ANNUAL REPORT 2017

BUILDING BETTER FUTURES.

ambition

Contents

Chairman's Letter

Dear Fellow Shareholders,

Despite 2017 being a difficult period for the company in certain areas, we finished the year with strong momentum as net fee income (NFI) in the final quarter increased by 5% over quarter three.

We have a number of initiatives well underway which we expect to bring revenue and profit growth in 2018 and beyond.

There is high energy in our core recruitment businesses, enhanced by a number of quality hires during the year in to important divisional leadership roles across all regions.

We secured a number of new clients and these should add to revenue consistency in 2018. Furthermore, we have deepened relationships with many existing clients enabling us to broaden our range of offerings.

Financial snapshot:

- Revenue declined from $115m to $102m
- Net fee income(NFI) decreased from $43.0m to $39.5m
- EBITDA decreased from $1.1m to $0.9m
- Net profit attributable to members decreased from $705k to $344k
- Cash at 31 December 2017 was $3.2m.

Chairman's Letter (cont.)

SELECTED OPERATIONAL HIGHLIGHTS:

Building Better Futures:

During 2017 we placed over 3,000 people in to new positions.

Our purpose is 'Building Better Futures' and we take great pride in the way in which we help people navigate the job search and career management process. We thank our clients and candidates for working with us during the year.

Australia:

Profit did decline in our Australian business however there are some encouraging signs for the future.

The modification of our client-facing roles is continuing successfully. Experienced consultants are able to remain operating in traditional '360°' roles, while others focus on assignment execution/talent attraction, and our markets team is dedicated to new business.

Pleasingly, our contracting NFI (including fees for conversions from temporary to permanent, as well as fixed term contracts) increased slightly over 2016.

London:

Our UK team had their best year since the Global Financial Crisis.

With our concentration exclusively on providing permanent and contracting staff to professional services firms (law, accounting, consulting, and property), we have a highly specialised offering and are now clearly one of the leading players in this segment in London.

We finished the year with 30 consultants covering the disciplines of accounting, business development/marketing, insolvency, corporate finance, and business support.

Asia growth:

A key focus for Ambition for the last few years has been the development of a strong Asia footprint. And so it is pleasing to report that Asia NFI grew from A$14.7m in 2016, to A$15.2m in 2017.

We have 79 consultants across the three offices and have been operating in Hong Kong for 16 years, Singapore for 11, and Malaysia for 4. Our franchise is strong and opportunities abound for further growth.

Hong Kong:

Our Hong Kong office produced a solid uplift on the previous year, growing both NFI and profit.

Two divisions featured particularly strongly, being technology, and contracting (covering accounting, banking, technology roles).

Malaysia:

As we have previously noted, our office in Kuala Lumpur has taken longer than we expected to reach a mature stage and to be contributing to profits.

However, the second half of 2017 saw marked improvement in consistency of NFI and the gap to profit narrowed considerably.

We are optimistic about future prospects in Malaysia. The overall growth in the economy, and specifically the burgeoning shared services sector, is creating many opportunities for Ambition.

Chairman's Letter (cont.)

Singapore:

We have a strong market position in Singapore, with a reputation for quality built up over many years.

Our divisions in both banking and commerce undertake excellent work on behalf of their clients. Perhaps the area with the most growth potential is technology, where we have an excellent team and, as well as consistently finding talent within Singapore, we also undertake a reasonable number of regional assignments.

Diversity:

I am delighted to report that over 50% of our management roles are now filled by women. And this is on top of having women in 65% of roles across the whole team, and occupying 25% of board seats.

Ambition is also incredibly ethnically diverse around our office network.

We believe this contributes significantly to making the Group a stimulating and innovative environment.

HaTCH:

HaTCH powered by Ambition © is our recruitment offering specifically tailored to the flourishing start-up space.

We launched this in Asia in the first half of 2017, and in Australia towards the end of the year. We are forming an active eco-system and have formed partnerships with venture firms, co-working spaces, and incubators, whilst building a community of talent interested in working for start-ups.

There is significant interest in IT developers/engineers, but there is potential for HaTCH to cover other areas including accounting. As yet, this is a very small part of the Group's revenue however we feel it has some interesting potential.

Internal technology:

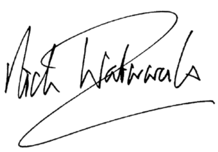
Following the successful implementation of the Bullhorn CRM in Australia, we rolled out the cloud-based platform in Asia and the UK. The project went smoothly and we now have one database internationally, increasing our ability to share information, whilst also aiding security and disaster recovery protocols.

We have projects underway to trial bots and machine learning to aid some of our marketing/recruitment processes. These are very early stage but we feel it important to keep abreast of all technologies relevant for our sector.

The Ambition team:

We finished the year with 267 people on the team, across our three brands, Ambition, AccountAbility, and Watermark Search.

The board and I would like to show our appreciation for another year of hard work and dedication – and this applies to everyone from those in reception, support, or corporate services roles, through to the consulting staff. Thanks very much!



Nick Waterworth
Co-Founder & Executive Chairman

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Ambition Group Limited and its Controlled Entities (the Group) have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 31 December 2017 is dated as at 31 December 2017 and was approved by the Board on 22 February 2018. The Corporate Governance Statement is available on Ambition's website at www.ambitiongrouplimited.com/corporate-governance.

Directors' Report

The Directors of Ambition Group Limited ("the Company" or "Ambition") present their report on the Company and its controlled entities ("the Consolidated Group") for the year ended 31 December 2017.

Directors

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

Nick Waterworth (Executive Chairman)

Paul Young

Cathy Doyle (resigned 3 March 2017)

Richard Petty

Deborah Hadwen (appointed 1 June 2017)

Principal activity

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

Operational review

Ambition was established in 1999 and listed on the Australian Securities Exchange at that time (ASX: AMB)

We undertake permanent, contracting and interim recruitment, as well as providing contractor management and payrolling services via three brands:

- Ambition
- AccountAbility
- Watermark Search

The latter two brands only operate in Australia.

Ambition employs 267 staff through offices in Australia, Hong Kong, Singapore, Kuala Lumpur and London.

	Australia	Asia	United Kingdom	Total
Revenue contribution ($'000)	70,225	24,927	6,719	101,871
Offices	5	3	1	9
Employees	107	120	40	267

Directors' Report (cont.)

Financial review

($'000)	2017	2016	2015	2014	2013
Revenue	101,871	115,271	107,243	89,487	82,930
Net Fee Income	39,485	42,956	45,994	39,913	37,440
Underlying EBITDA [1]	939	1,683	2,429	1,693	127
EBIT [2]	143	231	1,664	14	(1,530)
Profit / (loss) before tax	90	207	1,658	34	(1,457)
Net Profit / (loss) after tax	27	352	1,006	(144)	(1,434)
Net profit attributable to members	344	705	1,121	83	(673)

[1] Earnings before interest, tax, depreciation, amortisation and restructuring costs (underlying EBITDA).

[2] Earnings before interest and tax (EBIT).

Revenue for the year fell by 11.6% from $115.2m last year to $101.9m with declines coming from Australia (down 17.3%) and UK (down 29.0%) somewhat offset by an increase in Asia (up 19.5%). Net fee income decreased by 8.1% from $43m to $39m.

The Australian operations produced a profit before tax of $1.0m. The Asian operations posted a loss of $0.1m, and the UK operations delivered an improved performance to post a profit of $0.7m following last year's profit of $0.4m.

Operating cash flow and gearing

($'000)	2017	2016	2015	2014	2013
Operating cash flow	(36)	(780)	2,429	156	(1,051)
Cash on hand	3,215	4,474	6,534	5,222	5,225

Cash flow from operating activities was an outflow of $0.4m (2016: outflow of $0.8m) largely reflecting the results for the year, the effect of working capital requirements relating to an increase in the level of contractor and temporary placements. A positive net cash position was maintained for most of the year, with fluctuations in cash from working capital requirements managed.

Review of net assets

($'000)	2017	2016	2015	2014	2013
Net assets	11,844	13,013	13,204	11,728	11,503
Net tangible assets [1]	11,395	12,595	12,739	11,439	11,113

[1] Calculated as net assets minus intangible assets including computer software and web development.

At 31 December 2017, Ambition had net assets of $11.8m (2016: $13.0m) and net tangible assets of $11.4m (2016: $12.6m).

Directors' Report (cont.)

Key Business Strategies and Risks

Inch wide, mile deep

We continue to operate in a small number of white-collar disciplines in major business hubs in Australia, Asia and the UK.

This has enabled us to develop significant talent pools in our core segments and be able to respond to client requirements quickly and efficiently. Our key disciplines are: information technology; accounting/banking/finance; marketing/sales; supply chain; business support; senior executive search/interim management.

Balanced and Sustainable Revenue

Alongside our traditionally strong permanent placement offering (which is profitable and highly cash generative), we continue to develop annuity-style revenue through contracting and interim recruitment, as well as contractor management/payrolling services.

These are offerings complimentary to our client's needs and our ultimate aim is to have the annuity revenue cover our fixed overheads.

Business cyclicality

Our revenue has a close tie to business confidence and the general condition of the global economy. We prosper most when demand from employers exceeds the available supply of high quality talent. Equally, in downturns the recruitment industry is adversely affected.

Future developments, prospects and business strategies

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Directors' Report (cont.)

Dividends paid or recommended

In respect of the financial year ended 31 December 2017, no dividends have been declared or paid.

In respect of the financial year ended 31 December 2016, a fully franked dividend of 1 cent per share was paid to the holders of fully paid ordinary shares on 19 May 2017.

Share issues and grant of performance rights

During the year 322,266 performance rights were granted as part of the Employee Share Incentive Plan (2016: 3,076,360 options), and 100,000 options were forfeited with a fair value of $13,100 (2016: 2,482,177 with a fair value of $392,512).

Details of unissued shares or interests under options as at the date of this report are:

Share Interests	No. granted	Class of Shares	Exercise Price	Expiry Date
Performance rights	5,819,885	Ordinary	0.00	30-Apr-18
Performance rights	2,434,364	Ordinary	0.00	30-Apr-19

These performance rights can only be exercised once certain performance and service hurdles have been achieved as outlined in the Remuneration Report.

No shares or interests were issued during or since the end of the financial year as a result of an exercise of an option.

Financial position

The net assets of the Consolidated Group have decreased to $11,844,000 at 31 December 2017 from $13,013,000 at 31 December 2016. Further information is provided in the Financial Review, Operating Cash Flow and Gearing and Review of Net Assets section within this report.

Insurance of Officers

During the year, the Company paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all Directors. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company. Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer

The Company has not indemnified its auditors against claims by third parties arising from the audit.

Directors' Report (cont.)

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services provided by RSM during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk Committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110 Code of Ethics by Professional Accountants set by the Accounting Professional and Ethical Standards Board

The only fees for non-audit services paid/payable to the auditors during the year ended 31 December 2017 were for taxation services which amounted to $33,899.

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2017 has been received in accordance with s307c of the Corporations Act 2001 and can be found on page 19, which forms part of this report.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Consolidated Group during the financial year.

Events subsequent to balance date

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Environmental issues

As the Consolidated Group's principal activity relates to recruitment, there are no environmental regulations with which it must comply. The Consolidated Group is not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

Directors' Report (cont.)

Information on Directors

Nick Waterworth	Group CEO and Executive Chairman
Qualifications	Honours Degree in Economics (York University, UK)
Experience	Co-Founder of Ambition Group. Board member since inception in August 1999.
Interest in shares	13,657,571 ordinary shares.
Special responsibilities	Executive Director and Chairman
Directorships in other listed companies during the past three years	None
Paul Young	Director (Non-Executive)
Qualifications	Honours Graduate in Economics (Cambridge University), Advanced Diploma in Corporate Finance, Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of Australian Institute of Company Directors.
Experience	Co-Founder and Executive Director of Baron Partners Limited, with over 30 years' experience in merchant banking.
Interest in shares	4,233,197 ordinary shares.
Special responsibilities	Chairman of the Audit and Risk Committee and member of the Remuneration, Human Resources & Nominations Committee
Directorships in other listed companies during the past three years	Byron Energy Limited and Opus Group Limited
Richard Petty	Director (Non-Executive)
Qualifications	BCom (Hons and University Medal) and MCom (Hons) University of New South Wales, PhD (Macq), Fellow and Life Member of CPA Australia (FCPA, Life) and a Fellow of the Australian Institute of Company Directors (FAICD). CMA, Professor in Management (Accounting & Finance) Macquarie Graduate School of Management.
Experience	More than 20 years of commercial, consulting and advisory experience with a broad range of multinational firms and governments on issues including finance, strategy, competitiveness, governance and on doing business in Asia. Has lived in Hong Kong for the past 20 years. Chairman of The Australian Chamber of Commerce Hong Kong & Macau; Board member of the International Federation of Accountants (IFAC); Board member of CPA Australia (Past President and Chairman).
Interest in shares	200,000 ordinary shares.
Special responsibilities	Member of the Audit and Risk Committee and a member of the Remuneration, Human Resources & Nominations Committee
Directorships in other listed companies during the past three years	None
Deborah Hadwen	Director (Non-Executive)
Qualifications	Bachelor of Arts (University of Sydney), Master of Arts (University of Sydney), Master of Commercial Law (Macquarie University) and a Graduate of the Australian Institute of Company Directors (AICD).
Experience	Over 20 years' experience in the technology sector. Managing Director of Apoidea Group Pty Ltd. Previously Chief Executive Officer, Australia & New Zealand for Tata Consultancy Services Limited (TCS). Has held several commercial roles at Compuware Asia Pacific Pty Ltd in both Australia and Asia. A member of the Governing Council of Macquarie University and a member of its Audit and Risk Committee.
Interest in shares	None
Special responsibilities	Chairman of the Remuneration, Human Resources & Nominations Committee and member of the Audit and Risk Committee
Directorships in other listed companies during the past three years	None

Directors' Report (cont.)

Company Secretary

Mr. Laurent Toussaint held the position of company secretary for the full year. He is a Chartered Accountant registered with Chartered Accountants Australia and New Zealand. He joined the company in 2015 and has held senior positions with major international companies including Deloitte, Atos Origin and Dimension Data. Mr. Toussaint resigned from the company effective 19 January 2018 and was replaced by Mr. Mark Hays on that date.

Meetings of Directors

	Directors' Meetings		Audit and Risk Committee		Remuneration, Human Resources & Nominations Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Nick Waterworth	9	9	0	0	0	0
Paul Young	9	9	2	2	1	1
Deborah Hadwen [1]	6	6	1	1	1	1
Richard Petty	9	8	2	2	1	1
Cathy Doyle [2]	2	2	1	0	0	0

[1] Appointed on 1 June 2017
[2] Resigned on 3 March 2017

Number of shares held directly, indirectly or beneficially by parent entity Directors at the date of this report:

	Fully paid ordinary shares	Share options
	Number	Number
Directors		
Nick Waterworth	13,657,571	-
Paul Young	4,233,197	-
Richard Petty	200,000	-

Remuneration report (Audited)

The information which follows to the end of section '(i) Shareholdings is subject to audit by the external auditors.

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of key management personnel (KMP) of Ambition Group Limited (Ambition) for the financial year ended 31 December 2017. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

The Directors and other members of Key Management Personnel of the group during the year were:

- Nick Waterworth (Executive Director)
- Paul Young (Non - Executive Director)
- Cathy Doyle (Non - Executive Director) [resigned 3 March 2017]
- Richard Petty (Non - Executive Director)
- Deborah Hadwen (Non - Executive Director) [appointed 1 June 2017]
- Laurent Toussaint (Chief Financial Officer, Company Secretary)

Directors' Report (cont.)

a. Remuneration policy

The remuneration policy of Ambition has been designed to align executive KMP and Senior Management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific short and long-term variable components based on key performance criteria. The Board of Ambition believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Executive Directors to run and manage the Consolidated Group, as well as create goal congruence between KMP, Senior Management and Shareholders. Only one Director is an executive at the date of this report, namely Nick Waterworth.

The remuneration of executive KMP and Senior Management is set by the Remuneration, Human Resources and Nominations Committee. Remuneration comprises a fixed base salary and performance incentive and can include eligibility to participate in the Ambition Employee Share Incentive Plan. The policy is subject to Board approval.

The performance of Senior Management is measured against criteria agreed annually with each senior manager and is based predominantly on the financial performance of the operating division for which the senior manager is responsible. The Board may, at its discretion, review the performance criteria and level of incentive at times other than annually to ensure rewards are appropriate.

KMP and Senior Management may participate in Ambition's Employee Share Incentive Plan, the purpose of which is to align Shareholders' and managements' objectives. The plan provides for the allocation of Ambition share performance rights, options or other interests over shares to Senior Managers at the discretion of the Board. Any shares are issued via a Trustee and held in trust subject to issue on the meeting of certain performance and service hurdles as assessed by the Remuneration, Human Resources and Nominations Committee. Performance hurdles are recommended by the Executive Chairman and approved by the Remuneration, Human Resources and Nominations Committee. The vesting of shares and options issued to KMP and Senior Management, is contingent on the achievement of specified Earnings per Share (EPS) targets for the Consolidated Group. Shares issued under the Employee Share Incentive Plan are subject to vesting provisions in accordance with the terms of the plan.

At 31 December 2017 1,567,289 share interests outstanding relating to KMP. There are no other share-based payment arrangements in existence relating to KMP.

For Senior Management, the service component on 4,634,540 performance rights issued is conditional on continuous employment from date of grant through to 31 March 2018. For the performance component there are four conditional tranches:

- Tranche 1 - 25% of the Performance Rights granted will vest if the Company's EPS for the period 1 July 2014 to 31 December 2014 is at least 0.5 cent
- Tranche 2 - 25% of the Performance Rights granted will vest if the Company's EPS for the Financial Year ended 31 December 2015 is at least 1.0 cent
- Tranche 3 - 25% of the Performance Rights granted will vest if the Company's EPS for the Financial Year ended 31 December 2016 is at least 2.0 cents
- Tranche 4 - 25% of the Performance Rights granted will vest if the Company's EPS for the Financial Year ending 31 December 2017 is at least 3.0 cents

Performance rights that fail to meet an EPS condition for a tranche may still vest if the cumulative EPS condition in total is achieved.

For Senior Management, the service component on 2,052,420 performance rights issued is conditional on continuous employment from date of grant through to 31 March 2019. For the performance component there is one conditional tranche:

- Tranche 1 - The Performance Rights granted will vest if the Company's EPS for the financial year ending 31 December 2018 is at least 4.0 cents

KMP and Senior Management receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits. Individuals may sacrifice part of their remuneration to increase payments towards superannuation. All remuneration paid to KMP and Senior Management is valued at the cost to the Consolidated Group and expensed. Shares issued to KMP and Senior Management are valued at the fair value on the Grant Date.

Directors' Report (cont.)

b. Non-Executive Directors Remuneration

The remuneration of Non-Executive Directors is $60,000 per Director. The maximum aggregate remuneration that may be paid to Non-Executive Directors is $200,000. This remuneration may be divided amongst the Non-Executive Directors as determined by the Board. Notice of any proposed increase in Non-Executive Director's aggregate remuneration and the total amount of remuneration payable to Non-Executive Directors as a result of the proposed increase must be given to members in the notice convening the general meeting at which the increase is to be proposed.

c. Performance-based remuneration

The remuneration of the executive KMP and Senior Management includes a performance-based component based on profit. This ensures that the interests of the executive KMP and Senior Management are aligned with our Shareholders. In 2017, KMP and Senior Management received a bonus based on the performance of the divisions for which they are directly responsible. The performance-based component of KMP and Senior Management remuneration is recommended by the Remuneration, Human Resources and Nominations Committee annually for approval by the Board. Performance-based remuneration of Senior Management is annually recommended to the Board by the Executive Director.

d. Performance-based income as a proportion of total remuneration

Executive KMP and Senior Management are paid performance bonuses based on the profitability of businesses rather than as proportions of their salary. This has led to the proportions of remuneration related to performance varying for each individual. The level of performance-based remuneration is determined such that it provides sufficient incentive and encouragement for the individual to achieve agreed goals and objectives.

e. Discussion of the relationship between the remuneration policy and company performance

The table below shows summary information about Ambition's earnings and movements in shareholder wealth for the five years to 31 December 2017.

	2017	2016	2015	2014	2013
	$'000	$'000	$'000	$'000	$'000
Profit / (loss) before tax	90	207	1,658	34	(1,457)
Net profit / (loss) after tax	27	352	1,006	(144)	(1,434)
	c	c	c	c	c
Basic EPS	0.52	1.07	1.71	(0.27)	(2.14)
Diluted EPS	0.46	0.94	1.56	(0.27)	(2.14)
Dividend (fully franked)	-	1.00	1.00	-	-
Share Price (31 Dec)	16.00	17.00	18.00	12.50	18.00

f. Employment contracts of Key Management Personnel and Senior Management

The employment conditions of executive KMP and Senior Management are formalised in contracts of employment as determined by the Remuneration, Human Resources and Nominations Committee, and reviewed annually for future compensation. All Senior Managers are permanent employees of Ambition Corporate Services Pty Limited, a wholly owned Consolidated Group entity responsible for the employment of all personnel. The employment contracts stipulate a range of one to nine month resignation periods. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the case of serious misconduct, employment can be terminated without notice.

Directors' Report (cont.)

g. Details of remuneration

The remuneration of KMP as defined of the Consolidated Group during the year was as follows:

	Short-term benefits			Post-employment benefits	Long-term Benefits	Other benefits	
	Salary and fees	Non-cash benefits	Bonuses	Super	Share based payment	Termination payment	Total
2017	$	$	$	$	$	$	$
Directors							
Nick Waterworth	308,372	13,995	-	19,616	-	-	341,983
Paul Young	54,795	-	-	5,205	-	-	60,000
Cathy Doyle[1]	9,765	-	-	928	-	-	10,693
Richard Petty	60,000	-	-	-	-	-	60,000
Deborah Hadwen[2]	31,964	-	-	3,036	-	-	35,000
	464,896	13,995	-	28,786	-	-	507,676
Other Key Management Personnel							
Laurent Toussaint	253,817	-	-	18,783	-	-	272,600
	718,713	13,995	-	47,569	-	-	780,276
2016	$	$	$	$	$	$	$
Directors							
Nick Waterworth	281,217	14,353	50,000	18,783	-	-	364,353
Paul Young	54,795	-	-	5,205	-	-	60,000
Cathy Doyle[1]	54,795	-	-	5,205	-	-	60,000
Richard Petty	60,000	-	-	-	-	-	60,000
	450,807	14,353	50,000	29,193	-	-	544,353
Other Key Management Personnel							
Laurent Toussaint	256,217	-	-	18,783	85,174	-	360,174
	707,024	14,353	50,000	47,976	85,174	-	904,527

[1] Resigned 3 March 2017
[2] Appointed 1 June 2017

No KMP appointed during the period received a payment as part of his or her consideration for agreeing to hold the position. No KMP received any remuneration outside of the amounts disclosed in the table above.

Directors' Report (cont.)

Terms and conditions of share-based payment arrangements affecting remuneration of KMP in the current financial year or future financial years:

Share Interests	Grant Date	Fair value at grant date	Exercise price	Expiry date	Vesting Date [1]
Performance Rights	03-Aug-15	$0.15	0.00	30-Apr-18	31-Mar-18
Performance Rights	17-Feb-16	$0.17	0.00	30-Apr-19	31-Mar-19

[1] Vesting is dependent on achieving certain performance and service criteria determined by the Remuneration, Human Resources and Nominations Committee.

h. Remuneration Options

There were no performance rights granted under the Ambition Employee Share Initiative Plan during the year to key management personnel.

i. Shareholdings

Fully paid ordinary shares

2017	Balance at 1 January	Granted as compensation	Received on exercise of options	Net Other change	Balance at 31 December	Balance held nominally
Nick Waterworth	13,607,571	-	-	50,000	13,657,571	-
Paul Young	4,233,197	-	-	-	4,233,197	-
Richard Petty	200,000	-	-	-	200,000	-
Laurent Toussaint	-	-	-	-	-	-

Share Interests

2017	Balance at 1 January	Granted as compensation	Exercised	Net Other change	Balance at 31 December	Balance vested during the year
Nick Waterworth	-	-	-	-	-	-
Paul Young	-	-	-	-	-	-
Cathy Doyle	-	-	-	-	-	-
Richard Petty	-	-	-	-	-	-
Laurent Toussaint	1,567,289	-	-	-	1,567,289	-

Directors' Report (cont.)

Rounding of Amounts

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Nick Waterworth
Executive Chairman
22 February 2018

Auditor's Independence Declaration

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Ambition Group Limited for the year ended 31 December 2017, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

David Talbot
Partner

Sydney, NSW
Dated: 22 February 2018

Consolidated Statement of Profit or Loss

for the year ended 31 December 2017

		Consolidated Group	
		2017	2016
Continuing Operations	Note	$'000	$'000
Revenue	2	101,871	115,271
On-hired labour costs		(62,386)	(72,315)
Net fee income		39,485	42,956
Investment income		5	3
Employee benefits expense	3	(27,313)	(30,593)
Indirect employment costs		(1,268)	(865)
Payroll tax		(726)	(822)
Restructuring costs		-	(557)
Depreciation and amortisation expense	3	(796)	(895)
Finance costs	3	(58)	(27)
Advertising & marketing expense		(1,140)	(1,270)
IT costs		(1,083)	(892)
Rental expense on operating leases	3	(2,930)	(3,077)
Other expenses	3	(4,086)	(3,754)
Profit before tax		90	207
Income tax (expense) / benefit	5	(63)	145
Profit for the year from continuing operations		27	352
Attributable to:			
Owners of the parent		344	705
Non-controlling interests	22	(317)	(353)
		27	352
Earnings per share			
Basic (cents per share)	8	0.52	1.07
Diluted (cents per share)	8	0.46	0.94

Consolidated Statement of Other Comprehensive Income

for the year ended 31 December 2017

	Consolidated Group	
	2017	2016
Continuing Operations	$'000	$'000
Profit for the year	27	352
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	(263)	(101)
Total comprehensive (loss) / income for the year	(236)	251
Total comprehensive income attributable to:		
Owners of the Parent	101	588
Non-controlling interests	(337)	(337)
Total comprehensive (loss) / income for the year	(236)	251

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

Consolidated Statement of Financial Position

for the year ended 31 December 2017

		Consolidated Group	
		2017	2016
	Note	$'000	$'000
Current assets			
Cash and cash equivalents	9	3,215	4,474
Trade and other receivables	11	17,667	16,786
Other current assets	10	1,737	811
Current tax assets	14	218	509
Total current assets		22,837	22,580
Non-current assets			
Property, plant and equipment	12	1,044	1,448
Intangible assets	13	449	418
Deferred tax assets	14	1,191	1,369
Total non-current assets		2,684	3,235
Total assets		25,521	25,815
Current liabilities			
Trade and other payables	15	9,988	9,983
Borrowings	16	1,041	-
Current tax liabilities	14	38	-
Provisions	17	1,004	814
Total current liabilities		12,071	10,797
Non-current liabilities			
Provisions	17	967	1,330
Deferred tax liabilities	14	639	675
Total non-current liabilities		1,606	2,005
Total liabilities		13,677	12,802
Net assets		11,844	13,013
Equity			
Issued capital	19	12,977	47,726
Retained losses/gains	20	2,653	(31,768)
Reserves	21	(3,028)	(2,524)
Non-controlling interest	22	(758)	(421)
Total equity		11,844	13,013

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

Consolidated Group	Issued capital $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Equity settled emp. benefits reserve $'000	Attrib. to owners of the parent $'000	Non controlling Interest $'000	Total $'000
Balance as at 1 January 2016	47,726	(31,801)	(2,970)	333	13,288	(84)	13,204
Profit/(Loss) for the year	-	705	-	-	705	(353)	352
Other comprehensive income for the year	-	-	(117)	-	(117)	16	(101)
Total comprehensive income for the year	-	705	(117)	-	588	(337)	251
Transactions with owners in their capacity as owners:							
Recognition of share based (adjustments) / payments	-	-	-	230	230	-	230
Payment of dividend	-	(672)	-	-	(672)	-	(672)
Balance as at 31 December 2016	47,726	(31,768)	(3,087)	563	13,434	(421)	13,013
Balance as at 1 January 2017	47,726	(31,768)	(3,087)	563	13,434	(421)	13,013
Profit/(Loss) for the year	-	344	-	-	344	(317)	27
Other comprehensive income for the year	-	-	(243)	-	(243)	(20)	(263)
Total comprehensive income for the year	-	344	(243)	-	101	(337)	(236)
Transactions with owners in their capacity as owners:							
Recognition of share based (adjustments) / payments	-	-	-	(261)	(261)	-	(261)
Payment of dividends	-	(672)	-	-	(672)	-	(672)
S258F capital offset	(34,749)	34,749	-	-	-	-	-
Balance as at 31 December 2017	12,977	2,653	(3,330)	302	12,602	(758)	11,844

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2017

	Note	Consolidated Group 2017 $'000	Consolidated Group 2016 $'000
Cash flows from operating activities			
Receipts from customers		100,909	116,227
Payments to suppliers and employees		(101,297)	(116,271)
Cash used in operations		(388)	(44)
Income tax refunded / (paid)		410	(709)
Interest and other costs of finance paid		(58)	(27)
Net cash used in operating activities	23	(36)	(780)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(255)	(254)
Payments to acquire intangible assets		(193)	(283)
Interest received		5	3
Net cash used in investing activities		(443)	(534)
Cash flows from financing activities			
Term deposit		(900)	-
Credit facility		1,041	-
Dividends paid		(672)	(672)
Net cash used in financing activities		(531)	(672)
Net decrease in cash and cash equivalents		(1,010)	(1,986)
Cash and cash equivalents at the beginning of the year		4,474	6,534
Effect of exchange rates on cash holdings in foreign currencies		(249)	(74)
Cash and cash equivalents at the end of the financial year	9	3,215	4,474

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

Notes to the Financial Statements

for the year ended 31 December 2017

1. Significant Accounting Policies

a. Basis of preparation

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards and Interpretations ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial report covers the Consolidated Group of Ambition Group Limited and controlled entities. Ambition Group Limited is a listed public Company, incorporated and domiciled in Australia.

The parent entity is a Company of a kind referred to in Australian Securities and Investments Commission Class Order 2016/191 dated 24 March 2016 and in accordance with that Class Order, amounts in this financial report are rounded to the nearest thousand dollars unless otherwise stated.

The financial 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 liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Consolidated Group in the preparation of the financial report. The accounting policies have been consistently applied to all years stated, unless otherwise stated.

The financial statements were approved on 22 February 2018.

b. Principles of consolidation

A controlled entity is any entity controlled by Ambition Group Limited. Ambition Group Limited controls an investee when Ambition Group Limited is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee operating policies of the entity so as to obtain benefits from its activities.

All intercompany balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

All controlled entities have a December financial year end.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Consolidated Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

1. Significant Accounting Policies (cont.)

c. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Consolidated Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

d. 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.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

1. Significant Accounting Policies (cont.)

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 is recognised in three stages – upon commencement of an assignment where a job description is given by the client, to Ambition, at the short-list stage where a list of appropriate candidates is given by Ambition to the client and upon the completion of the recruitment process where a candidate has accepted the proposed job offer.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when dividends are declared.

e. Plant and equipment

Plant and equipment are measured on a cost basis less accumulated depreciation and impairment losses.

f. Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

▪ Leasehold improvements	Lifetime of lease
▪ Office equipment	20%-25%
▪ Furniture and fittings	20%
▪ Computer hardware	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit or loss.

g. Leases

Leases of plant, property and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to entities in the Consolidated Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are expensed on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

1. Significant Accounting Policies (cont.)

h. Financial instruments

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

i. *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

ii. *Held-to-maturity investments*

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Consolidated Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

iii. *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

iv. *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

v. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets, principally equity services, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

vi. *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

1. Significant Accounting Policies (cont.)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Consolidated Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

vii. Derecognition of financial assets

The Consolidated Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Consolidated Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Consolidated Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Consolidated Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Consolidated Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

viii. Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Consolidated Group derecognises financial liabilities when, and only when, the Consolidated Group's obligations are discharged, cancelled or they expire.

i. Impairment of Assets

At each reporting date, the Consolidated Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

1. Significant Accounting Policies (cont.)

j. Intangibles

i. *Goodwill*

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Consolidated Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Consolidated Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ii. *Web development costs*

The website is considered to be a revenue generating asset and as such, all expenses incurred in the development of the website are capitalised as an intangible asset. The asset has a definite life and is carried at cost less accumulated amortisation and any impairment losses. Website development costs are amortised over their useful life of no more than three years.

k. Foreign currency transactions and balances

i. *Functional and presentation currency*

The functional currency of each of the Consolidated Group's entities is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ii. *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of profit or loss, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in the consolidated statement of profit or loss.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

1. Significant Accounting Policies (cont.)

iii. Consolidated Group companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Group's currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date
- Income and expenses are translated at average exchange rates for the period
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss in the period in which the operation is disposed.

l. Employee benefits

Provision is made for the Consolidated Group's liability for employee benefits arising from services rendered by employees to reporting date. Short-term employee benefits have been measured at the amounts expected to be settled wholly within twelve months after the end of the period. Long-term employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

m. Provisions

Provisions are recognised when the Consolidated Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Onerous leases are recognised when the economic benefits derived from the lease are lower than the related unavoidable lease expense.

n. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

o. Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p. Share-based payments

The Consolidated Group provides benefits to selected employees (including Directors) in the form of share based payment transactions, whereby eligible employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions is measured by reference to their fair value at the date at which they were granted. This cost is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the benefit ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (a) the extent to which the vesting period has expired, and (b) the number of benefits that, in the opinion of the Directors of the Consolidated Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

1. Significant Accounting Policies (cont.)

No expense is recognised for benefits that do not ultimately vest, except for benefits where vesting is conditional upon market conditions.

Where the terms of an equity-based benefit are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled benefit is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the benefit is recognised immediately. However, if a new benefit is substituted for a cancelled benefit, and designated as a replacement benefit on the date that it is granted, the cancelled and new benefit are treated as if they were a modification of the original benefit, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

q. Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they relate to qualifying assets, in which case they are capitalised.

r. 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.

i. *Share based payments*

The value and corresponding expense in relation to share based payments is based on the probability, in the opinion of the Directors, of service and performance criteria being met.

ii. *Impairment*

The Consolidated Group assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Group that may lead to an impairment of assets such as current economic conditions and uncertainty over future cash flows. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

iii. *Provisions for impairment of receivables*

The carrying amount of trade receivables is reviewed for indicators of impairment on a regular basis. Where there is an indication of impairment a provision for doubtful debt is made.

iv. *Provision for Make Good*

A provision is made for the expected cost to restore the leased property to its original condition. The provision is based on a best estimate advised by the external property advisor or a pre agreed contracted amount.

v. *Control*

Note 18 describes that Ambition Group Malaysia Sdn Bhd is a subsidiary of the Consolidated Group although the Consolidated Group only owns a 49% ownership interest in Ambition Group Malaysia Sdn Bhd. Based on the contractual arrangements between the Consolidated Group and other investors, the Consolidated Group has the power to appoint and remove the majority of the board of directors of Ambition Group Malaysia Sdn Bhd that has the power to direct the relevant activities of Ambition Group Malaysia Sdn Bhd. Therefore, the directors of the Company concluded that the Consolidated Group has the practical ability to direct the relevant activities of Ambition Group Malaysia Sdn Bhd unilaterally and hence the Consolidated Group has control over Ambition Group Malaysia Sdn Bhd.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

1. Significant Accounting Policies (cont.)

s. Adoption of new Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Where necessary, information for the previous period has been represented to conform to changes in presentation in the current financial year. New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'
- AASB 2015-8 – 'Amendments to Australian Accounting Standards – Effective date of AASB 15'

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

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but only effective for annual reporting periods beginning on the 1st January 2018, and therefore expected to be initially applied in the financial year ending 31 December 2018.

- AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'
- AASB 9 – Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and measurement and includes revised requirements for the classification and measurements of financial instruments, revised recognition and de-recognition requirements for financial instruments, revised impairment requirements and simplified requirements for hedge accounting.

The revised requirements include:

- simplifications to the classification of financial assets
- simplifications to the accounting of embedded derivatives
- an expected loss impairment model
- the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income
- a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

The financial assets and liabilities of the Group consist of cash, receivables and payables. Therefore, the Directors do not expect a material impact on transition to AASB 9.

- AASB 15 – Revenue from Contracts with Customers

AASB 15 was issued in December 2014. The new standard outlines a five-step model in order to account for revenue arising from contracts with customers. The new standard will supersede all previous revenue recognition requirements. The standard allows for a full retrospective application or a modified retrospective application beginning on or after 1 January 2018.

AASB 15 requires revenue to be recognised, at an amount, which reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

In 2017 the Group performed a preliminary assessment of AASB 15 against its three main revenue streams (see below) within the Group. The group does not expect any material adjustment to revenue as a result of this analysis.

- Revenue earned on a contingent basis. (c. 26% of revenue)
- Revenue earned on a retained basis. (c. 3% of revenue)
- Temporary revenue. (c. 71% of revenue)

Based on our findings the only revenue stream that could be impacted from AASB 15 is revenue earned on a retained basis. This income is recognised on the completion of defined stages of work (see below).

1. Retainer
2. Short-list
3. Completion

As AASB 15 contends up-front fees, the first stage of a Retainer assignment could be an area of contention. The Group must be able to demonstrate at this stage that an element of value exists and, if so, how much. From our assessment, during this stage, the client receives a retainer pack, current market information and candidate salary expectations. Based on this, the Group deems that an element of value exists and has been passed to the client.

We do not expect any material adjustment to revenue from our assessment as the percentage of revenue earned on a retained basis by the Group is circa 3% of total Group revenue.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but only effective for annual reporting periods beginning on the 1st January 2019, and therefore expected to be initially applied in the financial year ending 31 December 2019.

- AASB 16 'Leases'

The potential impact of the initial application of the above Standards has not yet been determined.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

2. Revenue

	Consolidated Group 2017	Consolidated Group 2016
	$'000	$'000
Recruitment services revenue	101,871	115,271
Total revenue	101,871	115,271

3. Profit from ordinary activities

Profit from ordinary activities before income tax has been determined after:

	Consolidated Group 2017	Consolidated Group 2016
	$'000	$'000
Employee benefits expense		
▪ Equity settled share based (adjustments) / payments	(261)	230
▪ Other employee benefits	27,574	30,363
	27,313	30,593
Depreciation and amortisation expense		
Depreciation of plant and equipment	631	567
Amortisation of software and web development	165	328
	796	895
Finance costs		
▪ interest expense	58	27
Rental expense on operating leases		
▪ minimum lease payments	2,930	3,077
Other expenses		
▪ bad and doubtful debt provision	(8)	(119)

4. Dividends

In respect to the financial year ended 31 December 2017, no dividends have been declared or paid. Dividends of $671,710 were paid to shareholders on 19 May 2017 in relation to the year-ended 31 December 2016.

	Consolidated Group 2017	Consolidated Group 2016
	$'000	$'000
Adjusted franking account balance	2,238	2,872

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

5. Income tax expense

	Consolidated Group 2017	Consolidated Group 2016
	$'000	$'000
a. The components of tax expense comprise:		
Current tax	153	44
Deferred tax	(93)	(198)
Under provision in respect of prior years	3	9
Income tax expense / (benefit)	63	(145)
b. The prima facie tax on the profit before income tax is reconciled to income tax expense as follows:		
Profit before tax from continuing activities	90	208
Income tax calculated at 30% (2016: 30%)	27	62
Add / (less) tax effect of:		
▪ other non-deductible expenses	(47)	118
▪ tax assets not brought to account	179	408
▪ overseas tax differential	(44)	(53)
▪ utilisation of brought forward tax losses	(49)	(96)
▪ effect of previously unrecognised and unused tax losses now recognised as a deferred tax asset	-	(114)
▪ under provision in prior period	(6)	9
▪ effect of database write down	3	(479)
Income tax expense / (benefit) recognised in profit or loss	63	(145)
Applicable weighted average effective tax rates	69%	-70%

Tax consolidation

a) Relevance of tax consolidation to the Group

The resident companies and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Ambition Group Limited. The members of the tax-consolidated group are identified in Note 18. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Consolidated Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

5. Income tax expense (cont.)

b) Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Ambition Group Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

6. Employee share plans

The Consolidated Group has an ownership-based compensation scheme for executives and senior employees. Executives and senior employees of the Consolidated Group may be granted an interest to purchase ordinary shares at an exercise price of nil per ordinary share. Each employee share interest converts into one ordinary share of Ambition Group Limited on exercise. No amounts are paid or payable by the recipient. The interests carry neither rights to dividends nor voting rights and may be exercised at any time from the date of vesting to the date of their expiry.

The number of interests granted is calculated in accordance with the performance-based formula approved by shareholders at a previous annual general meeting and is subject to approval by the Remuneration, Human Resources and Nominations Committee. The formula rewards executives and senior employees to the extent of the Consolidated Group's and the individual's achievement judged against both length of service and EPS performance.

The following table shows the share-based payment arrangements which were in existence during the current and prior years:

Shares / Options	No. granted	Grant date	Fair value at grant date	Vesting date	Expiry date	Vesting criteria[1]
Zero-priced Options	500,000	9-Dec-13	$0.18	31-Mar-18	30-Apr-18	Service & performance
Zero-priced Options	3,613,080	3-Jul-14	$0.14	31-Mar-18	30-Apr-18	Service & performance
Zero-priced Options	500,000	3-Jul-14	$0.14	31-Mar-18	30-Apr-18	Service
Zero-priced Options	200,000	28-Jul-14	$0.13	31-Mar-18	30-Apr-18	Service
Zero-priced Options	1,185,345	3-Aug-15	$0.15	31-Mar-18	30-Apr-18	Service & performance
Zero-priced Options	1,539,375	3-Aug-15	$0.15	31-Mar-18	30-Apr-18	Service & performance
Zero-priced Options	350,000	17-Feb-16	$0.17	31-Mar-18	30-Apr-18	Service & performance
Zero-priced Options	100,000	17-Feb-16	$0.17	31-Mar-18	30-Apr-18	Service
Zero-priced Options	1,763,252	17-Feb-16	$0.17	31-Mar-19	30-Apr-19	Service & performance
Zero-priced Options	100,000	17-Feb-16	$0.17	31-Mar-19	30-Apr-19	Service
Zero-priced Options	381,944	17-Feb-16	$0.17	31-Mar-19	30-Apr-19	Service & performance
Zero-priced Options	381,164	6-Dec-16	$0.14	31-Mar-19	30-Apr-19	Service & performance
Zero-priced Options [1]	322,266	17-Feb-17	$0.19	31-Mar-19	30-Apr-19	Service & performance

[1] A total of 322,266 service and performance rights were issued to senior management during the year ended 31 December 2017.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

6. Employee share plans (cont.)

The Consolidated Group has established the Ambition Employee Incentive Plan and related Ambition Employee Share Trust to manage and hold both vested and unvested shares and performance rights on behalf of current employees.

At 31 December 2017, the Ambition Employee Incentive Plan held 8,254,249 unvested performance rights. Some current employees chose to retain their vested shares in the trust and the Ambition Employee Share Trust held 375,125 vested shares relating to employees and 1,484,263 treasury shares.

a) Ambition Employee Share Incentive Plan

Details of employee performance rights granted under the Ambition Share Incentive Plan are as follows:

	Consolidated Group	
	2017	2016
	No. '000	No. '000
Balance at the beginning of the year	8.032	7,438
Granted during the year	322	3,076
Exercised during the year	-	-
Forfeited during the year	(100)	(2,482)
Balance at the end of the year	8,254	8,032
Total number issued to employees since start	10,936	10,614
Total number forfeited by employees since start	(2,682)	(2,582)
Performance rights	8,254	8,032

Performance rights outstanding at the end of the year

The performance rights outstanding at the end of the year had an exercise price of zero (2016: zero) and a weighted average remaining contractual life of 198 days (2016: 551 days).

Fair value of performance rights granted during the year

The fair value of the performance rights granted during the year was calculated using a Binomial pricing model and applying the following inputs:

	27 February 2017
Exercise price	$0.00
Underlying share price	$16.5

Historical volatility has been the basis for determining expected share price volatility as it is assumed this is indicative of future tender which may not eventuate.

b) Summary

A summary of the various unvested shares and incentive plans that may become fully paid ordinary shares in the future is as follows:

	Consolidated Group	
	2017	2016
	No. '000	No. '000
AMB Employee Share Trust	1,485	1,485
AMB Employee Share Incentive Plan	8,254	8,032

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

7. Auditor's remuneration

	Consolidated Group 2017 $	Consolidated Group 2016 $
Remuneration of the auditor of the Consolidated Group for:		
Auditor of the parent entity		
▪ Audit or review of the financial statements	131,077	111,895
▪ Taxation services	14,000	11,900
	145,077	123,795
Network firm of the parent entity		
▪ Audit or review of the financial statements	65,797	60,877
▪ Taxation services	19,899	16,542
	85,696	77,419
Total auditors remuneration	230,773	201,214

The auditor of Ambition Group Limited is RSM Australia Partners.

8. Earnings per share ('EPS')

	Consolidated Group 2017	Consolidated Group 2016
Basic earnings per share (cents per share)	0.52	1.07
Diluted earnings per share (cents per share)	0.46	0.94
Earnings used in calculation of basic EPS ($)	344,301	704,521
Earnings used in calculation of diluted EPS ($)	344,301	704,521
Net tangible asset backing per ordinary share ($)	0.17	0.19

	No.	No.
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	65,686,691	65,686,691
Weighted average number of share interests outstanding	8,298,718	9,227,452
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive EPS	73,986,142	74,914,143

1,484,263 (2016: 1,484,263) Treasury shares relating to long-term incentive plans for senior management have not been included in the above Earnings per share calculations in accordance with AASB 133 'Earnings per Share'.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

9. Cash

	Consolidated Group	
	2017	2016
	$'000	$'000
Cash at bank	3,215	4,474

10. Other assets

	Consolidated Group	
	2017	2016
Current	$'000	$'000
Term deposit	900	-
Prepayments	837	811
Total other assets	1,737	811

11. Receivables

	Consolidated Group	
	2017	2016
Current	$'000	$'000
Trade debtors	12,400	11,888
Provision for impairment	(385)	(393)
Other debtors	5,652	5,291
	17,667	16,786

All amounts receivable are short-term. The carrying amount of trade debtors is considered a reasonable approximation of fair value. All of the Consolidated Group's trade and other receivables have been reviewed for indicators of impairment. As a result of this review there were doubts over the recoverability of certain trade receivables and a provision of $385,000 (2016: $393,000) has been recorded. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The trade receivables provided for are mostly due to customers experiencing financial difficulties around going concern and cash flow problems. Before accepting any new customer, the Consolidated Group uses an external provider of credit analysis to assess the potential customer's credit quality. If the Group has not dealt with a customer for a period of 12 months or more, a further analysis will be performed to confirm the customer's credit worthiness.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

11. Receivables (cont.)

The age of financial assets including those provided for are as follows:

	Consolidated Group	
	2017	2016
	$'000	$'000
Trade debtors - amounts within terms		
Current or not more than 3 months	11,292	10,983
Trade debtors - past due but not impaired		
More than 3 months but not more than 6 months	889	708
More than 6 months but not more than 1 year	162	197
More than 1 year	57	-
	12,400	11,888
Average Days Sales Outstanding (Days)	41.2	34.7
Movement in the allowance for doubtful debts:		
Balance at beginning of the year	393	512
Decrease in allowance	(25)	(105)
Impairment losses recognised	218	201
Amounts written off during the year as uncollectible	(80)	(72)
Impairment losses reversed	(121)	(143)
Balance at end of the year	(385)	393
Age of impaired trade receivables:		
30-60 days	-	6
60-90 days	-	-
90-120 days	-	4
120+ days	218	191
Total	218	201

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

12. Property, plant and equipment

	Consolidated Group	
	2017	2016
	$'000	$'000
Carrying amounts of:		
Leasehold improvements	709	1,079
Office equipment	92	81
Furniture and fittings	42	78
Computer hardware	201	210
	1,044	1,448

Cost	Leasehold improvements	Office equipment	Furniture and fittings	Computer hardware	Total
Consolidated Group	$'000	$'000	$'000	$'000	$'000
Balance at 1 Jan 2016	5,835	512	436	1,856	8,639
Additions	301	48	49	96	494
Disposals	(108)	(12)	-	(6)	(126)
Effect of foreign currency exchange differences	(243)	(11)	(14)	(81)	(349)
Balance at 31 Dec 2016	5,785	537	471	1,865	8,658
Additions	83	50	5	126	264
Disposals	-	-	-	-	-
Effect of foreign currency exchange differences	(118)	(5)	(6)	(24)	(153)
Balance at 31 Dec 2017	5,750	582	470	1,967	8,769

Accumulated depreciation and impairment	Leasehold improvements	Office equipment	Furniture and fittings	Computer hardware	Total
Consolidated Group	$'000	$'000	$'000	$'000	$'000
Balance at 1 Jan 2016	(4,661)	(448)	(373)	(1,601)	(7,083)
Eliminated on disposals of assets	111	5	-	4	120
Depreciation expense	(378)	(26)	(30)	(133)	(567)
Effect of foreign currency exchange differences	222	13	10	75	320
Balance at 31 Dec 2016	(4,706)	(456)	(393)	(1,655)	(7,210)
Eliminated on disposals of assets	-	-	-	-	-
Depreciation expense	(424)	(35)	(40)	(132)	(631)
Effect of foreign currency exchange differences	89	1	5	21	116
Balance at 31 Dec 2017	(5,041)	(490)	(428)	(1,766)	(7,725)

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

13. Intangible assets

	Consolidated Group 2017	Consolidated Group 2016
	$'000	$'000
Carrying amounts of:		
Computer software	449	417
Web development	-	1
	449	418

Cost Consolidated Group	Software $'000	Web Development $'000	Total $'000
Balance at 1 Jan 2016	2,417	878	3,295
Additions	282	1	283
Disposals	-	-	-
Effect of foreign currency exchange differences	(24)	(23)	(47)
Balance at 31 Dec 2016	2,675	856	3,531
Additions	193	-	193
Disposals	-	-	-
Effect of foreign currency exchange differences	(9)	(1)	(10)
Balance at 31 Dec 2017	2,859	855	3,714

Accumulated amortisation and impairment Consolidated Group	Software $'000	Web Development $'000	Total $'000
Balance at 1 Jan 2016	(1,975)	(855)	(2,830)
Eliminated on disposals of assets	-	-	-
Amortisation expense	(307)	(21)	(328)
Effect of foreign currency exchange differences	24	21	45
Balance at 31 Dec 2016	(2,258)	(855)	(3,113)
Eliminated on disposals of assets	-	-	-
Amortisation expense	(163)	(2)	(165)
Effect of foreign currency exchange differences	11	2	13
Balance at 31 Dec 2017	(2,410)	(855)	(3,265)

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

14. Tax

	Consolidated Group 2017 $'000	Consolidated Group 2016 $'000
a. Liabilities		
Current		
Income tax payable	38	-
Non-current		
Deferred tax liabilities comprise:		
▪ Provisions	639	675
b. Assets		
Current		
Income tax receivable	218	509
Non-current		
Deferred tax assets comprise:		
▪ Provisions	1,142	858
▪ Tax losses	49	511
	1,191	1,369
c. Reconciliations of deferred tax		
i. Gross movements		
Opening balance	694	1,056
Carry forward tax losses	49	511
Charged to income statement	(191)	(873)
Closing balance	552	694
ii. Deferred tax liability		
The movements in deferred tax liability for each temporary difference during the year are as follows:		
Opening balance	675	-
(Charged) / released to income statement	(36)	675
Closing balance	639	675
iii. Deferred tax asset		
The movements in deferred tax asset for each temporary difference during the year are as follows:		
Opening balance	1,369	1,056
Charged to the income statement	(227)	(198)
Carry forward tax losses	49	511
Closing balance	1,191	1,369
d. Unrecognised deferred tax assets		
Deferred tax assets not recognised at the reporting date:		
▪ Tax losses (gross)	6,076	4,806
The unrecognised tax losses will not expire.		

15. Trade and other payables

	Consolidated Group 2017 $'000	Consolidated Group 2016 $'000
Current		
Trade and other payables	9,988	9,983

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

16. Borrowings

	Consolidated Group 2017 $'000	Consolidated Group 2016 $'000
Borrowings		
Credit facility	1,041	-

On 23 June 2017, the Group was approved for Invoice Finance Facilities from Westpac Banking Corporation. These facilities are secured by fully interlocking guarantees and indemnities between Ambition Group Limited and the Australian controlled entities (see Note 18.)

Additional support for these facilities is secured over the existing and future assets of those controlled entities. The combined facility limit is $5,000,000 and at the reporting date has a variable interest rate of 5.41%.

17. Provisions

	Consolidated Group 2017 $'000	Consolidated Group 2016 $'000
Employee benefits (a)	790	804
Provisions for onerous contracts (b)	-	24
Make good provision (c)	915	931
Lease incentive (d)	266	385
	1,971	2,144
Current		
Employee benefits	715	675
Provisions for onerous contracts	-	24
Make good provision	268	79
Lease incentive	21	36
	1,004	814
Non-current		
Employee benefits	75	129
Provisions for onerous contracts	-	-
Make good provision	647	852
Lease incentive	245	349
	967	1,330

	Employee benefits $'000	Onerous contracts $'000	Make good provision $'000	Lease incentive $'000	Total $'000
Consolidated Group	(a)	(b)	(c)	(d)	
Balance at 1 January 2017	804	24	931	385	2,144
Additional provisions recognised	-	-	-	-	-
Reductions arising from payments / other sacrifices of future economic benefits	(14)	(24)	(71)	(119)	(228)
Unwinding of discount and effect of changes in the discount rate	-	-	65	-	65
Effects of foreign currency exchange differences	-	-	(10)	-	(10)
Balance at 31 December 2017	790	-	915	266	1,971

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

17. Provisions (cont.)

a. The provision for employee benefits represents annual leave and long service leave entitlements accrued. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

b. The provision for onerous lease contracts represents the present value of the future lease payments that the Consolidated Group is presently obligated to make under non-cancellable onerous operating lease contracts for office premises, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The economic outflow will occur over the next year. The office premises will not be used by the Consolidated Group and therefore the economic outflow exceeds the economic benefit of the lease contracts.

c. A make good provision is made for the expected cost to restore leased property to its original condition. The provision is based on a best estimate advised by an external property advisor or a pre-agreed contract amount.

d. The Consolidated Group has a number of leases which have a contractual requirement to make good. Any removal of make good requirements have been treated as lease incentives. These incentives will be treated as a reduction of rental expense over the lease term, on a straight line basis.

18. Controlled entities

	Country of Incorporation	Parent Entity Interest % 2017	Parent Entity Interest % 2016
		%	%
Parent Entity			
Ambition Group Limited[1]	Australia	–	–
Controlled Entity			
Ambition Corporate Services Pty Limited[2]	Australia	100	100
Ambition Recruit Pty Limited[2]	Australia	100	100
Contracting Employment Services Pty Limited[2]	Australia	100	100
McGinty Recruitment Pty Limited[2]	Australia	100	100
People with Ability Pty Limited[2]	Australia	100	100
Watermark Search International Pty Limited[2]	Australia	100	100
Ambition Employee Share Managers Pty Limited[3]	Australia	50	50
Ambition Employee Share Managers Pty Limited as trustee for[3]			
▪ Ambition Group Deferred Employee Share Plan	Australia	50	50
▪ Ambition Group Exempt Employee Share Plan	Australia	50	50
▪ Ambition Loan Plan	Australia	50	50
▪ Ambition Overseas Employees Share Plan	Australia	50	50
Ambition Europe Limited	UK	100	100
The Ambition Group Limited	UK	100	100
The Ambition Group Limited	Hong Kong	100	100
Ambition Group Singapore PTE Limited	Singapore	100	100
Ambition Group Malaysia Sdn Bhd [3 & 4]	Malaysia	49	49
Ambition Malaysia Contracting Services Sdn Bhd	Malaysia	100	-
Ambition Global Services Sdn Bhd	Malaysia	100	100
Ambition Group Japan K.K.	Japan	100	100

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

18. Controlled entities (cont.)

[1] Ambition Group Limited is the head entity within the tax-consolidated group.

[2] These companies are members of the tax-consolidated group.

[3] The Consolidated Group has considered the concept of control in AASB 10 and have assessed that they have control over its subsidiaries.

[4] The Consolidated Group owns 49% equity shares of Ambition Group Malaysia Sdn Bhd.

19. Contributed equity

a. Ordinary shares

	Consolidated Group	
	2017	2016
	$'000	$'000
Issued capital		
67,170,954 fully paid ordinary shares (2016: 67,170,954)	12,977	47,726

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. The shares have no par value. At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Approval for the issue of securities under the Deferred Employee Share Plan ("DESP") was obtained under ASX Listing Rule 10.1.4.

The company elected to reduce its share capital by cancelling paid up share capital not represented by available assets as allowed by section 258F of the Corporations Act 2001. Accumulated losses $34.7 million were offset against issued capital in December 2017.

b. Share Interests

At 31 December 2017, Senior Management held share interests of 6,686,960 ordinary shares in the Company (2016: 6,464,694) and Key Management Personnel held 1,567,289 share interests of ordinary shares in the Company (2016: 1,567,289).

Share interests granted under the Company's employee share incentive plan carry no rights to dividends and no voting rights. Further details of the employee share incentive plan are provided in Note 6.

	Consolidated Group	
	2017	2016
	No. '000	No. '000
Balance at the beginning of the year	8,032	7,438
Share interests issued during the year	322	3,076
Share interests forfeited during the year	(100)	(2,482)
Balance at reporting date	8,254	8,032

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

19. Contributed equity (cont.)

c. Treasury shares

	Consolidated Group	
	2017	2016
	No. '000	No. '000
Balance at the beginning of the year	1,485	1,485
Issued during the year	-	-
Vested during the year	-	-
Balance at reporting date	1,485	1,485

d. Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

In respect to the financial year ended 31 December 2017, no dividends have been declared or paid. Dividends of $671,710 were paid to shareholders on 19 May 2017 in relation to the year-ended 31 December 2016.

	Consolidated Group	
	2017	2016
	$'000	$'000
Total borrowings	1,041	-
Total equity	11,844	13,013
Total capital	11,844	13,013
Gearing ratio	8.1%	0%

20. Retained earnings/losses

	Consolidated Group	
	2017	2016
	$'000	$'000
Balance at 1 January	(31,768)	(31,801)
Profit attributable to Parent	344	705
Dividends paid	(672)	(672)
S258F capital offset	34,749	-
Balance at 31 December	2,653	(31,768)

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

21. Reserves

	Consolidated Group	
	2017	2016
	$'000	$'000
a) Foreign currency reserve	(3,330)	(3,087)
b) Employee benefits reserve	302	563
Balance at 31 December	(3,028)	(2,524)
a) Foreign currency reserve		
Balance at 1 January	(3,087)	(2,970)
Revaluation of foreign subsidiary assets and liabilities	(243)	(117)
Balance at 31 December	(3,330)	(3,087)
b) Employee benefits reserve		
Balance at 1 January	563	333
Recognition of share based (adjustments) / payments	(261)	230
Balance at 31 December	302	563

Equity settled employee benefits reserve is used to record share plan benefit expenses for unvested employee share schemes.

22. Non-controlling interests

	Consolidated Group	
	2017	2016
	$'000	$'000
Balance at 1 January	(421)	(84)
Share of loss for the year	(317)	(353)
Effect of Foreign Currency	(20)	16
Balance at 31 December	(758)	(421)

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

23. Cash flow information

a. Reconciliation of profit for the year to net cash flows from operating activities

	Consolidated Group	
	2017	2016
	$'000	$'000
Cash flows from operating activities		
Profit for the year	27	352
▪ Investment income recognised in profit or loss	(5)	(3)
▪ Income tax expense / (benefit)	63	(145)
Non-cash flows in profit from ordinary activities		
▪ Amortisation of intangible assets	165	328
▪ Depreciation	631	567
▪ Employee share plan incentive schemes	(241)	230
▪ Other non-cash items	-	7
	640	1,336
Movements in working capital		
▪ (Increase) in trade debtors	(459)	(24)
▪ (Increase) / Decrease in prepayments	(26)	25
▪ (Increase) / Decrease in other debtors	(423)	362
▪ Increase / (Decrease) in trade creditors and accruals	5	(1,309)
▪ Increase / (Decrease) in provisions	(183)	(461)
Cash (used in) / generated from operations	(1,086)	(1,407)
Tax refunded / (paid)	410	(709)
Net cash (used in) / generated from operating activities	(36)	(780)

b. Credit standby arrangements

The Consolidated Group has invoice financing facilities of $5 million in Australia and a £0.1 million overdraft facility in the United Kingdom. Interest rates are variable and subject to market rates at the time funds are drawn. The Australian facilities are secured by fully interlocking guarantees and indemnities between Ambition Group Limited and the Australian controlled entities (see Note 18).

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

24. Financial risks

a. Financial risk management

The Consolidated Group's financial instruments consist mainly of deposits with banks, short-term investments and accounts receivable and payable, and show term borrowings.

Financial risks

The main risks the Consolidated Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

i. *Interest rate risk*

The Consolidated Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective interest rates on classes of financial assets and financial liabilities is as follows:

	Consolidated Group		Effective Interest Rate	
	2017	2016	2017	2016
	$'000	$'000	%	%
Financial assets				
Cash (floating interest)	3,215	4,474	0%	1%
Term Deposit	900	-	2.37%	-
Financial liabilities				
Borrowings	1,041	-	5.34%	-

A sensitivity analysis of +/- 0.5% movement in the effective interest rates on the current year results has no material impact.

ii. *Foreign currency sensitivity*

Although the majority of the Consolidated Group's transactions are carried out in Australian Dollars, the Consolidated Group is exposed to fluctuations in foreign currencies to the extent that some of its subsidiaries operate outside of Australia and trade is carried on in the local currency.

To mitigate against the exposure to foreign currency risk, the Consolidated Group's foreign subsidiaries transactions are carried out in local currency and cash inflows and outflows are largely offset to minimise the impact of foreign currency translation. As the exposure to foreign currency is minimised no sensitivity analysis has been disclosed. The Consolidated Group does not undertake any hedging activities with regard to day-to-day foreign exchange exposures.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

24. Financial risks (cont.)

iii. *Liquidity risk*

The Consolidated Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate overdraft and borrowing facilities are maintained. Cash flow forecasts are prepared and actual cash balances and projections are monitored on a weekly basis by management. The Consolidated Group maintains cash and cash equivalents to meet its liquidity requirements and also raises equity when required. Funding for long-term liquidity needs is secured by having an adequate amount of credit facilities in place.

At 31 December 2017, the Consolidated Group's liabilities have contractual maturities which are summarised below:

	Current	1 to 2 yrs	2 to 5 yrs	> than 5 yrs
	2017	2017	2017	2017
	$'000	$'000	$'000	$'000
Trade payables	9,988	-	-	-
Borrowings	1,041	-	-	-

iv. *Credit risk*

The maximum exposure to credit risk to recognised financial assets (excluding the value of any collateral or other security) at balance date is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Consolidated Group manages its credit risk by carrying out credit reviews on potential customers and monitoring the risk associated with long standing customers on an annual basis through the use of credit risk reports from external parties. The Consolidated Group continuously manages defaults of customers and reviews latest available market information to identify potential risks of default. It is the Consolidated Group's policy to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Consolidated Group is not exposed to any significant credit risk exposure to any single counterparty or group of counterparties. The credit risk for cash and short-term financial assets is considered negligible since counterparties are reputable banks with high quality credit ratings.

	Consolidated Group	
	2017	2016
	$'000	$'000
Classes of financial assets-carrying amounts		
Cash and cash equivalents	3,215	4,474
Trade and other receivables	17,667	16,786
	20,882	21,260

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

24. Financial risks (cont.)

The Consolidated Group does not have any material credit risk exposure to any single receivable or group of receivables at balance date.

v. *Price risk sensitivity*

The Consolidated Group is exposed to price risk in respect of its holdings of financial assets. However, only a small number of such assets are held and any price movement would be immaterial to the Consolidated Group. Therefore no price sensitivity analysis has been disclosed.

b. Fair values

The fair values of financial assets and liabilities disclosed in the consolidated statement of financial position have been determined to approximate the carrying amounts in accordance with Note 1 to the Financial Statements. No financial assets and financial liabilities are readily traded on organised markets in standardised form. There are no financial assets which have a carrying amount which exceeds fair values.

25. Operating lease arrangements

Operating leases relate to leases of property. Property leases are non-cancellable and have lease terms of between 1 and 5 years, with options to renew at the lessee's discretion in some instances.

a. Payments recognised as an expense.

	Consolidated Group	
	2017	2016
	$'000	$'000
Minimum lease payments	3,365	3,546
Contingent rentals	-	-
Sub-lease payments received	(435)	(469)
	2,930	3,077

b. Non-cancellable operating lease commitments contracted for but not capitalised in the accounts.

	Consolidated Group	
	2017	2016
	$'000	$'000
▪ not later than 1 year	3,250	3,349
▪ later than 2 years but not later than 5 years	2,882	5,609
▪ later than 5 years	-	-
	6,132	8,958

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

25. Operating lease arrangements (cont.)

c. Liabilities recognised in respect of non-cancellable operating leases

	Consolidated Group	
	2017	2016
	$'000	$'000
Onerous lease contracts (Note 17)		
▪ Current	-	24
▪ Non-current	-	-
	-	24
Lease incentives (Note 17)		
▪ Current	21	36
▪ Non-current	245	349
	266	385

26. Capital expenditure commitments

The Consolidated Group has no capital expenditure commitments at the balance sheet date (2016: Nil).

27. Contingent liabilities

	Consolidated Group	
	2017	2016
	$'000	$'000
Bank guarantees in relation to property leases	900	972

There are registered security interests over the assets of several group companies in relation to the $5 million Invoice Financing Facilities.

The Company has granted a debenture through its UK subsidiary to the Royal Bank of Scotland as part of the overdraft facility. The debenture promises to pay back on demand all monies owing to the bank plus interest and charges. The debenture holds a fixed charge over the plant and fixed assets of the UK subsidiary and a floating charge over its other assets.

Litigation

The Consolidated Group has been involved from time to time in various claims and lawsuits incidental to the ordinary course of business. Based on legal advice obtained, other than amounts already provided for in the accounts, the Directors do not expect any material liability to eventuate.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

28. Segment reporting

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 performance.

Information reported to the Consolidated 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

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 Consolidated Group's accounting policies described in Note 1.

Segment revenue and results	Revenue[1]		Segment profit / (loss)	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Continuing operations				
Australia	70,225	84,933	1,015	2,233
Asia	24,927	20,868	(113)	(658)
UK	6,719	9,470	651	407
Investment income			5	3
Corporate overheads unallocated			(1,468)	(1,778)
Profit before tax			90	207

[1] The revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year. The policies of the reportable segments are the same as the Consolidated Group's accounting policies described in Note 1.

Other segment information	Depreciation and amortisation		Non-current assets	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Continuing operations				
Australia	344	463	560	719
Asia	388	380	743	945
UK	64	52	190	202
Total	796	895	1,493	1,866

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

28. Segment reporting (cont.)

Segment assets and liabilities	Consolidated Group	
	2017	2016
	$'000	$'000
Segment assets		
Australia	14,319	13,970
Asia	9,029	9,492
UK	2,173	2,353
Total segment assets	25,521	25,815
Group	-	-
Consolidated total assets	25,521	25,815
Segment liabilities		
Australia	8,461	8,185
Asia	3,174	2,292
UK	2,042	2,325
Total segment liabilities	13,677	12,802
Group	-	-
Consolidated total liabilities	13,677	12,802

All assets are allocated to reportable segments.

29. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Balances owing are unsecured.

	2017	2016
	$'000	$'000
Group Management Fees charged to subsidiaries to the parent entity	277	410

Remuneration paid to Directors has been included in Note 30.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

30. Key Management Personnel compensation

The aggregate compensation made to Key Management Personnel of the Group is set out below:

	2017	2016
	$'000	$'000
Short-term employee benefits	733	771
Post-employment benefits	47	48
Share-based payment	-	-
Termination benefits	-	-
	780	819

31. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2017

32. Parent Entity Financial Statements

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the Consolidated Group.

Financial Position
as at 31 December

	Parent Entity	
	2017	2016
	$'000	$'000
Assets		
Current assets	266	265
Non-current assets	16,644	16,506
Total assets	16,910	16,771
Liabilities		
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Equity		
Issued Capital	14,822	49,570
Reserves	95	234
Retained earnings / (losses)	1,993	(33,033)
Total equity	16,910	16,771

Financial performance	Year ended	
	2017	2016
	$'000	$'000
Profit for the year	277	410
Other comprehensive income	-	-
Total comprehensive income	277	410

Directors' Declaration

The Directors of the Company declare that:

1. 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;
2. In the Directors' opinion, the attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 1(a) to the financial statements; and
3. 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; and:
4. The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001.
On behalf of the Directors.

Nick Waterworth
Executive Chairman
22 February 2018

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT
To the Members of Ambition Group Limited

Opinion

We have audited the financial report of Ambition Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (cont.)

RSM

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 1d in the financial statements	
For permanent placement revenue, there is a risk around the timing of the recognition of revenue as a contract may be agreed with a client and a candidate several months in advance of the start of employment. There is a risk that the placement will not be taken up as agreed, which would result in the reversal of previously recorded revenue. A provision is made for placements expected to be cancelled prior to the start date on the basis of past experience. The application of this policy involves a significant degree of management judgment. Temporary placement revenue is recognised over the period that temporary workers are provided. There is a risk around year end cut-off when an accrual is recorded for days worked prior to submission of the weekly timesheets.	We have: • Assessed the design and implementation and testing the operating effectiveness of management's key controls over all streams of revenue recognised in the financial statements; • Selected samples of temporary and permanent revenue transactions to verify that revenue that has been recognised occurred, and was recorded at the correct value in the in the correct period by inspection of candidate acceptances and time sheets submitted; and • Assessed the level of provision recorded at year end against the historical average of cancellations on a monthly basis during the current and prior years. We also evaluated actual back outs since the year.
Debtor and accrued income recoverability Refer to Note 1r in the financial statements	
Whilst historically the recoverability of trade receivables and accrued income has not been a significant issue in the past, there is significant management judgment in estimating the appropriate level of any provision due to the number of smaller balances from a large number of customers. The Group's policy is to recognise a provision on the basis on anticipated cash flows, the nature of the counter party, past due amounts and geographical location.	We have: • Assessed the design and implementation of management's key controls over the monitoring of recoverability; • Challenged management's assumptions regarding the level provisioning against the ageing of receivables and accrued income along with consistency and appropriateness of provisioning, with reference to subsequent cash received in respect of debtors and subsequent invoicing for accrued revenue. • Critically assessed the recoverability of overdue debts, including those which have been and have not been provided against.

Independent Auditor's Report (cont.)

RSM

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx. This description forms part of our auditor's report.

Independent Auditor's Report (cont.)

RSM

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in 13 to 17 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Ambition Group Limited, for the year ended 31 December 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM Australia Partners

DTalbot

David Talbot
Partner
Sydney 22 February 2018

Additional Information

1. Shareholdings

a. Distribution of security holders numbers (as at 5 February 2018)

Category (size of holding)	1-1000	1,001-5,000	5,001-10,000	10,001-100,000	100,001 and over
Number of security holders	81	149	40	90	52

b. The number of shareholders holding less than a marketable parcel is 185 (2016: 184).

c. Names of the substantial shareholders listed on the Company's register (as at 5 February 2018)	**Number**
Ego Pty Limited	20,972,535
Nicholas Waterworth and associates	13,657,571
Paul Young and associates	4,233,197
Dixson Trust Pty Ltd	4,155,260
John Charles Plummer	3,647,011

d. Voting rights

At a general meeting, every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid share held.

e. Twenty largest ordinary shareholders (as at 5 February 2018)	**Number**	**%**
Ego Pty Limited	16,767,702	24.96
2Invest Pty Ltd <2Invest Superannuation A/C>	5,487,539	8.17
Little Acorns Investments Pty Ltd <Waterworth Family Disc A/C>	5,124,274	7.63
Ego Pty Limited	4,204,833	6.26
Dixson Trust Pty Limited	4,155,260	6.19
Mr John Charles Plummer	3,822,283	5.69
Kirby Design Consultants Pty Ltd	2,963,623	4.41
Clapsy Pty Limited <Baron Super Fund A/C>	2,311,822	3.44
Mr John Hamilton Aboud + Mrs Livia Maria Aboud <John Aboud Super Fund A/C>	1,756,050	2.61
Aet Sfs Pty Ltd <Ambition Unallocated A/C>	1,484,623	2.21
Mr Andrew John Winterburgh	1,282,199	1.91
Clapsy Pty Ltd <Baron Super Fund A/C>	1,020,000	1.52
Pethol (Vic) Pty Ltd <Macdy No 5 Super Fund A/C>	1,000,000	1.49
Agrico Pty Ltd <Palm Super Fund A/C>	933,274	1.39
P & L Lyons Investments Pty Limited <Lyons Superannuation Fund Ac>	923,445	1.37
Mr Edward James Dally + Mrs Selina Dally <E J Dally Super Fund A/C>	633,595	0.94
Mr Geoffrey Allan Hickin	602,694	0.90
Ms Cathy Doyle	600,000	0.89
Agrico Pty Ltd <Palm Super Fund A/C>	573,262	0.85
Mr Warwick Crumblin + Mrs Mary Crumblin	550,000	0.82
	56,196,478	83.66

Corporate Directory

Websites
www.ambitiongrouplimited.com
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

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Stock Exchange Listing
Ambition Group Limited is listed on the
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ASX code: AMB

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ABN 31 089 183 362

BUILDING BETTER FUTURES.

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