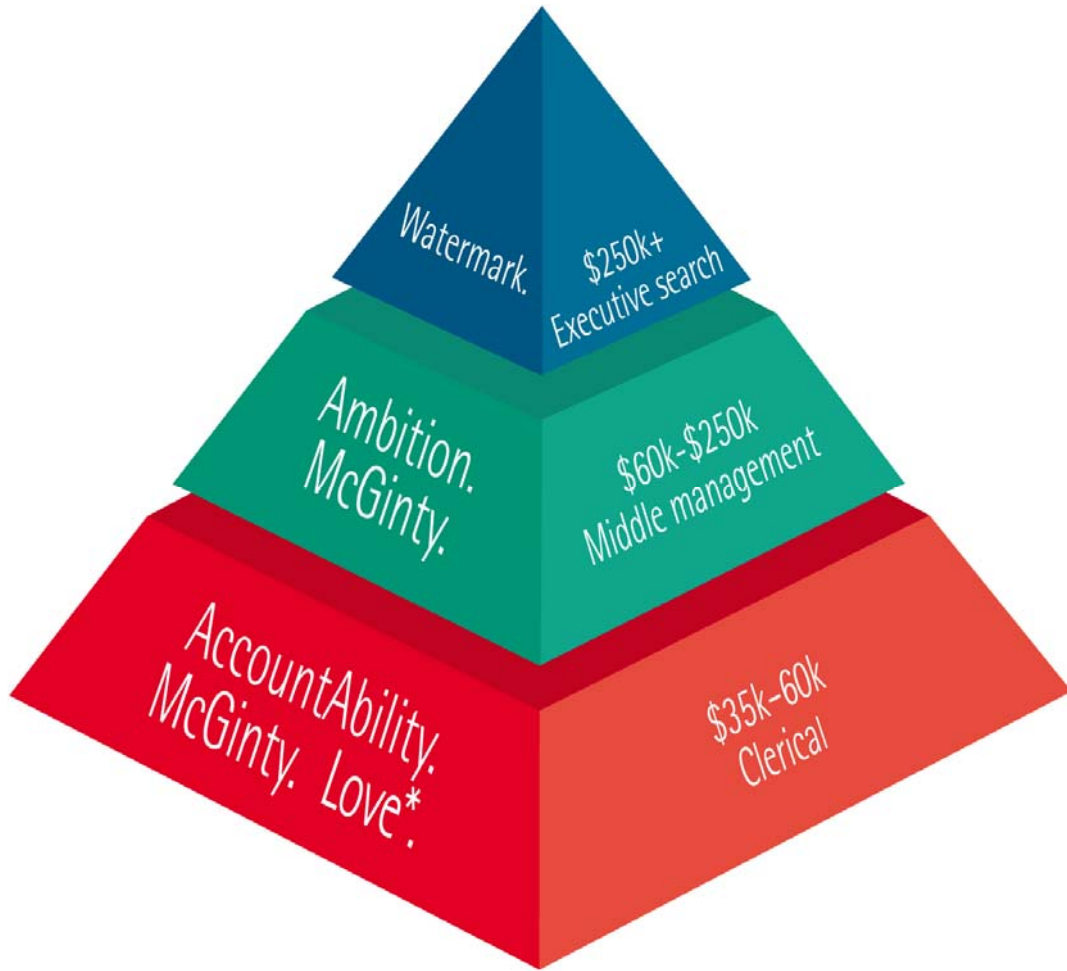
The interim dividend will be fully-franked and the record date will be 28th August and payment date 13th September. We will once again have the Dividend Reinvestment Plan in operation which will offer a 5% discount to the weighted average share price over the 5 trading days up to the record date.

- **General backdrop in Australia:** Employer confidence remains at high levels generating sustained employment growth translating into consistent demand for high quality recruitment and contracting services.
- **Watermark Search:** In executive search, Watermark has made a good start to the year and we have a number of initiatives underway that will result in expansion and diversification in 2008 and beyond.
- **Ambition Finance and Ambition Technology:** In the middle management area, both Ambition Finance and Ambition Technology have shown growth on the first six months of 2006. Especially pleasing is the rapid progress we have made in increasing Melbourne revenue, both in finance and in our new technology business.
- **McGinty Recruitment:** In Brisbane, McGinty Recruitment continues to expand in the buoyant Queensland market, with both permanent and contracting revenue increasing on 2006.
- **AccountAbility:** The Group's accounting support offering has noticeably increased its revenue on last year and plans are in progress to further expand the branch network that provides easy access to candidates living and working in the Sydney suburbs.
- **Love*:** Our newest business in Australia, Love* Recruitment, has made a strong brand impact in its first six months of trading. Love* specialises in recruiting personal assistants and other administration staff and we see many opportunities to develop this business not only in Sydney but also in Melbourne and Brisbane.

- **Hong Kong:** Our business in Asia continues to perform strongly. All our divisions in Hong Kong have experienced year-on-year growth, our market profile has remained high and our reputation first class.
- **Singapore:** In December 2006 we opened our Singapore office and have been extremely pleased with the reception received from both clients and candidates. Our initial focus is on accounting and finance with buoyant conditions in this segment. We are also benefiting from a number of client preferred supplier contracts in Hong Kong that provide opportunities for business in Singapore, in particular with the major investment banks.
- **Investment in Consultants:** We have increased the number of consultants by approximately 67% from this time last year. This was achieved through hiring a blend of experienced consultants from competing firms and 'rookies' who go through our in-house training programme. New consultants (of either category) can take a period of time to become fully productive in generating revenue. In the context of this investment, our profit increase is even more pleasing.
- **Shared Services:** The platform for growth for our diverse range of businesses is our central shared services team. This team provides training/development, marketing, payroll, credit, management information and IT&T functions, enabling the operating units to focus purely on clients and candidates. In the first six months of 2007 the team made further strides in its ongoing efficiency drive and also completed a number of important internal IT projects.
- **Business Strategy:** We have never wavered from our goal of building a world class, international recruitment and contracting business and our portfolio is progressing extremely well in the Asia-Pacific region via our 'house of brands approach'.

Our next logical step is to establish a presence in the UK, enabling us to participate on a larger scale in the market providing contract staff with working holiday visas both to Australian and UK clients. This is most likely to be achieved through an acquisition and we are exploring opportunities as and when they arise. Meanwhile, we have continued our strategy of expanding the range of service offerings from our existing network of offices.

House of Brands:



Results for announcement to the market:

	30 June 2007	30 June 2006	Change	Change
	\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities	37,233.9	27,338.3	9,895.6	36.2%
Profit before tax attributable to members	2,660.6	2,191.6	469.0	21.4%
Profit after tax attributable to members	1,950.9	1,388.1	562.8	40.5%
Net profit for the period attributable to members	1,950.9	1,388.1	562.8	40.5%

Interim Dividend

The Board has declared a fully-franked interim dividend of 2c per share. The record date for determining entitlements to dividends is 28 August 2007.

Commentary

Refer to the attached announcement.



Victor Cuthell
Company Secretary

13 August 2007

Directors Report

The Directors of Ambition Group Limited and its Controlled Entities for the half-year ended 30 June 2007 report as follows:

Directors

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

Nick Waterworth
Paul Lyons
Paul Young
Andrew Adamovich

Dividends

The Directors recommend the payment of a fully-franked interim dividend for the half-year of 2c per share.

Review of operations**Financial results**

Operating revenues of \$37,233,906 were up from \$27,338,310 in the previous corresponding period, an increase of 36%. Profit before tax of \$2,660,554 was up from \$2,191,593 in the previous corresponding period, an increase of 21%.

Operational results

In the first half of 2007, the group's businesses have delivered strong results from organic growth. In Australia, Ambition Finance and Technology continued to produce substantial revenue growth in both permanent and contracting recruitment. Significant investments were made in growing the number of recruitment consultants in the business and in expanding the Melbourne office. Accountability, our offering in accounting support offering has continued its growth and made a good contribution to the group result.

In Brisbane, McGinty Recruitment has grown its revenue in permanent recruitment and in contracting. Watermark, the executive search business, has also made a good start to the year. In Asia, Hong Kong continues to perform strongly and the new office in Singapore has opened for business.

The group's newest service line, Love* Recruitment was launched in 2006 and specialises in recruiting personal assistants and other administration staff. This business has successfully launched its offering and is exceeding expectations.

Auditors' Declaration

The lead auditors' independence declaration under section 307 of the Corporations Act 2001 is set out on page 18 for the half-year ended 30 June 2007.



Nick Waterworth
Executive Chairman



Paul Lyons
Group Managing Director

13 August 2007

Consolidated Income Statement
For the six months ending 30 June 2007

	Note	30 June 2007 \$	30 June 2006 \$
Revenues	2(a)	37,233,906	27,338,310
Employee benefits expense		(12,010,514)	(7,746,865)
On-hired labour costs		(16,930,245)	(13,072,292)
Payroll taxes		(442,771)	(300,407)
Depreciation and amortisation expense	2(b)	(277,891)	(207,954)
Finance costs	2(b)	(173,669)	(244,808)
Advertising & marketing		(1,024,432)	(1,020,630)
Computer expenses		(198,771)	(142,292)
Rental expense on operating leases		(676,768)	(554,378)
Other expenses		(2,838,291)	(1,857,091)
Profit before income tax expense		2,660,554	2,191,593
Income tax expense	3	(709,646)	(803,457)
Profit after income tax expense attributable to members of the parent entity		1,950,908	1,388,136
Basic earnings per share (cents per share)		6.12	5.43
Diluted earnings per share (cents per share)		6.08	5.09

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

**Consolidated Balance Sheet
as at 30 June 2007**

	Note	30 June 2007 \$	31 December 2006 \$
Current assets			
Cash & cash equivalents		3,382,490	6,093,484
Trade & other receivables		14,100,947	8,743,935
TOTAL CURRENT ASSETS		17,483,437	14,837,419
Non-current assets			
Financial assets		9,077	1,555
Property, plant and equipment		856,483	842,167
Intangible assets	5	11,067,216	11,201,624
Deferred tax assets		934,460	947,971
TOTAL NON-CURRENT ASSETS		12,867,236	12,993,317
TOTAL ASSETS		30,350,673	27,830,736
Current liabilities			
Trade & other payables	6	9,553,069	10,045,948
Current tax payables		987,189	917,631
Short-term provisions		548,655	300,481
TOTAL CURRENT LIABILITIES		11,088,913	11,264,060
Non-current liabilities			
Deferred tax liabilities		741,116	363,784
Long-term provisions		133,552	191,605
TOTAL NON-CURRENT LIABILITIES		874,668	555,389
TOTAL LIABILITIES		11,963,581	11,819,449
NET ASSETS		18,387,092	16,011,287
Equity			
Issued capital		20,786,074	19,024,822
Reserves		(557,895)	(317,864)
Accumulated losses		(1,841,087)	(2,695,671)
TOTAL EQUITY		18,387,092	16,011,287

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

**Consolidated Statement of Changes in Equity
For the six months ending 30 June 2007**

	Issued Capital \$	Accumulated Losses \$	Foreign Currency Reserve \$	Total \$
Balance as at 1 January 2006	15,578,173	(6,061,656)	(15,466)	9,501,051
Adjustment arising from translation of foreign controlled entity's financial statements	-	-	2,084	2,084
Income recognised directly in equity	-	-	2,084	2,084
Profit attributable to members of parent	-	1,388,136	-	1,388,136
Total recognised income for the period	-	1,388,136	2,084	1,390,220
Convertible notes converted to shares	10,523	-	-	10,523
Shares expensed under employee share plans	400,444	-	-	400,444
Balance as at 30 June 2006	15,989,140	(4,673,520)	(13,382)	11,302,238
Balance as at 1 January 2007	19,024,822	(2,695,671)	(317,864)	16,011,287
Adjustment arising from translation of foreign controlled entity's financial statements	-	-	(240,031)	(240,031)
Income recognised directly in equity	-	-	(240,031)	(240,031)
Profit attributable to members of parent	-	1,950,908	-	1,950,908
Total recognised income for the period	-	1,950,908	(240,031)	1,710,877
Shares issued under DRP	324,166	-	-	324,166
Share placements	717,342	-	-	717,342
Shares expensed under employee share plans	542,178	-	-	542,178
Share options exercised and expensed	177,566	-	-	177,566
	20,786,074	(744,763)	(557,895)	19,483,416
Dividends paid	-	(1,096,324)	-	(1,096,324)
Balance as at 30 June 2007	20,786,074	(1,841,087)	(557,895)	18,387,092

Consolidated Cash Flow Statement
For the six months ending 30 June 2007

	30 June 2007 \$	30 June 2006 \$
Cash flows from operating activities		
Receipts from customers	36,699,177	28,826,312
Payments to suppliers and employees	(36,956,083)	(27,690,045)
Interest received	58,025	43,953
Income tax paid	(259,860)	(125,786)
Finance costs paid	(762)	(126,699)
Net cash (used in)/provided by operating activities	(459,503)	927,735
Cash flows from investing activities		
Payments to acquire plant and equipment	(187,279)	(132,985)
Payment for the acquisition of businesses	(1,704,810)	(1,276,370)
Payments to acquire other non-current assets	(210,412)	(57,871)
Net cash used in investing activities	(2,102,501)	(1,467,226)
Cash flows from financing activities		
Proceeds from issue of equity securities	50,000	-
Payment for share issue costs	(54,816)	-
Net cash used in financing activities	(4,816)	-
Net decrease in cash held	(2,566,820)	(539,491)
Cash at the beginning of the financial period	6,093,484	5,474,841
Effect of exchange rates on cash holdings in foreign currencies	(144,174)	-
Cash at the end of the financial period	3,382,490	4,935,350

The 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 statements are 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 2006 and any 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 2006 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.

	30 June 2007 \$	30 June 2006 \$
2. Profit from operations		
(a) Revenue		
Recruitment services revenue	37,175,881	27,294,357
Interest received	58,025	43,953
	<u>37,233,906</u>	<u>27,338,310</u>
(b) Profit before income tax		
Profit from ordinary activities before income tax has been determined after:		
Share based payments expense	542,178	400,444
Rental expense on operating leases	676,768	554,378
Finance costs		
- other	762	126,578
- deferred purchase liability	172,907	118,230
	<u>173,669</u>	<u>244,808</u>
Depreciation and amortisation expense		
- depreciation of plant and equipment	199,238	165,559
- amortisation of software	78,653	42,395
	<u>277,891</u>	<u>207,954</u>
3. Income Tax		
Profit before income tax	2,660,554	2,191,593
Prima facie tax	798,166	657,478
Add tax effect of:		
- non-deductible amortisation	23,596	12,719
- other non-deductible expenses	88,291	183,409
- tax assets not brought to account	-	28,276
Less tax effect of:		
- overseas tax differential	(200,407)	(78,425)
Income tax expense attributable to profit before tax	<u>709,646</u>	<u>803,457</u>
4. Dividends		
Interim fully franked ordinary dividend of 2 cents per share (2006: 1 cent per share) franked at the tax rate of 30% (2006: 30%)	656,384	307,593

On 13 August 2007 the directors declared a fully franked interim dividend of 2 cents per share in respect of the six months ending 30 June 2007. The record date for determining entitlements is 28 August 2007 and payment date is 13 September 2007.

	30 June 2007	31 December 2006
	\$	\$
5. Intangible assets		
Goodwill at cost – McGinty	3,778,909	3,909,214
Goodwill at cost - Watermark	5,750,014	5,842,867
Goodwill – Computemp	1,220,555	1,220,555
Computer software – at cost	492,442	355,259
Web development – at cost	528,484	497,212
Accumulated amortisation	(703,188)	(623,483)
	<u>11,067,216</u>	<u>11,201,624</u>

6. Current trade & other payables

Trade payables	7,625,861	6,247,546
McGinty purchase liability	-	1,827,001
Watermark purchase liability	1,927,208	1,971,401
	<u>9,553,069</u>	<u>10,045,948</u>

7. Earnings per share

	30 June 2007	30 June 2006
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	31,893,922	25,577,880
Potential number of ordinary shares which have been treated as dilutive	182,044	3,487,780
<u>Total potential ordinary shares</u>	<u>32,075,966</u>	<u>29,065,660</u>
Basic earnings per share (cents per share)	6.12	5.43
Diluted earnings per share (cents per share)	6.08	5.09

8. Net tangible assets

	\$	\$
Net tangible asset backing per ordinary share	0.23	0.07

9. Segment reporting**Primary reporting -****Geographical segments**

	Australia		Asia		Unallocated		Economic Entity	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$

Primary reporting -**Geographical segments****(a) Revenue**

External revenue	31,568,091	23,387,079	5,607,790	3,907,278	-	-	37,175,881	27,294,357
Interest revenue	50,432	43,953	7,593	-	-	-	58,025	43,953
Total segment revenue	31,618,523	23,431,032	5,615,383	3,907,278	-	-	37,233,906	27,338,310

(b) Result

Profit/(loss) before income tax	2,216,140	2,350,341	1,597,607	506,921	(1,153,193)	(665,669)	2,660,554	2,191,593
Income tax expense	(429,077)	(692,818)	(280,569)	(110,639)	-	-	(709,646)	(803,457)
Profit/(loss) after income tax	1,787,063	1,657,523	1,317,038	396,282	(1,153,193)	(665,669)	1,950,908	1,388,136

Secondary reporting -**Business segments**

The group operates in the one business segment of recruitment.

10. Events subsequent to reporting date

There were no events subsequent to reporting date.

11. Changes in estimates

The value of goodwill on the acquisitions of Watermark Search International and McGinty have been amended to reflect revised estimates of the deferred payments remaining on the acquisitions. There have otherwise been no revisions in the estimate of amounts reported in previous interim periods.

12. Contingent liabilities

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

13. 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.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes as set out on pages 8 to 16
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the economic entity's financial position as at 30 June 2007 and of its performance for the half-year ended on that day.
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

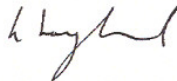
Dated this 13th day of August 2007

**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 2007, 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
Chartered Accountants



G S LAYLAND
Partner

Sydney

13 August 2007

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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 the entities it controlled (the consolidated entity), which comprises the balance sheet as at 30 June 2007, 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. The consolidated entity comprises both the Ambition Group Limited (the Company) and the entities it controlled 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 view of the company's financial position as at 30 June 2007 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.

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

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 company's financial position as at 30 June 2007 and of its performance for the half-year ended on that date.
- (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

G S LAYLAND
Partner

Sydney

13 August 2007