Ambition Group Limited (AMB)
ASX Announcement
1 May 2009

Annual General Meeting Presentation

Nick Waterworth – Chairman

The last six months have been the toughest we've ever seen in the white-collar recruitment market.

During 2008, we saw markedly different conditions, at different times of the year, in different locations. The UK market started satisfactorily but then turned down sharply in March and we adjusted the scale of our operations there to suit the trading environment. However, in Australia and Asia we were experiencing satisfactory conditions and at the end of the third quarter of 2008 we expected to achieve a profit result within the guidance that we had given at the AGM last year.

Then, very suddenly, business confidence 'fell off a cliff' in Australia and Asia and the volume of recruitment work fell with it. We reacted quickly and cut our cost base significantly – it was a difficult time and as you can imagine there was a great deal of uncertainty internally – thankfully, we have seen similar cycles before. My colleague Paul Lyons will talk in detail about how we went about this and our current operating methodology.

Quarter 4 was a very poor quarter for us, driven by external conditions, and as a result last year's full-year results were way below what we had hoped to achieve.

Revenue was up from $79m to $129m; however profit before impairments was down from $5m to $660k.

We undertook a strategic review during December, and following this the board undertook impairment testing of all our acquisitions. The discounted cash flows for these businesses in the UK and Australia in the foreseeable economic environment did not support the current carrying values of those investments and an impairment charge of $22m relating to these businesses was made during 2008. An additional $3.2m was expensed relating to other associated costs.

This resulted in net profit after tax being a loss of $24m.

We do however believe we have the right portfolio of businesses, in the right cities. Again, Paul Lyons will expand on this.

Clearly, with the current level of uncertainty in the global business scene, investors are interested in the cash position of companies – as are we. It is a daily focus for Paul and I, and our Group CFO, Rick Taylor. At the end of March 2009, our consolidated cash position was $5.3m (including the cash required for the earn-out in the UK)

Here in Australia we are fortunate to have a close partnership with ANZ Bank. ANZ have just recently renewed our working capital facility, which we draw on at certain times depending on contractor payments and staff commission cycles.

We are currently finalising the earn-out payment for our UK subsidiary, Witan Jardine. The earn-out agreement was for the second stage of the acquisition consideration to be 2x 2008 EBIT plus an amount we agreed to pay in respect of a tax benefit– we expect this payment to be cA$4m and this cash is in our UK bank account as we speak.

I might make a brief comment on tax. Our view is that the group's tax rate going forward will be in the range 28-30%.

An initiative that we have launched is for the Group to offer a Deferred Employee Share Plan for all Australian employees. This allows staff to defer salaries or commissions in to Ambition shares and I'm please to say that we have a number of people electing to participate.

Whilst Paul Lyons and I are precluded from taking advantage of the tax advantages offered by the scheme (which all listed companies in Australia can offer), we are taking advice to enable us to also defer a portion of our 2009 salary into Ambition shares. I would also note that neither of us will be eligible for a bonus this year.

On the topic of remuneration, you may have noticed in the annual report that Paul Lyons and I received a higher remuneration during 2008 than in 2007. This bonus became payable upon us completing the Witan Jardine acquisition, which we still expect to have a significant positive effect on profitability of the Group going forward. It also reflects us managing and leading a much larger and more complex company.

My final comment is a qualitative one – Paul and I have our only serious investment tied up in Ambition and it represents the culmination of lifetime's work for us. Rest assured, we have our hand firmly on the tiller.

I would like to take this opportunity to thank all stakeholders including our employees, shareholders, financiers and clients for continuing to support Ambition throughout a very difficult period.

At this point, I will pass to Paul Lyons, our Group Managing Director, for his operational review.

Paul Lyons – Group MD

Good morning Ladies and Gentlemen

I want to briefly outline the operational measures we took at year end to make us a viable business, examine our progress thus far this year and then give our view on the future.

As Nick has already mentioned our Revenues "fell off a cliff "in November. We had a cost base and were faced with an empty order book in November and December, a traditionally quiet January and uncertainty beyond.

We acted quickly and decisively in 3 ways:

1) We cut costs - in our world that's principally employment costs - to such an extent that each business could be profitable in 2009

2) We redoubled our efforts on conserving and collecting cash

3) We actively retained the best people within the business to enable us to take best advantage of the few opportunities that do exist now and the eventual uptick when it comes

To give you an idea of the headcount reductions, we slimmed from 331 employees worldwide at the end of September to 256 at the end of December. We have continued this process in Q1 2009 and employed 214 worldwide by the end of March – a fall of 35% over six months.

Our costs – principally base salaries and commissions - are down 40% on an annualised basis in Q1. Our costs have fallen as a result of fewer staff members but also because consultants' commissions are well down as revenue is down.

Our progress so far this year has been slightly better than we forecast at the beginning of the year although, as expected, each business in the UK, Asia and Australia has suffered a decline in revenues. Group revenues around the world in Q1 are 22% down on Q4 and 42% on Q3.

Trading conditions and revenues seem to have stabilised in the UK and Asia which account for half our business but still appear to be worsening in Australia which accounts for the other half. January and April are traditionally the two worst trading months of the year because of calendar and Chinese New Year and Easter with all the school holidays around those dates. We have made trading losses in those months in 2009 but we made profits in February and March – cumulatively we have broken even on a cash basis YTD April.

In the present market and with our seasonality, we're satisfied with our progress.

Away from the revenue line we have done some good work - markedly increasing the number of Preferred Supplier Agreements we have been appointed to and continuing to invest in our candidate networks.

Looking ahead, trading conditions around the world will remain difficult for the remainder of the year and most probably for 2010 as well, although we're confident we have the plan and we have the people.

Our goal remains to survive – then at the appropriate time – to revive and flourish. Our strategy "big cities – big disciplines" and our business structure remains intact and relevant.

Operationally we have a strong day to day focus in 3 key areas:

1) Strong cash management
At 9.30am each morning Nick and I have a report on our desk with the group's cash collections for the previous day around the world and an updated cash forecast for the next 20 weeks based on forecast revenue.

2) Tight operational and financial management, working towards ensuring that our revenues exceed our costs.
Again Nick and I receive a weekly dashboard of activity and revenues as well as detailed management accounts within 5 days of month-end – these are an important tool helping us manage the business.

3) Retaining the hearts and minds - and bodies - of a fantastic group of committed and able people that will enable us to build again once market sentiment recovers. We have worked hard to ensure that no matter the extent of the doom and gloom outside in the economy, inside each office we have a happy positive motivated culture and group of people. I have had the privilege of visiting every office in Q1 and there’s no doubt we’re all more positive than we were six months ago.

At this point I want to sincerely thank each and every one of our employees for working through the worst of times with patience, fortitude and dedication.

Thank you.

Ambition is a careers, recruitment and contracting Group with offices in Sydney, Melbourne, Brisbane, London, Hong Kong and Singapore. We specialise in a number of key white-collar disciplines with particular expertise in accounting, audit, risk, information technology and marketing.

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