

# AMBITION GROUP LIMITED

“  
Whilst the world is cautious,  
we are quietly taking market share...”

Half Year Report for the period ended  
30th June 2015 & Appendix 4D information

# Appendix 4D

## Half Year Report

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### Results for announcement to the market

This announcement is to be read in conjunction with the attached financial report.

### Half Year ended 30 June 2015

Previous corresponding period is half year ended 30 June 2014.

	% change			\$,000
Revenue from ordinary activities	Up	12.5%	to	48,172
Profit from ordinary activities after tax for the period	Up	167%	to	525
Net Profit attributable to members	Up	176%	to	600
			<b>Cents</b>	
			<b>2015</b>	<b>2014</b>
Basic earnings per share			0.91	(1.21)
Net tangible assets per share			18.66	15.39
Net assets per share			19.19	15.98
2015 represents the current period ended 30 June 2015 2014 represents the previous corresponding period				

### Dividends

The Directors have declared that there will be no interim dividend for 2015.

# Appendix 4D

## Half Year Report

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### Operational review

Pursuing a strategy of ‘inch wide, mile deep’ Ambition Group Limited (ASX: AMB) undertakes contracting and permanent recruitment in a select number of disciplines, being:

- information technology and digital,
- accounting, banking and finance,
- marketing and sales,
- supply chain and procurement,
- business support and
- executive search.

We have 255 staff across our office network in Australia, United Kingdom, Hong Kong, Singapore, Malaysia and Japan.

We operate with a small team at the core (Group CEO and Group CFO) implementing strategy as well as providing leadership and oversight. Each country operation is run by an experienced Managing Director, responsible for leading the sales effort, the development of local teams etc. All of these executives are shareholders or participants in the Group LTI plan.

Ambition Group operates through three brands: Ambition, AccountAbility and Watermark.

<b>30 June 2015</b>	Australia	Asia	United Kingdom	Total
Revenue	\$34.0m	\$8.7m	\$5.5m	\$48.2m
Offices	5	4	1	10
Employees	111	97	47	255

# Appendix 4D

## Half Year Report

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### Financial Review

#### Review of revenue, gross profit and net profit / (loss) for the period

\$'000	2015 30 June	2014 30 June
Revenue	48,172	42,821
Gross Profit	21,743	19,225
Gross Profit %	45.1%	44.9%
EBITDA before Restructuring costs	1,098	578
Restructuring costs	-	(893)
EBITDA after Restructuring costs	1,098	(315)
Net profit / (loss) for the period	525	(780)

Revenue increased by 12.5% to \$48.2m and gross margin was up 13.1% to \$21.7m.

In Australia, gross margin declined slightly, however profit was up due to efficiency improvements. In Asia, revenue and profit grew with all operations performing creditably including the newest offices in Kuala Lumpur and Tokyo. In London, revenue was steady and profit down marginally.

We believe there is tremendous leverage to the upside within the company, both by further increasing efficiency and by judiciously adding sales headcount.

Our cash position remains strong and we have zero debt.

#### Operating cash flow and gearing

\$'000	2015 30 June	2014 30 June
Operating cash flow	(949)	(1,913)
Net cash	4,173	2,844

Cash from operating activities for the six months ended 30 June 2015 was an outflow of \$0.9m (2014: Outflow \$1.9m) largely reflecting working capital requirements of the busier March and June trading periods.

The Company maintained a positive net cash position throughout the six months and did not draw on its debt facilities.

# Appendix 4D

## Half Year Report

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### Review of net assets

\$'000	2015 30 June	2014 30 June
Net assets /Total Equity	12,603	10,493
Net tangible assets	12,259	10,108

At 30 June 2015, Ambition Group had net assets of \$12.6m (2014: \$10.5m) and net tangible assets of \$12.3m (2014: \$10.1m)

The material movements in equity during the six months ended 30 June 2015 were the effect of the net profit during the year of \$0.5m, foreign currency translation reserve movements of \$0.3m and a movement of \$0.1m on the equity share settled employee benefits reserve reflecting amounts expensed during the period in respect of the Group's Employee Share Incentive Plan.

### Key Business Strategies

#### **"An inch wide, a mile deep":**

In all of our markets, Ambition Group intends to continue its focus on a small number of disciplines.

The objective is gaining intense market knowledge which allows true value-add advice to be provided to clients and, most importantly, knowledge of and access to the hard to find candidates who do not sit on a database and who do not respond to online advertisements.

#### **A drive for productivity:**

Ambition Group will continue to place energies on helping each and every consultant to increase their revenue through a greater use of technology, on-the-job training/development, inter-office co-operation and more emphasis on candidate referrals.

We are already gaining considerable benefit from cross-country client referrals and candidate movement internationally.

#### **Growing our Asian network:**

Ambition Group recognises that significant growth prospects exist in Asia where we have been established since 2001. Our most mature offices, Hong Kong and Singapore, are performing well – particularly pleasing is our expansion in technology recruitment in both cities.

The newest offices, Kuala Lumpur and Tokyo, are growing and forging good positions and brand exposure in their respective markets. Resources are being allocated to these country leaders to enable them to expand their businesses prudently.

# Appendix 4D

## Half Year Report

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### **Internal innovation:**

We are constantly looking at different sources of revenue and ways to refine our service offerings.

Over the last year this has included unbundling, diversity consulting, the use of video interviews and a number of partnerships with outside organisations.

Investor enquiries:

Nick Waterworth  
Executive Chairman  
+61 (2) 9249 5000

## 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 2015. 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 Nick Waterworth  
Mr Paul Young  
Ms Cathy Doyle  
Prof Richard Petty

### Principal Activities

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

### Review of operations

Revenue increased by 12.5% from \$42.8m to \$48.2m with growth from Australia (up 9.5%) and Asia (up 41.9%) offsetting softer conditions in the UK (down 3.2%). Gross profit rose 13.1% from \$19.2m to \$21.7m with gross margin up slightly to 45.1%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 448% from \$(0.3m) to \$1.1m, reflecting the benefits of business transformation initiatives completed in the prior year. In the prior period the Group also incurred \$0.9m of restructuring costs.

Profits from the Australian operations increased to \$0.8m, and the Asian operations moved from a slight profit of \$0.05m in the prior corresponding period to a profit of \$0.6m. The UK operations made a small profit of \$0.03m.

The net profit after tax attributable to shareholders for the period was \$0.6m (2014: loss of \$0.8m).

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

### Dividends

The Directors have declared that there will be no interim dividend for 2015 (30 June 2014: nil).

### Auditor's independence declaration

The auditor's independence declaration is included on page 8 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

A handwritten signature in black ink, appearing to read 'Nick Waterworth', with a large, sweeping flourish at the bottom.

Nick Waterworth  
Group Chief Executive Officer  
Sydney

30<sup>th</sup> of July 2015

A handwritten signature in black ink, appearing to read 'P. Young', with a large, sweeping flourish at the bottom.

Paul Young  
Director

### 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 2015, 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 Bird Cameron Partners*

### RSM BIRD CAMERON PARTNERS

*D Talbot*

**David Talbot**  
Partner

Sydney, NSW  
Dated: 30 July 2015

### 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



Nick Waterworth  
Group Chief Executive Officer  
Sydney



Paul Young  
Director

30<sup>th</sup> of July 2015

**Condensed consolidated statement of profit or loss  
for the half-year ended 30 June 2015**

	<b>Consolidated</b>	
	<b>Half-year ended</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Continuing Operations</b>		
Revenue	48,172	42,821
On-hired labour costs	(26,429)	(23,596)
<b>Gross profit</b>	<b>21,743</b>	<b>19,225</b>
Investment income	9	11
Employee benefits expense	(14,767)	(13,306)
Indirect employment costs	(821)	(573)
Payroll tax	(383)	(419)
Restructuring Costs	-	(893)
Depreciation and amortisation expense	(370)	(394)
Advertising and marketing	(720)	(635)
Computer expenses	(438)	(414)
Rental expense on operating leases	(1,251)	(1,204)
Other expenses	(2,265)	(2,096)
<b>Profit / (Loss) before tax</b>	<b>737</b>	<b>(698)</b>
Income tax expense	(212)	(82)
<b>Profit / (Loss) for the period</b>	<b>525</b>	<b>(780)</b>
Attributable to:		
Owners of the parent	600	(792)
Non-controlling interests	(75)	12
<b>Earnings per share</b>		
Basic (cents per share)	0.91	(1.21)
Diluted (cents per share)	0.85	(1.21)

**Condensed consolidated statement of comprehensive  
income for the half-year ended 30 June 2015**

	<b>Consolidated</b>	
	<b>Half-year ended</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit / (Loss) for the period	525	(780)
<b>Other comprehensive income:</b>		
<b><i>Items that may be reclassified subsequently to profit or loss</i></b>		
Exchange difference on translation of foreign operations	261	(257)
<b>Total comprehensive income for the period</b>	<b>786</b>	<b>(1,037)</b>
Total comprehensive income attributable to:		
Owners of the parent	942	(1,049)
Non-controlling interests	(156)	12
	<b>786</b>	<b>(1,037)</b>

Notes to the condensed consolidated financial statements are included on pages 14 to 15.

**Condensed consolidated statement of financial position  
as at 30 June 2015**

		<b>Consolidated</b>	
		<b>30 June 2015</b>	<b>31 Dec 2014</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>	<b>Note</b>		
Cash and cash equivalents		4,173	5,222
Trade and other receivables		16,562	13,216
Current tax assets		125	57
Other current assets		767	633
<b>Total current assets</b>		<b>21,627</b>	<b>19,128</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,067	1,118
Intangible assets		344	289
Deferred tax assets		1,005	903
<b>Total non-current assets</b>		<b>2,416</b>	<b>2,310</b>
<b>Total assets</b>		<b>24,043</b>	<b>21,438</b>
<b>Current liabilities</b>			
Trade and other payables		8,915	7,395
Current tax liabilities		304	162
Provisions		1,016	1,028
<b>Total current liabilities</b>		<b>10,235</b>	<b>8,585</b>
<b>Non-current liabilities</b>			
Provisions		1,205	1,125
<b>Total non-current liabilities</b>		<b>1,205</b>	<b>1,125</b>
<b>Total liabilities</b>		<b>11,440</b>	<b>9,710</b>
<b>Net assets</b>		<b>12,603</b>	<b>11,728</b>
<b>Equity</b>			
Issued capital	5	47,726	47,726
Reserves		(2,750)	(3,181)
Accumulated losses		(32,322)	(32,922)
Non-controlling interest		(51)	105
<b>Total equity</b>		<b>12,603</b>	<b>11,728</b>

Notes to the condensed consolidated financial statements are included on pages 14 to 15.

**Condensed consolidated statement of changes in equity  
for the half-year ended 30 June 2015**

	Issued Capital \$'000	Accumulated Losses \$'000	Foreign Currency Translation Reserve \$'000	Equity Settled Employee Benefits Reserve \$'000	Attributable to owners of the parent \$'000	Non- controlling interest \$'000	<b>Total \$'000</b>
<b>Balance as at 1 January 2014</b>	<b>47,657</b>	<b>(32,742)</b>	<b>(3,542)</b>	<b>68</b>	<b>11,441</b>	<b>62</b>	<b>11,503</b>
Loss for the period	-	(792)	-	-	(792)	12	(780)
Other comprehensive income for the period	-	-	(257)	-	(257)	-	(257)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(792)</b>	<b>(257)</b>	<b>-</b>	<b>(1,049)</b>	<b>12</b>	<b>(1,037)</b>
Recognition of share based payments	-	-	-	27	27	-	27
Vesting of employee share scheme	69	-	-	(69)	-	-	-
<b>Balance as at 30 June 2014</b>	<b>47,726</b>	<b>(33,534)</b>	<b>(3,799)</b>	<b>26</b>	<b>10,419</b>	<b>74</b>	<b>10,493</b>
<b>Balance as at 1 January 2015</b>	<b>47,726</b>	<b>(32,922)</b>	<b>(3,279)</b>	<b>98</b>	<b>11,623</b>	<b>105</b>	<b>11,728</b>
Profit for the period	-	600	-	-	600	(75)	525
Other comprehensive income for the period	-	-	342	-	342	(81)	261
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>600</b>	<b>342</b>	<b>-</b>	<b>942</b>	<b>(156)</b>	<b>786</b>
Recognition of share based payments	-	-	-	89	89	-	89
Vesting of employee share scheme	-	-	-	-	-	-	-
<b>Balance as at 30 June 2015</b>	<b>47,726</b>	<b>(32,322)</b>	<b>(2,937)</b>	<b>187</b>	<b>12,654</b>	<b>(51)</b>	<b>12,603</b>

Notes to the condensed consolidated financial statements are included on pages 14 to 15.

**Condensed consolidated statement of cash flows  
for the half-year ended 30 June 2015**

	<b>Consolidated</b>	
	<b>Half-year ended</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	45,558	39,592
Payments to suppliers and employees	(46,267)	(41,466)
Cash used in operations	(709)	(1,874)
Income tax paid	(240)	(39)
Net cash used in operating activities	(949)	(1,913)
<b>Cash flows from investing activities</b>		
Interest received	9	11
Payment for property, plant and equipment	(152)	(148)
Payment for intangible assets	(174)	(135)
Net cash used in investing activities	(317)	(272)
<b>Cash flows from financing activities</b>		
Dividends paid	-	-
Net cash used in financing activities	-	-
<b>Net decrease in cash and cash equivalents</b>	(1,266)	(2,185)
<b>Cash and cash equivalents at the beginning of the period</b>	5,222	5,225
Effect of exchange rate changes on the balance of cash held in foreign currencies	217	(196)
<b>Cash and cash equivalents at the end of the period</b>	4,173	2,844

Notes to the condensed consolidated financial statements are included on pages 14 to 15.

## 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 2014 annual financial report for the financial year ended 31 December 2014, 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 thereto and Interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 1031 Materiality
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-9B Materiality
- AASB 2014-1A Amendments to Australian Accounting Standards – annual improvements
- AASB 2014 -1C Materiality

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

### 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 8 are as follows:

- Australia
- Asia
- UK
- Group

## 2. Segment information (continued)

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 / (loss)	
	Half-year ended		Half-year ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	\$'000	\$'000	\$'000	\$'000
<b>Continuing operations</b>				
Australia	34,013	31,039	808	228
Asia	8,674	6,111	633	58
UK	5,485	5,671	34	62
	48,172	42,821	1,475	348
Investment income			9	11
Group charges			(747)	(1,057)
Profit / (Loss) before tax			737	(698)
Income tax (expense)			(212)	(82)
Consolidated segment revenue and profit / (loss) for the period	48,172	42,821	525	(780)

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

## 3. Net tangible assets

Net tangible asset backing per ordinary share at 30 June 2015 was 18.66 cents per share (2014: 15.39 cents per share).

## 4. 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.

## 5. Issuances of Equity Securities

Issued capital at 30 June 2015 amounted to \$47,726,269 (67,170,954 ordinary shares). There was no movement in Issued Share Capital during the period (2014: 307,500 treasury shares included in the 67,170,954 vested and the employees became entitled to full ownership. As a result of the vesting, \$69,170 was transferred from the Equity Settled Employee Benefits Reserve to Issued Capital).

The Group issued no share options (2014: 4,813,080) over ordinary shares under its executive share option plan during the half-year reporting period.

## 6. Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

## 7. Dividends

The Directors have not reported an interim dividend for 2015 (30 June 2014: nil).

**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 2015, the condensed consolidated statement of profit or loss, the condensed consolidated statement of 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 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 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ambition Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

In conducting our review, we 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 2015 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 Bird Cameron Partners*

**RSM BIRD CAMERON PARTNERS**

*David Talbot*

**David Talbot**  
Partner

Sydney, NSW  
Dated: 30 July 2015