

Annual Report 2019



ambition

Our International Reach



Our Scale

256
STAFF

OVER
3,000
PLACEMENTS ANNUALLY

Our Specialist Disciplines



Accounting



Banking / Finance



Technology / Digital



Executive Search



Marketing / Sales



Supply Chain



Restructuring / Insolvency



Corporate Finance



Taxation

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Chairman's Letter

Introduction

Our company was making good progress over the first nine months of 2019 but unfortunately the final quarter proved extremely problematic. The political unrest in Hong Kong had a significantly negative impact on recruitment in that territory, with clients being cautious and candidates nervous about moving jobs.

Furthermore, in Australia business and consumer confidence was hit and this had a knock-on effect of reducing activity in white-collar recruitment especially in Sydney, Melbourne, and Brisbane. These factors led to a 27% drop in net fee income between quarter three and quarter four and was the driver for the company producing a loss-making year.

Financial snapshot:

- Revenue declined from \$114m to \$110m
- Net fee income increased from \$42.5m to \$43.8m
- Loss before tax was unchanged at \$0.7m
- Cash at December 2019 was \$3.1m, with no drawn debt and available undrawn facilities of \$4.1m

Group strategy:

- Ambition Group's strategy is to build highly specialised teams operating in clearly defined market segments. We are the polar opposite of a generalist recruitment agency.
- Our internal catchcry is 'inch wide, mile deep'.
- We have leaders for each team and consultants working on permanent placements or contracting/ interim assignments.
- The benefits of this approach are that not only do our people become trusted advisors to our clients and candidates, but also we gain repeat business from clients and are able to show our best candidates multiple career options each time they consider moving jobs.
- The other pillar of our plan has been to build a business not reliant purely on Australia and we are pleased to report that 45% of our 2019 revenue was from international operations.

House of brands:

- We believe in having brands pitched to each segment/ level in which we operate in order that we build a language for each that engages with that specific audience.
- **Ambition** is the largest brand in the Group and represents middle management, contingent recruitment in Australia, Asia, and the UK. Ambition delivers on permanent, temporary, and fixed-term contract positions.
- **Watermark Search International** is our executive search and interim management brand. Watermark was acquired in 2005 and continues to be one of Australia's premier independent search firms. We have teams in Sydney and Melbourne; however, we operate nationally and indeed internationally, often sourcing C-Suite leaders from overseas for key positions in Australia.
- **AccountAbility** is our accounting and business support brand, a service we launched organically in 2004. It has an approachable, somewhat fun image which we find works well with our candidates in payroll, credit, customer service, etc.

Chairman's Letter (cont.)

Specialisations by geography:

- **Australia:** commercial, financial services, and government recruitment focused on accounting, banking, technology and digital.
- **Asia:** commercial and financial services recruitment in technology, accounting, marketing, banking & finance, supply chain, business support.
- **UK:** professional services recruitment covering accounting, marketing, insolvency, corporate finance, taxation.

Power from the platform:

- Whilst we work hard to maintain a boutique feel for our candidates, clients, and staff, we do believe in a strong operating platform to ensure consistency and professionalism and, most importantly, speed of delivery.
- We have all our consulting staff on a global applicant tracking and recruitment platform which facilitates sharing and is also very functional with placement compliance.
- Additionally, we utilise a range of marketing, payroll, and expense management software to keep us at the forefront of the industry.

Revenue by region:

- Australia fell from \$68.5m to \$60.1m as we continued to move away from low margin service offerings and contracts and due to economic factors.
- Asia grew from \$36.8m to \$40.4m with increases from each of Hong Kong, Singapore, and Malaysia.
- UK grew from \$8.8m to \$9.7m with the majority of the increase being permanent recruitment which is the backbone of this office.

The A-Team:

The board wishes to pay a huge thanks to our fantastic team of over 250 people. Both front-office consulting and corporate services people approach their work with incredible determination, teamwork, and flair.



Nick Waterworth
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 ended 31 December 2019 is dated as at 31 December 2019 and was approved by the Board on 28 February 2020. The Corporate Governance Statement is available on Ambition's website at ambition.com.au/ambition-group/investors/corporate-governance-statement

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 2019.

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

Richard Petty

Deborah Hadwen

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 International

The latter two brands only operate in Australia.

Ambition employs 256 staff through offices in Australia, Hong Kong, Singapore, Kuala Lumpur and London.

	Australia	Asia	United Kingdom	Total
Revenue contribution (\$'000)	60,114	40,402	9,718	110,234
Offices	4	3	1	8
Employees	82	132	42	256

Directors' Report (cont.)

Financial review

(\$'000)	2019	2018	2017	2016	2015
Revenue	110,234	114,066	101,871	115,271	107,243
Net Fee Income	43,839	42,567	39,485	42,956	45,994
Underlying EBITDA ¹	2,807	208	939	1,683	2,429
EBIT ²	42	(537)	143	231	1,664
Profit / (loss) before tax	(717)	(707)	90	207	1,658
Net profit / (loss) after tax	(1,123)	(722)	27	352	1,006
Net profit / (loss) attributable to members	(883)	(567)	344	705	1,121

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

² Earnings before interest and tax (EBIT).

Revenue for the year decreased by 3% from \$114M last year to \$110M with declines coming from Australia (down 12.2%) but offset by increases from the UK (up 10%) and Asia (up 9.9%). Net fee income for the group increased by 3% from \$43M to \$44M.

AASB 16 'Leases' had a significant impact on the current period. The current net loss before income tax expense was reduced by \$133k. This included an increased depreciation and amortisation expense of \$2.3M and increased finance costs of \$572k, offset by a reduction in rental expense and operating leases of \$3M. As at 31 December 2019, net current assets reduced by \$2.1M (attributable to current lease liabilities) and net assets were reduced by \$485k (attributable to right-of-use assets, lease liabilities and deferred tax assets).

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased from \$208k to \$2.8m. On a comparable basis, without AASB 16 in place, EBITDA would have decreased from a profit of \$208k to a \$83k loss.

The Australian operations produced a loss before tax of \$0.6M. The Asian operations produced a profit before tax of \$0.8M, and the UK operations delivered a pre-tax profit of \$0.9M. Unallocated corporate costs were \$1.8M resulting in a group loss of \$0.7M.

Operating cash flow, cash and gearing

(\$'000)	2019	2018	2017	2016	2015
Operating cash flow	3,276	1,122	(36)	(780)	2,429
Cash on hand	3,093	3,942	3,215	4,474	6,534
Gearing ratio	0%	1.9%	8.1%	0%	0%

AASB 16 'Leases' had a significant impact on the current period. Lease payments are now classified finance costs, if lease payments were included in operating activities, cash flows would be negative (FY19 \$0.6M) and more comparable. Cash flow from operating activities was an inflow of \$3.3M (2018: inflow of \$1.1M) which is the effect of the performance of the Asian & UK operations as well as the reduction of low margin payroll only clients in Australia. A positive net cash position was maintained for most of the year, with fluctuations in cash from working capital requirements managed.

Directors' Report (cont.)

Review of net assets and net tangible assets

(\$'000)	2019	2018	2017	2016	2015
Net assets	9,917	11,574	11,844	13,013	13,204
Net tangible assets ¹	9,590	11,221	11,395	12,595	12,739

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

At 31 December 2019, Ambition had net assets of \$9.9M (2018: \$11.6M) and net tangible assets of \$9.6M (2018: \$11.2M).

AASB 16 'Leases' had a significant impact on the current period. As at 31 December 2019, net current assets reduced by \$2.1M (attributable to current lease liabilities) and net assets were reduced by \$485k (attributable to right-of-use assets, lease liabilities and deferred tax assets).

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/ payroll services.

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

Business cyclicity

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 2019, no dividends have been declared or paid (2018: nil).

Share issues and grant of performance rights

During the year there were no performance rights granted as part of the Employee Share Incentive Plan (2018: 100,000 options), and 1,952,420 options were forfeited with a fair value of \$328,114 (2018: 4,539,913 with a fair value of \$661,415).

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	100,000	Ordinary	0.00	30-Apr-21

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

100,000 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 \$9.9M at 31 December 2019 from \$11.6M at 31 December 2018. Further information is provided in the Financial Review, Operating Cash Flow and Review of Net Asset and Tangible Assets section within this report.

AASB 16 'Leases' had a significant impact on the current period. As at 31 December 2019, net current assets were reduced by \$2.1M (attributable to current lease liabilities) and net assets were reduced by \$485k (attributable to right-of-use assets, lease liabilities and deferred tax assets).

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 2019 were for taxation services which amounted to \$29,506.

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2019 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 Group, 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
<i>Qualifications</i>	Honours Degree in Economics (York University, UK)
<i>Experience</i>	Co-Founder of Ambition Group. Board member since inception in August 1999.
<i>Interest in shares</i>	14,118,030 ordinary shares.
<i>Special responsibilities</i>	Executive Director and Chairman
<i>Directorships in other listed companies during the past three years</i>	None
Paul Young	Director (Non-Executive)
<i>Qualifications</i>	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.
<i>Experience</i>	A Managing Director of Henslow Pty Ltd, an independent corporate finance and advisory business, with over 35 years' experience in merchant banking.
<i>Interest in shares</i>	4,545,196 ordinary shares.
<i>Special responsibilities</i>	Chairman of the Audit and Risk Committee and member of the Remuneration, Human Resources & Nominations Committee
<i>Directorships in other listed companies during the past three years</i>	Byron Energy Limited and Left Field Printing Group Limited, listed in Hong Kong (following a scheme of arrangement with Opus Group Limited which was previously listed on ASX).
Richard Petty	Director (Non-Executive)
<i>Qualifications</i>	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.
<i>Experience</i>	More than 20 years of consulting and advisory experience. He has advised a broad range of multinational firms and several governments on issues including finance, strategy, competitiveness, governance and on doing business in Asia. He is Past Chairman of The Australian Chamber of Commerce Hong Kong & Macau, a Past Chairman of CPA Australia, a Board member of International Federation of Accountants, and has been a director of several other companies.
<i>Interest in shares</i>	200,000 ordinary shares.
<i>Special responsibilities</i>	Member of the Audit and Risk Committee and a member of the Remuneration, Human Resources & Nominations Committee
<i>Directorships in other listed companies during the past three years</i>	None
Deborah Hadwen	Director (Non-Executive)
<i>Qualifications</i>	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).
<i>Experience</i>	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.
<i>Interest in shares</i>	None
<i>Special responsibilities</i>	Chairman of the Remuneration, Human Resources & Nominations Committee and member of the Audit and Risk Committee
<i>Directorships in other listed companies during the past three years</i>	None

Directors' Report (cont.)

Company Secretary

Mr. Adam Field. He is a Chartered Accountant and Associate member of the Chartered Accountants Australia and New Zealand. He has over 30 years' experience in business advisory and finance.

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	8	8				
Paul Young	8	7	2	2	2	2
Richard Petty	8	8	2	2	2	2
Deborah Hadwen	8	8	2	2	2	2

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	14,118,030	-
Paul Young	4,545,196	-
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 2019. 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)
- Richard Petty (Non - Executive Director)
- Deborah Hadwen (Non - Executive Director)
- Adam Field (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 2019 no share interests outstanding relating to KMP or senior management. There are no other share-based payment arrangements in existence relating to KMP.

For Senior Management, there was no performance rights issued during the period.

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 2019, 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 2019.

	2019	2018	2017	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit / (loss) before tax	(717)	(707)	90	207	1,658
Net profit / (loss) after tax	(1,123)	(722)	27	352	1,006
	c	c	c	c	c
Basic EPS	(1.31)	(0.84)	0.52	1.07	1.71
Diluted EPS	(1.31)	(0.84)	0.46	0.94	1.56
Dividend (fully franked)	-	-	-	1.00	1.00
Share Price (31 Dec)	8.8	9.50	16.00	17.00	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 Australian based personnel. The employment contracts stipulate a range of one to nine month resignation notice 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 Super	Long-term Benefits Share based payment	Other benefits Termination payment	Total
	Salary and fees	Non-cash benefits	Bonuses				
2019	\$	\$	\$	\$	\$	\$	\$
Directors							
Nick Waterworth	310,384	15,011	-	19,616	-	-	345,011
Deborah Hadwen	54,795	-	-	5,205	-	-	60,000
Paul Young	54,795	-	-	5,205	-	-	60,000
Richard Petty	60,000	-	-	-	-	-	60,000
	479,974	15,011	-	30,026	-	-	525,011
Other Key Management Personnel							
Adam Field	373,813	-	-	32,187	-	-	406,000
	853,787	15,011	-	62,213	-	-	931,011
2018	\$	\$	\$	\$	\$	\$	\$
Directors							
Nick Waterworth	310,384	14,628	-	19,616	-	-	344,628
Deborah Hadwen	54,795	-	-	5,205	-	-	60,000
Paul Young	54,795	-	-	5,205	-	-	60,000
Richard Petty	60,000	-	-	-	-	-	60,000
	479,974	14,628	-	30,026	-	-	524,628
Other Key Management Personnel							
Laurent Toussaint	14,582	-	-	1,765	-	21,815	38,162
Mark Hays	65,890	-	-	6,260	-	-	72,150
Bill Nuttall	149,315	-	-	14,185	-	-	163,500
Adam Field	187,200	-	-	-	-	-	187,200
	896,961	14,628	-	52,237	-	21,815	985,640

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	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

2019	Balance at 1 January	Granted as compensation	Received on exercise of options	Net Other change	Balance at 31 December	Balance held nominally
Nick Waterworth	13,743,404	-	-	374,626	14,118,030	-
Paul Young	4,233,197	-	-	311,999	4,545,196	-
Richard Petty	200,000	-	-	-	200,000	-
Deborah Hadwen	-	-	-	-	-	-

Share Interests

2019	Balance at 1 January	Granted as compensation	Exercised	Net Other change	Balance at 31 December	Balance vested during the year
Nick Waterworth	-	-	-	-	-	-
Paul Young	-	-	-	-	-	-
Richard Petty	-	-	-	-	-	-
Deborah Hadwen	-	-	-	-	-	-

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.

A handwritten signature in black ink, appearing to read 'Nick Waterworth', with a stylized flourish at the end.

Nick Waterworth

Executive Chairman

28 February 2020

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 2019, 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

RSM AUSTRALIA PARTNERS

David Talbot

David Talbot
Partner

Sydney, NSW
Dated: 28 February 2020

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Consolidated Statement of Profit or Loss

for the year ended 31 December 2019

		Consolidated Group	
		2019	2018
Continuing Operations	Note	\$'000	\$'000
Revenue	2	110,234	114,066
On-hired labour costs		(66,395)	(71,499)
Net fee income		43,839	42,567
Investment income		26	23
Employee benefits expense	3	(31,824)	(31,457)
Indirect employment costs		(1,274)	(966)
Payroll tax		(587)	(648)
Depreciation and amortisation expense	3	(2,765)	(745)
Finance costs	3	(786)	(193)
Advertising & marketing expense		(1,466)	(1,239)
IT costs		(1,051)	(1,241)
Rental expense on operating leases	3	(594)	(2,990)
Corporate and administration expenses		(1,204)	(1,168)
Occupancy expenses		(846)	(936)
Other expenses		(2,187)	(1,714)
Profit/(loss) before tax		(717)	(707)
Income tax (expense) / benefit	5	(405)	(15)
Profit/(loss) for the year from continuing operations		(1,123)	(722)
Attributable to:			
Owners of the parent		(883)	(567)
Non-controlling interests	24	(240)	(155)
		(1,123)	(722)
Loss per share			
Basic (cents per share)	8	(1.31)	(0.84)
Diluted (cents per share)	8	(1.31)	(0.84)

Consolidated Statement of Other Comprehensive Income

for the year ended 31 December 2019

	Consolidated Group	
	2019	2018
Continuing Operations	\$'000	\$'000
Profit/(loss) for the year	(1,123)	(722)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange difference on translation of foreign operations	(277)	767
Total comprehensive (loss) / income for the year	(1,400)	45
Total comprehensive income attributable to:		
Owners of the Parent	(1,140)	270
Non-controlling interests	(260)	(225)
Total comprehensive (loss) / income for the year	(1,400)	45

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

Consolidated Statement of Financial Position

as at 31 December 2019

		Consolidated Group	
		2019	2018
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	9	3,093	3,942
Trade and other receivables	11	17,485	16,341
Other current assets	10	2,121	2,242
Current tax assets	15	224	151
Total current assets		22,923	22,676
Non-current assets			
Property, plant and equipment	12	159	713
Right of use assets	13	6,869	-
Intangible assets	14	327	353
Deferred tax assets	15	1,685	1,177
Total non-current assets		9,040	2,243
Total assets		31,963	24,919
Current liabilities			
Trade & other payables	16	11,476	10,400
Borrowings	18	-	226
Current tax liabilities	15	638	224
Lease liabilities	17	2,063	-
Short-term provisions	19	997	1,096
Total current liabilities		15,174	11,946
Non-current liabilities			
Deferred tax liabilities	15	1,015	401
Lease liabilities	17	5,185	-
Long-term provisions	19	672	998
Total non-current liabilities		6,872	1,399
Total liabilities		22,046	13,345
Net assets		9,917	11,574
Equity			
Issued Capital	21	13,213	13,213
Reserves	23	(2,750)	(2,483)
Retained earnings	22	697	1,827
Non controlling Interest	24	(1,243)	(983)
Total equity		9,917	11,574

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

	Issued capital	Retained earnings	Foreign currency translation reserve	Equity settled emp. benefits reserve	Attrib. to owners of the parent	Non controlling Interest	Total
Consolidated Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2018	12,977	2,653	(3,330)	302	12,602	(758)	11,844
Adjustment for change in accounting policy	-	(259)	-	-	(259)	-	(259)
Balance as at 1 January 2018 restated	12,977	2,394	(3,330)	302	12,343	(758)	11,585
Profit/(Loss) for the year	-	(567)	-	-	(567)	(155)	(722)
Other comprehensive income for the year	-	-	837	-	837	(70)	767
Total comprehensive income for the year	-	(567)	837	-	270	(225)	45
<i>Transactions with owners in their capacity as owners:</i>							
Recognition of share based (adjustments) / payments	236	-	-	(292)	(56)	-	(56)
Balance as at 31 December 2018	13,213	1,827	(2,493)	10	12,557	(983)	11,574
Balance at 1 January 2019	13,213	1,827	(2,493)	10	12,557	(983)	11,574
Adjustment for change in accounting policy	-	(247)	-	-	(247)	-	(247)
Balance at 1 January 2019 reinstated	13,213	1,580	(2,493)	10	12,310	(983)	11,327
Profit / (Loss) for the period	-	(883)	-	-	(883)	(240)	(1,123)
Other comprehensive income for the period	-	-	(257)	-	(257)	(20)	(277)
Total comprehensive income for the period	-	(883)	(257)	-	(1,140)	(260)	(1,400)
Recognition of share based payments	-	-	-	(10)	(10)	-	(10)
Vesting of employee share scheme	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-
Balance as at 31 December 2019	13,213	697	(2,750)	-	11,160	(1,243)	9,917

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2019

		Consolidated Group	
		2019	2018
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		110,019	114,958
Payments to suppliers and employees		(106,529)	(113,605)
Cash used in operations		3,490	1,353
Income tax refunded / (paid)		-	(38)
Interest and other costs of finance paid		(214)	(193)
Net cash used in operating activities	25	3,276	1,122
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(54)	(62)
Payments to acquire intangible assets		(72)	(24)
Proceeds from disposal of PPE		-	5
Interest received		26	23
Net cash used in investing activities		(100)	(58)
Cash flows from financing activities			
Repayments of lease liabilities		(3,855)	-
Term deposit		-	(288)
Credit facility		-	(1,041)
Loan - Insurance Funding		(226)	226
Dividends paid		-	-
Net cash used in financing activities		(4,081)	(1,103)
Net decrease in cash and cash equivalents		(905)	(39)
Cash and cash equivalents at the beginning of the year		3,942	3,215
Effect of exchange rates on cash holdings in foreign currencies		56	766
Cash and cash equivalents at the end of the financial year	9	3,093	3,942

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

Notes to the Financial Statements

for the year ended 31 December 2019

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 statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 28 February 2020.

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 2019

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

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

1. Significant Accounting Policies (cont.)

entity; identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

Revenue from a contract to provide services is recognised at a point in time.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

1. Significant Accounting Policies (cont.)

g. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

h. 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.

i. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

i. Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be 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 a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

ii. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

1. Significant Accounting Policies (cont.)

iii. *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

j. Impairment of Non-Financial 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.

k. 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.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

1. Significant Accounting Policies (cont.)

I. 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.

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.

m. 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.

n. 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.

o. 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.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

1. Significant Accounting Policies (cont.)

p. 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.

q. 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.

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.

r. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 45 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

s. Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

1. Significant Accounting Policies (cont.)

t. Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

u. Refund liabilities

Refund liabilities are recognised where the consolidated entity receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the consolidated entity does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

v. 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.

w. 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 of non-financial assets other than goodwill and other indefinite life intangible assets*

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. *Allowance for expected credit losses*

The allowance for expected credit losses assessment required a degree of estimation and judgement. It is based on the lifetime expected credit loss, group based on days overdue, and makes assumptions to allocate and overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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 2019

1. Significant Accounting Policies (cont.)

vi. *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

x. Adoption of new Accounting Standards

The Group has adopted all the new and revised Standard 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 16 – Leases

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

■ Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 January 2019 was as follows:

	1 January 2019
	\$'000
Operating lease commitments as at 1 January 2019 (AASB 117)	8,445
Finance lease commitments as at 1 January 2019 (AASB 117)	-
Operating lease commitments discount based on the weighted average incremental borrowing rate of 8% (AASB 16)	(1,047)
Short-term leases not recognised as a right-of-use asset (AASB 16)	(173)
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	-
Accumulated depreciation as at 1 January 2019 (AASB 16)	(514)
Right-of-use assets (AASB 16)	6,712
Lease liabilities - current (AASB 16)	(2,605)
Lease liabilities - non-current (AASB 16)	(4,335)
Tax effect on the above adjustments	-
Reduction in opening retained profits as at 1 January 2019	(247)

y. New Accounting Standards and Interpretation not yet mandatory or early adopted.

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

2. Revenue

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Revenue from contracts with customers		
Recruitment services revenue	110,182	113,998
	110,182	113,998
Other revenue		
Rental income	52	68
Revenue	110,234	114,066

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Consolidated		
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	110,182	113,998
Services transferred over time	-	-

3. Profit from ordinary activities

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

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Employee benefits expense		
▪ equity settled share based (adjustments) / payments	10	(56)
▪ other employee benefits	31,814	31,513
	31,824	31,457
Depreciation and amortisation expense		
Depreciation of plant and equipment	2,665	611
Amortisation of software and web development	100	134
	2,765	745
Finance costs		
▪ interest expense	214	193
▪ lease liability interest	572	-
Rental expense on operating leases		
▪ minimum lease payments	594	2,990
Other expenses		
▪ bad and doubtful debt provision	142	(38)

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

4. Dividends

In respect to the financial year ended 31 December 2019, no dividends have been declared or paid (2018: Nil).

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Adjusted franking account balance	2,079	2,085

5. Income tax expense

	Consolidated Group	
	2019	2018
	\$'000	\$'000

a. The components of tax expense comprise:

Current tax	270	113
Deferred tax	55	(183)
Under provision in respect of prior years	80	85
Income tax expense / (benefit)	405	15

b. The prima facie tax on the profit before income tax is reconciled to income tax expense as follows:

Loss before tax from continuing activities	(717)	(707)
Income tax calculated at 30% (2018: 30%)	(215)	(212)
Add / (less) tax effect of:		
▪ other non-deductible expenses	280	19
▪ tax assets not brought to account	684	642
▪ overseas tax differential	(263)	(265)
▪ utilisation of brought forward tax losses	(161)	(79)
▪ effect of previously unrecognised and unused tax losses now recognised as a deferred tax asset	-	(175)
▪ under provision in prior period	80	85
▪ effect of database write down		-
Income tax expense / (benefit) recognised in profit or loss	405	15
Applicable weighted average effective tax rates	(56%)	2%

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 20. Tax expense/income,

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

5. Income tax expense (cont.)

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.

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	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	322,266	17-Feb-17	\$0.19	31-Mar-19	30-Apr-19	Service & performance
Zero-priced Options	100,000	31-Mar-18	\$0.16	31-Mar-21	30-Apr-21	Service

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

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.

a) Ambition Employee Share Incentive Plan

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

	Consolidated Group	
	2019	2018
	No. '000	No. '000
Balance at the beginning of the year	2,152	8,254
Granted during the year	-	100
Exercised during the year	(100)	(1,662)
Forfeited during the year	1,952	(4,540)
Balance at the end of the year	100	2,152
Total number issued to employees since start	100	11,036
Total number forfeited or exercised by employees since start	-	(8,884)
Performance rights	100	2,152

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 (2018: zero) and a weighted average remaining contractual life of 456 days (2018: 124 days).

At 31 December 2019, the Ambition Employee Incentive Plan held 100,000 unvested performance rights.

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	
	2019	2018
	No. '000	No. '000
AMB Employee Share Trust	-	-
AMB Employee Share Incentive Plan	100	2,152

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

7. Auditor's remuneration

	Consolidated Group	
	2019	2018
	\$	\$
Remuneration of the auditor of the Consolidated Group for:		
Auditor of the parent entity		
▪ audit or review of the financial statements	137,800	132,500
▪ taxation services	14,900	14,300
	152,700	146,800
Network firm of the parent entity		
▪ audit or review of the financial statements	81,308	76,893
▪ taxation services	14,606	13,840
	95,914	90,733
Total auditors remuneration	248,614	237,533

The auditor of Ambition Group Limited is RSM Australia Partners.

8. Diluted loss per share

	Consolidated Group	
	2019	2018
Loss for the year attributable to owners of the Group	(883,030)	(567,193)
Weighted-average number of ordinary shares		
Weighted-average number of ordinary shares (basic)	67,348,247	67,274,901
Effects of share interests on issue ¹	-	-
Weighted-average number of ordinary shares (diluted)	67,348,247	67,274,901
Dilutive loss per share (cents)	(1.31)	(0.84)

¹ At 31 December 2019, share based interests totalled 100,000 (31 December 2018 2,329,713 options), these were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

9. Cash

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Cash at bank	3,093	3,942

10. Other assets

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Current		
Term deposit	1,188	1,188
Prepayments	933	1,054
Total other assets	2,121	2,242

11. Receivables

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Current		
Trade debtors	11,525	9,731
Allowance for expected credit losses	(124)	(149)
Warranty provision	(167)	(198)
Other debtors	6,251	6,957
	17,485	16,341

All amounts receivable are short-term. The carrying amount of trade debtors is considered a reasonable approximation of fair value. The Group has recognized an expected credit loss of \$124,000 (2018: \$149,000). The allowance for expected credit losses assessment required a degree of estimation and judgement. It is based on the lifetime expected credit loss, group based on days overdues, and makes assumptions to allocate and overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

11. Receivables (cont.)

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

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Trade debtors - amounts within terms		
Current or not more than 3 months	11,031	9,179
Trade debtors - past due but not impaired	-	-
More than 3 months but not more than 6 months	472	411
More than 6 months but not more than 1 year	22	128
More than 1 year	0	13
	11,525	9,731
Average Days Sales Outstanding (Days)	35.8	31.2
Movement in expected credit loss:		
Balance at beginning of the year	347	385
(Increase) / decrease in allowance	(31)	31
Impairment losses recognised	52	149
Amounts written off during the year as uncollectible	(105)	(180)
Impairment losses recovered / (reversed)	28	(38)
Balance at end of the year	291	347
Age of impaired trade receivables:		
30-60 days	22	5
60-90 days	81	17
90-120 days	7	10
120+ days	14	117
Total	124	149

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

12. Property, plant and equipment

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Carrying amounts of:		
Leasehold improvements	38	508
Office equipment	36	61
Furniture and fittings	10	20
Computer hardware	75	124
	159	713

Cost	Leasehold improvements	Office equipment	Furniture and fittings	Computer hardware	Total
Consolidated Group	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Jan 2018	5,750	582	470	1,967	8,769
Additions	188	-	4	51	243
Disposals	(124)	-	-	(5)	(129)
Effect of foreign currency exchange differences	322	18	11	80	431
Balance at 31 Dec 2018	6,136	600	485	2,093	9,314
Additions	18	-	1	36	55
Disposals	(202)	-	-	(2)	(204)
Transfers in makegood	(312)	-	-	-	(312)
Effect of foreign currency exchange differences	(166)	6	4	31	(125)
Balance at 31 Dec 2019	5,474	606	490	2,158	8,728

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 2018	(5,041)	(490)	(428)	(1,766)	(7,725)
Eliminated on disposals of assets	124	-	-	-	124
Depreciation expense	(422)	(34)	(26)	(129)	(611)
Effect of foreign currency exchange differences	(289)	(15)	(11)	(74)	(389)
Balance at 31 Dec 2018	(5,628)	(539)	(465)	(1,969)	(8,601)
Charge	(226)	(25)	(11)	(85)	(347)
Disposals	11	-	-	-	11
Transfers in makegood	281	-	-	-	281
Effect of foreign currency exchange differences	126	(6)	(4)	(29)	87
Balance at 31 Dec 2019	(5,436)	(570)	(480)	(2,083)	(8,569)

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

13. Non-current assets - right-of-use assets

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Leases - right-of-use	9,187	-
Less: Accumulated depreciation	(2,318)	-
	6,869	-

Additions to the right-of-use assets during the year were \$9,187,114.

AASB16 was adopted using the modified retrospective approach and as such no changes to comparatives.

The Consolidated Group leases buildings for its offices under agreements of between one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

14. Intangible assets

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Carrying amounts of:		
Computer software	324	349
Web development	3	4
	327	353

Cost	Software	Web Development	Total
Consolidated Group	\$'000	\$'000	\$'000
Balance at 1 Jan 2018	2,859	855	3,714
Additions	18	6	24
Disposals	-	-	-
Effect of foreign currency exchange differences	46	9	55
Balance at 31 Dec 2018	2,923	870	3,793
Additions	72	-	72
Disposals	-	-	-
Effect of foreign currency exchange differences	14	6	20
Balance at 31 Dec 2019	3,009	876	3,885

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

14. Intangible assets (cont.)

Accumulated amortisation and impairment	Software	Web Development	Total
Consolidated Group	\$'000	\$'000	\$'000
Balance at 1 Jan 2018	(2,410)	(855)	(3,265)
Eliminated on disposals of assets	-	-	-
Amortisation expense	(131)	(3)	(134)
Effect of foreign currency exchange differences	(33)	(8)	(41)
Balance at 31 Dec 2018	(2,574)	(866)	(3,440)
Charge	(98)	(3)	(101)
Disposals	-	-	-
Effect of foreign currency exchange differences	(11)	(6)	(17)
Balance at 31 Dec 2019	(2,683)	(875)	(3,558)

15. Tax

	Consolidated Group	
	2019	2018
	\$'000	\$'000
a. Liabilities		
Current		
Income tax payable	638	224
Non-current		
Deferred tax liabilities comprise:		
▪ Provisions	1,015	401
b. Assets		
Current		
Income tax receivable	224	151
Non-current		
Deferred tax assets comprise:		
▪ Provisions	1,846	770
▪ Tax losses	(161)	407
	1,685	1,177

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

15. Tax (cont.)

	Consolidated Group	
	2019	2018
	\$'000	\$'000
c. Reconciliations of deferred tax		
i. Gross movements		
Opening balance	776	552
Carry forward tax losses	(161)	407
Charged to income statement	55	(183)
Closing balance	670	776
ii. Deferred tax liability		
The movements in deferred tax liability for each temporary difference during the year are as follows:		
Opening balance	401	639
(Charged) / released to income statement	614	(238)
Closing balance	1,015	401
iii. Deferred tax asset		
The movements in deferred tax asset for each temporary difference during the year are as follows:		
Opening balance	1,177	1,191
Charged to the income statement	669	(421)
Carry forward tax losses	(161)	407
Closing balance	1,685	1,177
d. Unrecognised deferred tax assets		
Deferred tax assets not recognised at the reporting date:		
▪ Tax losses (gross)	6,616	3,740
The unrecognised tax losses will not expire.		

16. Trade and other payables

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Current		
Trade and other payables	11,476	10,400

17. Lease liabilities

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Current Lease liability	2,063	-
Non-current lease liability	5,185	-

Refer to note 26 for further information on financial instruments.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

18. Borrowings

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Borrowings		
Loan – Insurance Funding	-	226
Credit facility	-	-

The group has Invoice Finance Facilities with Scottish Pacific Business Finance. These facilities are secured by interlocking guarantees and indemnities between Ambition Rectruit Pty Ltd., People with Ability Pty Ltd. and Watermark Search International Pty Ltd.

The combined facility limit is \$9M and an available but undrawn facilities of \$4.1M. At the reporting date the variable interest rate is 5.86% pa.

19. Provisions

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Employee benefits (a)	705	803
Make good provision (b)	963	915
Lease incentive (c)	-	376
	1,668	2,094
Current		
Employee benefits	570	683
Make good provision	427	413
	997	1,096
Non-current		
Employee benefits	135	120
Make good provision	537	502
Lease incentive	-	376
	672	998

	Employee benefits	Make good provision	Lease incentive	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated Group	(a)	(b)	(c)	
Balance at 1 January 2019	803	915	376	2,094
Additional provisions recognised	-	-	-	-
Reductions arising from payments / other sacrifices of future economic benefits	(98)	-	(128)	(226)
Unwinding of discount and effect of changes in the discount rate	-	24	-	24
Effects of foreign currency exchange differences	-	24	-	24
Adjustment for change in accounting policy (note 1)	-	-	(248)	(248)
Balance at 31 December 2019	705	963	-	1,668

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

19. 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. 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.
- c. The Consolidated Group has a number of leases which have a contractual requirement to make good. Under AASB 16, the provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

20. Controlled entities

	Country of Incorporation	Parent Entity Interest %		
		2019 %	2018 %	
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	100	
Ambition Global Services Sdn Bhd	Malaysia	100	100	
Ambition Group Japan K.K.	Japan	100	100	

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.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

21. Contributed equity

a. Ordinary shares

	Consolidated Group	
	2019	2018
	\$'000	\$'000

Issued capital

67,348,247 fully paid ordinary shares (2018: 67,348,247)	13,213	13,213
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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.

b. Share Interests

At 31 December 2019, Senior Management held share interests of 100,000 ordinary shares in the Company (2018: 2,152,420) and Key Management Personnel held nil share interests of ordinary shares in the Company (2018: Nil).

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	
	2019	2018
	No. '000	No. '000
Balance at the beginning of the year	2,152	8,254
Share interests issued during the year	-	100
Share interests vested during the year	(100)	(1,662)
Share interests forfeited during the year	(1,952)	(4,540)
Balance at reporting date	100	2,152

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

21. Contributed equity (cont.)

c. Treasury shares

	Consolidated Group	
	2019	2018
	No. '000	No. '000
Balance at the beginning of the year	-	1,485
Issued during the year	-	-
Vested during the year	-	(1,485)
Balance at reporting date	-	-

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 2019, no dividends have been declared or paid (2018: Nil).

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Total borrowings	-	226
Total equity	9,917	11,574
Total capital	9,917	11,574
Gearing ratio	0%	1.9%

22. Retained earnings

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Balance at 1 January	1,827	2,653
Adjustment for change in accounting policy (note 1)	(247)	(259)
Profit attributable to Parent	(883)	(567)
Dividends paid	-	-
Balance at 31 December	697	1,827

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

23. Reserves

	Consolidated Group	
	2019	2018
	\$'000	\$'000
a) Foreign currency reserve	(2,759)	(2,493)
b) Employee benefits reserve	9	10
Balance at 31 December	(2,750)	(2,483)
a) Foreign currency reserve		
Balance at 1 January	(2,493)	(3,330)
Revaluation of foreign subsidiary assets and liabilities	(257)	837
Balance at 31 December	(2,750)	(2,493)
b) Employee benefits reserve		
Balance at 1 January	10	302
Recognition of share based (adjustments) / payments	(10)	(292)
Balance at 31 December	-	10

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

24. Non-controlling interests

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Balance at 1 January	(983)	(758)
Share of loss for the year	(240)	(155)
Effect of Foreign Currency	(20)	(70)
Balance at 31 December	(1,243)	(983)

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

25. Cash flow information

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

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Cash flows from operating activities		
Loss for the year	(1,123)	(722)
▪ investment income recognised in profit or loss	(26)	(23)
▪ income tax expense / (benefit)	405	15
Non-cash flows in profit from ordinary activities		
▪ amortisation of intangible assets	122	134
▪ depreciation	2,643	611
▪ interest expense – lease liabilities	572	-
▪ employee share plan incentive schemes	4	(63)
▪ other non-cash items	323	-
	2,920	(48)
Movements in working capital		
▪ (Increase) / Decrease in trade debtors	(1,144)	1,121
▪ (Increase) / Decrease in prepayments	122	(217)
▪ Increase in trade creditors and accruals	1,075	420
▪ (Decrease) in provisions	(102)	(54)
▪ Decrease in deferred taxes	179	-
▪ Decrease in borrowings	226	-
Cash (used in) / generated from operations	356	1,208
Tax refunded / (paid)	-	(38)
Net cash (used in) / generated from operating activities	3,276	1,122

b. Credit standby arrangements

The Consolidated Group has invoice financing facilities of \$9 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 interlocking guarantees and indemnities between Ambition Rectruit Pty Ltd., People with Ability Pty Ltd. and Watermark Search International Pty Ltd. (see Note 20).

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

26. 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	
	2019	2018	2019	2018
	\$'000	\$'000	%	%
Financial assets				
Cash (floating interest)	3,093	3,942	0%	0%
Term Deposit	1,188	1,188	2.37%	2.37%
Financial liabilities				
Borrowings	-	226	5.86%	4.95%

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 2019

26. 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 2019, the Consolidated Group's liabilities have contractual maturities which are summarised below:

	Current 2019 \$'000	1 to 2 yrs 2019 \$'000	2 to 5 yrs 2019 \$'000	> than 5 yrs 2019 \$'000
Trade payables	(11,476)	-	-	-

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	
	2019 \$'000	2018 \$'000
Classes of financial assets-carrying amounts		
Cash and cash equivalents	3,093	3,942
Trade and other receivables	17,485	16,341
	20,578	20,283

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

26. 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.

27. 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	
	2019	2018
	\$'000	\$'000
Minimum lease payments	1,069	3,452
Contingent rentals	-	-
Sub-lease payments received	(475)	(462)
	594	2,990

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

	Consolidated Group	
	2019	2018
	\$'000	\$'000
▪ not later than 1 year	-	3,487
▪ later than 2 years but not later than 5 years	-	4,319
▪ later than 5 years	-	-
	-	7,806

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases (refer to note 1).

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

28. Capital expenditure commitments

The Consolidated Group has no capital expenditure commitments at the balance sheet date (2018: Nil).

29. Contingent liabilities

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Bank guarantees in relation to property leases	1,188	1,188

There are registered security interests over the assets of several group companies in relation to the \$9 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 2019

30. 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)	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Australia	60,114	68,480	(635)	(1,200)
Asia	40,402	36,750	766	1,439
UK	9,718	8,836	935	745
Investment income			26	23
Corporate overheads unallocated			(1,809)	(1,714)
Loss before tax			(717)	(707)

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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Australia	1,125	254	2,747	499
Asia	1,335	408	3,520	430
UK	305	83	1,089	137
Total	2,765	745	7,356	1,066

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

30. Segment reporting (cont.)

Segment assets and liabilities	Consolidated Group	
	2019	2018
	\$'000	\$'000
Segment assets		
Australia	12,719	9,236
Asia	15,605	13,140
UK	3,639	2,543
Total segment assets	31,963	24,919
Group	-	-
Consolidated total assets	31,963	24,919
Segment liabilities		
Australia	8,941	6,401
Asia	9,487	4,739
UK	3,616	2,205
Total segment liabilities	22,046	13,345
Group	-	-
Consolidated total liabilities	22,046	13,345

All assets are allocated to reportable segments.

31. 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.

	2019	2018
	\$'000	\$'000
Group Management Fees charged to subsidiaries of the parent entity	729	229

Remuneration paid to Directors has been included in Note 32.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2019

32. Key Management Personnel compensation

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

	2019 \$'000	2018 \$'000
Short-term employee benefits	869	912
Post-employment benefits	62	52
Share-based payment	-	-
Termination benefits	-	22
	931	986

33. 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 2019

34. 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	
	2019	2018
	\$'000	\$'000
Assets		
Current assets	267	266
Non-current assets	17,704	17,014
Total assets	17,971	17,280
Liabilities		
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Equity		
Issued Capital	15,058	15,058
Reserves	-	-
Retained earnings / (losses)	2,913	2,222
Total equity	17,971	17,280
Financial performance	Year ended	
	2019	2018
	\$'000	\$'000
(Loss)/profit		
Loss for the year	(691)	(229)
Other comprehensive income	-	-
Total comprehensive income	(691)	(229)

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 Group; 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.

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

Nick Waterworth
Executive Chairman
28 February 2020

Independent Auditor's Report



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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 2019, the consolidated statement of profit or loss, the consolidated statement of other 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 2019 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.

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Independent Auditor's Report (cont.)



Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 1d in the financial statements	
<p>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.</p> <p>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.</p>	<p>We have:</p> <ul style="list-style-type: none"> 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	
<p>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.</p> <p>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.</p>	<p>We have:</p> <ul style="list-style-type: none"> 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.)



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 2019 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.)



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 14 to 18 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Ambition Group Limited, for the year ended 31 December 2019, 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.

A handwritten signature in blue ink that reads 'RSM'.

RSM Australia Partners

A handwritten signature in blue ink that reads 'David Talbot'.

David Talbot
Partner

Sydney

Dated: 28 February 2020

Additional Information

1. Shareholdings

a. Distribution of security holders numbers (as at 3 February 2020)

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	78	143	37	81	51

b. The number of shareholders holding less than a marketable parcel is 236 (2018: 245).

c. Names of the substantial shareholders listed on the Company's register (as at 3 February 2020) Number

Ego Pty Limited	20,972,535
Nicholas Waterworth and associates	14,118,030
Paul Young and associates	4,545,196
Dixson Trust Pty Ltd	4,155,260
John Charles Plummer	3,624,834

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 3 February 2020) Number %

EGO PTY LIMITED	20,972,535	31.14
2INVEST PTY LTD <2INVEST SUPERANNUATION A/C>	5,957,165	8.85
LITTLE ACORNS INVESTMENTS PTY LTD <WATERWORTH FAMILY DISC A/C>	5,124,274	7.61
DIXSON TRUST PTY LIMITED	4,155,260	6.17
MR JOHN CHARLES PLUMMER	3,624,834	5.38
KIRBY DESIGN CONSULTANTS PTY LTD	2,963,623	4.40
CLAPSY PTY LIMITED <BARON SUPER FUND A/C>	2,311,822	3.43
MR JOHN HAMILTON ABOUD + MRS LIVIA MARIA ABOUD <JOHN ABOUD SUPER FUND A/C>	1,756,050	2.61
CLAPSY PTY LTD <BARON SUPER FUND A/C>	1,332,000	1.98
MR ANDREW JOHN WINTERBURGH	1,282,199	1.90
PETHOL (VIC) PTY LTD <MACDY NO 5 SUPER FUND A/C>	1,000,000	1.48
AGRICO PTY LTD <PALM SUPER FUND A/C>	933,274	1.39
EDDAGATE PTY LIMITED	925,000	1.37
P & L LYONS INVESTMENTS PTY LIMITED <LYONS SUPERANNUATION FUND AC>	923,445	1.37
MAXLEK PTY LTD <JIMS AND JOELS SUPER FUND>	633,595	0.94
MR GEOFFREY ALLAN HICKIN	602,694	0.89
MS CATHY DOYLE	600,000	0.89
AGRICO PTY LTD <PALM SUPER FUND A/C>	573,262	0.85
CHRISTOPHER AUKLAND	513,125	0.76
MR RODERIC REGINALD LEEFE	500,000	0.74
	56,684,157	84.17

Corporate Directory

Websites

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

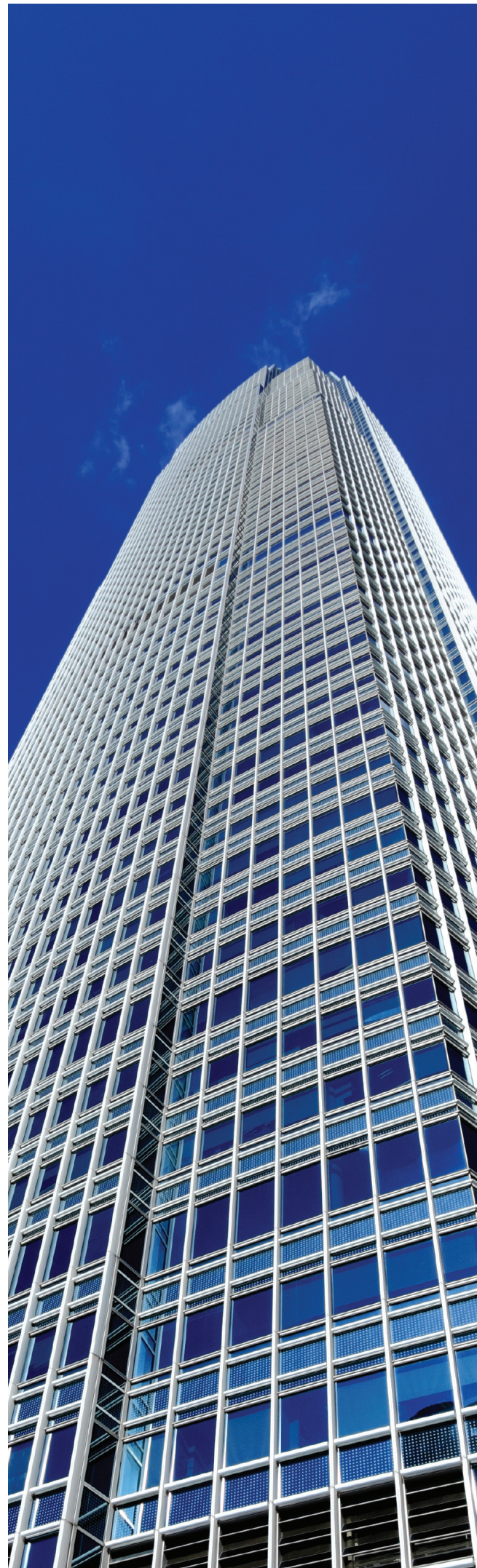
Share Registry

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

Stock Exchange Listing

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

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



Notes

Notes

BUILDING BETTER FUTURES.

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