ANNUAL REPORT 2012

Ambition Group Limited

Contents

Cover image. Jardine House, formerly known as Connaught Centre is an office tower in Hong Kong and one of the territory's most iconic structures having been built in 1972.

Chairman's Report

The preparation of the annual report is an ideal time to look back on the past year and also present a clear picture of Ambition Group's business to our stakeholders - who we are, what we do and where we are going. We devote attention to all of these in this report.

2012 was a disappointing year. Or more particularly, the final quarter was disappointing as it was that period which spoiled what was developing as a satisfactory year.

We are operating in times displaying cyclical and structural changes and challenges for our industry. In Australia for example, according to the ANZ Bank's long-running survey – job advertisements in December were at their lowest level for three years after falling for the tenth straight month.

The economic woes in Europe are well-reported, creating uncertainty, impacting hiring sentiment. In Asia, the global issues affecting the banking sector persisted throughout the year, presenting reduced hiring from finance sector clients in Hong Kong and Singapore.

In addition to the cyclical challenges our industry is facing, much has been written about the structural changes arising via technology and also from increased sophistication in the way employers are working with recruitment firms. There is nothing new about companies recruiting some roles without the use of intermediaries; however the availability of new, web–based tools are providing easier access to the candidate universe.

Importantly, these resources are also available to recruitment consultants as a channel to market. With the plethora of information on the internet, there is undoubtedly room for high quality 'brokers'. Understandably, this comes with increased pressure for recruitment companies to provide a truly value-added service, in particular, sourcing hard to find candidates and passive job seekers, who are less visible to employer organisations.

Large employers are adopting more tightly managed preferred supplier agreements and negotiating fee levels and service level agreements aggressively with recruiters. Whilst there has unquestionably been a shift towards greater centralisation of recruitment decision making, notably in mature markets, many of our clients still seek high touch, quality relationships and expertise which lends itself well to Ambition Group's global boutique offering.

The good news is that Ambition has an outstanding brand reputation, a strong balance sheet and an opportunity to capitalise on the tremendous focus by organisations on their human resources. This leads to a range of opportunities for revenue growth for Ambition.

Our approach, as the Chief Executive highlights in detail, involves a number of key initiatives including:

- pursuing specialist niches where there is high demand
- placing a strong emphasis on growing and diversifying our Asian business
- ensuring our board is well equipped to direct the company

With regard to the board, in May 2012, we appointed Cathy Doyle as an independent Non- Executive Director to bring us 'buy-side' HR experience. And in March 2013, I decided to move to a Deputy Chairman's role as we appointed Eric Dodd as independent Non-Executive Chairman. Eric is an experienced Australian public company director and has a long and successful business career. We feel that his fresh ideas will be invaluable to realising our future goals.

I am confident in our company responding positively and returning to more profitable trading, producing returns for shareholders.

Finally, I would like thank our shareholders, staff, clients and candidates for their continued loyalty.

Nick Waterworth
Ambition Group Chairman

Chief Executive's Review

As our Chairman has mentioned, 2012 presented uncertain conditions to the recruitment industry and all our regions were affected to varying degrees. Until the end of September, our consolidated financial performance had been in line with expectations and the year promised satisfactory profits. However, quarter four's downturn in hiring sentiment dramatically impacted our final result.

Three year strategy

In October 2012, a new three year strategy was presented to the business. I would like to provide some of the detail on this:

Significant growth in the Asia region

My commentary from 2011's annual report alluded to Asia being a strategic growth priority. Historically, it has provided attractive profit margins for Ambition Group but the region has represented too small a share of revenue. We intend to change this in the next three years and, in addition to increasing productivity per head, our strategy involves doubling our sales headcount in the region. We plan for Asia to account for one third of our global fee income by the end of 2015.

We possess the heritage, brand, senior management expertise and working capital to achieve this. I shall continue to be based in the region to spearhead this growth.

New areas of specialisation

Sales headcount growth will be achieved by expanding within our existing core disciplines of finance & accounting, sales & marketing, technology and banking & financial services. But, just as importantly, we are committed to adding further areas of specialisation to maximise our share of client recruitment spend and complement our predominantly 'corporate services' functional proposition. Evidence of this is our expansion into human resources recruitment under the Ambition brand in Sydney and adding a business support offering to our AccountAbility business in Australia. We continue to research a number of other disciplines and believe adding additional service lines will further leverage both our existing client relationships as well as our fixed costs.

Developing talent organically through Ambition academies

Hiring talented recruitment consultants is challenging in any market. But it is particularly difficult in Asia due to the relative immaturity of the recruitment sector. In order to achieve our Asia growth goals we have had to address this and 2012 saw us run our first Ambition Academy programs in Hong Kong and Singapore, following on from their success in Australia. The programme arms participants with some of the tools to be a successful consultant, as well as identifying the next generation of high performers and future leaders. The Academy will become a core part of our growth in existing and new markets across Asia and we will continue to use it selectively in other offices.

New locations

In Australia and the UK, we do not intend to open new offices. However, within Asia, whilst we will increase fee income from existing offices, revenue growth will also come from new locations. This is underpinned by increasing demand for our services from clients regionally.

Malaysia

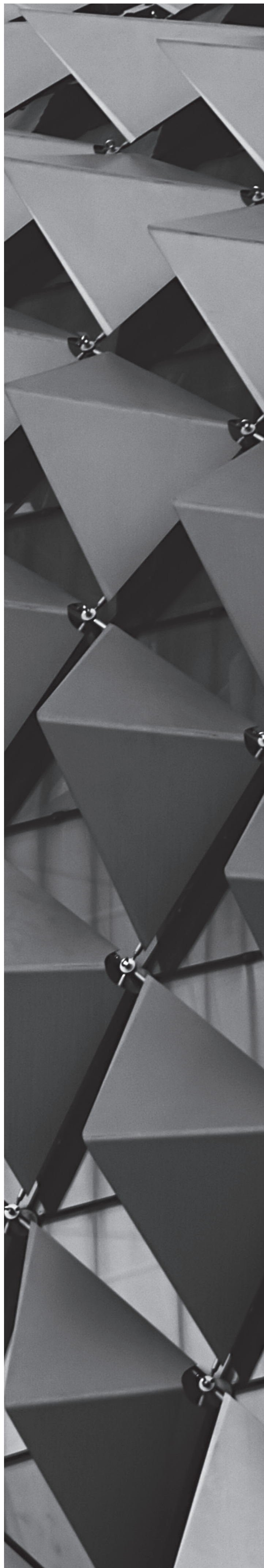
In Singapore, we are now regularly placing candidates into Kuala Lumpur, Malaysia. This market is one of the largest shared services centres in the world and we are experiencing particular demand for technology and finance professionals. There is also considerable growth in sales & marketing recruitment, especially within the consumer market due to a burgeoning Malaysian middle class. Our business model currently focuses on the higher value areas of this market but, in future, will legislate for the lower salary levels on offer when compared with other Asian markets we operate in. The timing attached to entering Malaysia will be driven by financial performance of our Singapore operation, to which it will be closely aligned.

Japan

The Japanese staffing market is worth US$60 billion or three times the value of Australia's. This is an exciting opportunity where salaries and fee margins are high and skill shortages acute. Most of our major competitors have significant operations in Tokyo and are generating material profits. The client cross-selling opportunities between our other Asian offices have already proven themselves to be significant.

Other Asian markets

Mainland China is another notable location of interest, however, the operational and regulatory challenges, as well as dilution of management time for the limited short-medium term profit potential, make it unlikely that we will enter this market in the near future. Indonesia, Thailand and South Korea are markets we continue to monitor with interest and will undertake due diligence on at the appropriate time.



I would now like to provide a more detailed operational summary:

Operational reports

Australia

Australia remains our largest market representing two thirds of our global fee income through our three operating brands: Ambition, Accountability and Watermark. In 2012 we focused on positioning the business for growth in contracting revenue. At the end of 2011, our sales headcount mix was 62% permanent / 38% contracting. At December 2012, this had changed to 54% permanent / 46% contracting. We have consistently highlighted that contracting remains a more predictable and profitable income stream and will remain a focus for the Australian market across all three brands.

We opened our Perth office in August 2012 and launched human resources recruitment in Sydney. Both businesses have made encouraging starts.

Australia is a mature and highly competitive market with lower fee margins than Asia. While we anticipate less aggressive expansion, we believe there is potential to grow revenue in this market. Even with reduced fee income in 2012, Australia remained healthily cash generative. We believe higher profit margins can be achieved through stringent cost management and increases in productivity across both our front and back office.

In our drive towards these productivity gains, we implemented two significant systems changes in 2012. Our recruitment CRM database was upgraded and we introduced new payroll software with online timesheets to more efficiently support growth in contracting numbers.

Asia

2012 was year of recovery for our Asia business as we adapted to a rapidly changing market, notably in the first quarter. Our Singapore business saw a modest increase in its fee income but our Hong Kong office experienced a decline. Our expectation is for both offices to return to a growth trajectory in 2013.

Historically, the banking & financial services sector has represented as much as two thirds of our fee income and this exposure impacted us greatly last year, especially in Hong Kong. Whilst we have benefited handsomely from our strength in this area historically, the substantial changes that have occurred within these clients have radically impacted the recruitment landscape. It remains a volatile market although we are certainly capitalising on some pockets of opportunity.

Our strategy is to have a client mix that is appropriately hedged in Asia. Therefore, 2012 saw an increased focus on the commerce and industry market. I am pleased to report this transition is now complete across the region and our commerce / financial services sales headcount mix now stands at 75% / 25%. We continue to see high demand for recruitment services in the region and are increasingly well placed to exploit this.

UK

The weak UK economy continues to impact our ability to generate fee income growth and, as a result, we saw a material performance drop in this market. It was especially evident in the banking & financial services sector where we have traditionally been exposed. We reacted by reducing sales headcount by 40% in this division through the course of the year. We have adequate coverage of our financial sector clients but non-financial services recruitment is now the larger part of our London business.

Our total UK fixed cost base was reduced by c.20% during the year in an effort to offset declining fee income.

In the same way that we have done in other markets, we became less reliant on large banking clients in favour of financial services businesses which lend themselves better to our specialist, high touch service proposition. We also built out our professional services practice that concentrates on hiring talent within the finance and marketing functions. Consistent with the rest of the group, we have a strong desire to develop a sizeable commerce and industry offering and we expect to launch a technology division in the future.

Following a change in UK leadership in August of 2012, we welcomed back the former head of our Hong Kong business who I have previously worked with for a number of years.

Whilst our UK business recorded an increased loss in 2012 versus the prior year, a significant portion of this was a non-cash write down attributed to an onerous lease.

Our vision

Building better futures remains core to who we are, what we do and the way we do it at Ambition Group. It offers the deep sense of purpose to the work we perform and provides a sense of belonging.

On behalf of the Ambition Group board, I would like to sincerely thank all my colleagues who have worked through another challenging year in the recruitment market.

We remain positive about Ambition Group's future and delivering to our four stakeholders: clients, candidates, employees and shareholders.

Guy Day
Chief Executive Officer

Corporate Governance Statement

Compliance with ASX Good Practice Recommendations

Except as disclosed below, the good practice recommendations of the Australian Securities Exchange ("ASX") Corporate Governance Council have been applied for the entire financial year ended 31 December 2012 at Ambition Group Limited ("the Company") and its controlled entities (“the Consolidated Group”).

The Board and management of Ambition Group Limited recognise the benefits of independence and support the ASX guidelines in this regard. However, it is not appropriate or effective for Ambition, a small listed entity, to expand the size of the Board and its Committees to the extent required to meet the following recommendations:

2.1 Majority of the Board should be independent
2.2 The Chair should be an independent Director
2.3 The Board should have a Nomination Committee
2.4 Structure of the Audit Committee

The ASX definition of substantial shareholder is used for the purpose of this statement.

Board composition and charter

The names of the Directors of the Company are:

Nick Waterworth
Paul Lyons
Guy Day
Paul Young
Cathy Doyle

The Constitution of Ambition provides that the Board may comprise a minimum of three Directors and a maximum of ten Directors. The Board shall comprise Directors with broad skills and experience that will add value to the integrity and decision-making effectiveness of the Board. The Chair is elected by the Directors.

The Board currently comprises three executive Directors, one of whom is Chairman, and two non-executive Directors.

Responsibilities of the Board, either directly or through its committees, include:

- overseeing and directing the Consolidated Group on behalf of shareholders
- appointing and removing key executive officers
- approving operating and capital budgets
- reviewing and approving risk management and internal control systems
- reviewing and approving codes of conduct
- ensuring legal compliance
- monitoring senior management performance
- reviewing and approving key executive remuneration
- reviewing external auditor reports
- monitoring the financial performance of the Consolidated Group.

The Board has established the following committees:

- Audit Committee
- Remuneration Committee.

The Board has not established a Nomination Committee.

Responsibility for the day-to-day management of the Company is delegated by the Board to the Chief Executive assisted by the management team. The Chief Executive manages the Company in accordance with the strategy, plans and delegations approved by the Board.

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. This includes acting in good faith and with due care and diligence.

Directors must avoid conflicts of interest wherever possible. They must disclose to the Board any actual or potential conflicts of interest, and take reasonable measures to resolve such conflicts.

Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision-making.

At every Annual General Meeting one-third (or at least two) of the Directors must retire and are eligible to offer themselves for re-election. The Directors to retire are the longest in office since last being elected or re-elected.

The Chairman reviews the performance of the Board annually. The evaluation includes the Board's role, its processes and committees and performance.

The Board may meet in person or otherwise for the dispatch of business, and may regulate their meetings as they see fit. Meetings of the Board occur approximately every month, and proceedings are in accordance with the rules of the Constitution of the Company.

Remuneration Committee

The Committee consists of the non-executive Directors, currently Paul Young and Cathy Doyle. The Chairman, Paul Young, is not the Chairman of the Board. The responsibilities of the Committee include a review of and recommendation to the Board on:

- remuneration and incentive policies for the Executive Directors
- remuneration and incentive policies for key executives
- the Consolidated Group's recruitment, retention and termination policies and procedures for senior management
- incentive schemes for employees
- the remuneration framework for non-executive Directors.

The Committee meets once annually or as otherwise required. The meeting is minuted and the minutes tabled at the next convenient Board meeting.

Remuneration policies

A remuneration policy has been established for the Board. The Remuneration Committee has developed the policy after consultation with an independent remuneration consultant from CRA Plan Managers Pty Ltd. The policy provides for the payment of a base remuneration, including superannuation and non-cash benefits, plus a performance incentive. The performance incentive is based on a number of factors including the annual financial result of the Consolidated Group and the divisions for which they are directly responsible. The bonus is paid annually after completion of the annual external audit of the Consolidated Group's accounts.

The Chairman and Chief Executive determine the remuneration of all employees. Remuneration may consist of a base remuneration, and short-term and long-term performance incentives. The level of remuneration is set to ensure the Consolidated Group is able to attract and retain employees of a high calibre.

There are no schemes for retirement benefits other than statutory superannuation.

A detailed review of Director and executive remuneration policies and structures is contained in the Remuneration Report on page 16.

Audit Committee

The committee consists of the non-executive Directors, currently Paul Young and Cathy Doyle. Both members are financially literate, with at least one member having financial expertise. The Chairman, Paul Young, is not the Chairman of the Board. The roles and responsibilities of the Audit Committee include:

- providing a link between the external auditors and the Board
- reviewing the performance and independence of the external auditors
- assessing information from external auditors that may affect the quality of the financial reports
- reviewing the integrity of the Consolidated Group's financial reports with management, advisors and auditors as appropriate
- recommending for adoption by the Board the interim and final financial reports and the annual report
- reviewing accounting policies adopted or any changes made or contemplated
- reviewing procedures in place to ensure compliance with laws and regulations

- reviewing procedures in place to verify the accuracy and effectiveness of accounting and financial systems and other systems of internal control and business risk management
- recommending to the Board the terms and conditions of engagement for the external auditor
- approving the scope of the external audit for Board approval
- approving all non-audit services provided by the external auditors.

The Committee has the right to conduct or authorise investigations into any matter within the scope of its responsibilities.

The Committee shall meet at least twice yearly. Key executives of the Company may attend the meetings by invitation. The Consolidated Group's Company Secretary shall be the secretary of the Committee. The meeting shall be minuted and the minutes tabled at the next convenient Board meeting.

Code of Conduct

Ambition aims to maintain a high standard of ethical business behaviour in its dealings with clients and candidates, suppliers, and with its employees. The Board has established a Code of Conduct, which sets the standards of behaviour expected of all the Consolidated Group's employees.

Continuous disclosure

Ambition's shares are listed on the ASX and the Company is subject to the Listing Rules of the ASX. The rules relating to continuous disclosure obligations are dealt with in Chapter 3 of the ASX Listing Rules.

Where the Directors become aware of any information concerning the Consolidated Group that might reasonably be expected to have an impact on the price or value of our shares, then the Directors will immediately give that information to the ASX.

Share trading

Employees of Ambition may only trade the Consolidated Group's shares during Open Periods. These periods must be advised by the Consolidated Group's Company Secretary or Chairman and generally include the 28 days immediately following:

- release to the ASX of the Consolidated Group's annual result;
- release to the ASX of the Consolidated Group's half-year result;
- the Consolidated Group's Annual General Meeting;
- any other time the Board considers the market to be fully informed about the Consolidated Group's operations.

Shareholder communication

The Chairman and Chief Executive are responsible for communication with significant stakeholders, analysts and the business community in general. The Consolidated Group's Company Secretary is responsible for communication with the ASX and other regulatory bodies.

Ambition's primary source of communication is through its websites, which contain details of Company announcements, financial reports, and notices to shareholders.

Ambition's share registry is maintained by Computershare Investor Services. Investors may access information relating to their investment by registering on the Computershare website.

Recognise and manage risk

Management have assessed the material business risks as being data protection and brand reputation and have policies in place for the management of these risks. The Board has received assurances from the Chief Executive and management regarding the effectiveness of the mitigation and control of both material business risks and financial reporting risks.

Diversity

Ambition is a company that prides itself on the diversity of its workforce. The Company is made up from individuals with various skills, backgrounds and experiences. Ambition is proud of it's multicultural team with employees from over 20 countries. In order to attract and retain a diverse and highly skilled workforce, Ambition is dedicated to providing a workplace in which all employees are treated equally and with respect. The Group recognises that diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

Ambition is comitted to fostering gender diversity in its workforce. The following table shows the split of genders throughout the Group

	Male	Female	Total
Board	4	1	5
Other Key Management Personnel	1	0	1
Manager	29	21	50
All other staff	87	132	219
	121	154	275

Ambition believes in employing the right person for the right job, regardless of gender. Rather than setting specific targets, Ambition has a workplace that is fair to all employees.

Directors' Report

The Directors of Ambition Group Limited ("the Company") present their report on the Company and its controlled entities ("the Consolidated Group") for the year ended 31 December 2012.

Directors

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

Nick Waterworth
Paul Lyons
Paul Young
Andrew Adamovich (retired 1st May 2012)
Guy Day
Cathy Doyle (appointed 1st May 2012)

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.

Consolidated Group operating results

The consolidated profit of the Consolidated Group before income tax amounted to $306,000 (2011: $1,654,000). The consolidated profit of the Consolidated Group after income tax amounted to $69,000 (2011: $1,316,000).

Review of operations

2012 was a year of global economic uncertainty particularly in the banking and financial services sector. Ambition's Asian and London businesses are most exposed to this sector, and consequently showed the most noticable decline. Furthermore, the decline in resource prices in quarter four negatively affected Australian business confidence.

Dividends paid or recommended

There was no interim dividend in the year (2011: nil) and the Directors have not declared a final dividend (2011: nil).

Share issues and grant of options

During the year nil options were granted as part of the Employee Share Option scheme (2011: 975,000), and 797,500 options were cancelled with a value of $188,300 (2011: 727,500 with a value of $231,800). The exercise of these options is subject to service and performance linked vesting conditions.

Financial position

The net assets of the Consolidated Group have decreased to $12,130,000 at 31 December 2012 from $12,626,000 at 31 December 2011.

Non-audit services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services provided by Deloitte Touche Tohmatsu 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 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 following fees for non-audit services were paid/payable to the external auditors during the year ended 31 December 2012:

Taxation services	$37,892
Other services	$1,591

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2012 has been received in accordance with s307c of the Corporations Act 2001 and can be found on page 21, 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 are no events subsequent to the report date of which we are aware that would have a material impact on this report.

Future developments, prospects and business strategies

Future developments in the Consolidated Group and the expected performance in future financial years are as follows:

a. Positive contribution from each of the Consolidated Group's businesses
b. Pursuit of the Consolidated Group's policy of increasing market share and gaining greater efficiency in service delivery, with a view to continued and increasing profitability
c. Further development of the Consolidated Group's recruitment businesses.

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.

Information on Directors

Nick Waterworth	Chairman (Executive)
Qualifications	Honours Degree in Economics (York University, UK)
Experience	Co-Founder of Ambition Group. Appointed Chairman 26 June 2003. Board member since inception in August 1999.
Interest in shares	6,327,439 ordinary shares.
Special responsibilities	Chairman, investor relations and Managing Partner of Watermark Search International.
Directorships in other listed companies	None

Paul Lyons	Director (Executive)
Qualifications	Honours Graduate in Accounting and Financial Administration (University of Wales), Associate of the following institutes: Institute of Chartered Accountants in England and Wales, Institute of Chartered Accountants in Australia, CPA Australia, Institute of Internal Auditors.
Experience	Co-Founder of Ambition Group. Board member since inception in August 1999.
Interest in shares	4,454,587 ordinary shares.
Special responsibilities	Managing Director of the Ambition and AccountAbility businesses in Australia.
Directorships in other listed companies	None

Guy Day	Director (Executive)
Qualifications	BA (Hons) Business Studies, Nottingham Trent University. Chartered Institute of Marketing (CIM) Diploma
Experience	Commenced recruitment career in 1995 in UK, moved to Asia in 1997 and established Ambition's Hong Kong business in 2001, subsequently adding a Singapore office in 2007. Responsibilities expanded to include UK in 2009 and Australia in 2011. Appointed to Ambition Board in May 2011.
Interest in shares	2,404,294 ordinary shares.
Special responsibilities	Leading the business globally as Chief Executive.
Directorships in other listed companies	None

Paul Young	Director (Non-Executive)
Qualifications	Honours Graduate in Economics (Cambridge University), Advanced Diploma in Corporate Finance, Associate of the Institute of Chartered Accountants in England and Wales, Fellow of Australian Institute of Company Directors.
Experience	Co-Founder and Executive Director of Baron Partners Limited, with over 25 years' experience in merchant banking.
Interest in shares	3,147,418 ordinary shares.
Special responsibilities	Chairman of the Audit Committee and Remuneration Committee.
Directorships in other listed companies	Chairman of Tidewater Investments Limited; Director of Thomas and Coffey Limited; Director of GB Energy Limited appointed 7/2/2011 resigned 25/7/2011; Director of Site Group International limited appointed 29/6/2010 resigned 1/4/2011

Cathy Doyle	Director (Non-Executive)
Qualifications	MBA from University of New England, a Degree in Social Science from Newcastle University, Post Graduate Degrees in Psychology and Vocational Education and a Graduate of the AICD. Member of the Australian Institute of Company Directors and the Australian Human Resource Institute.
Experience	Over 20 years' experience in businesses at a senior level. Currently Head of HR at BNP Paribas. Previously was Group Executive Equities, and Group Executive People and Culture at Perpetual, and has held senior HR roles at Qantas, Commonwealth Bank and NRMA.
Interest in shares	Nil ordinary shares.
Special responsibilities	Member of the Audit Committee and Remuneration Committee.
Directorships in other listed companies	Previously an Executive Director Perpetual Investments Management Ltd and Chairman of Odyssey House

Andrew Adamovich	Director (Non-Executive) - retired 1st May 2012
Qualifications	University of California, Berkeley, U.S.A Bachelor of Arts
Experience	Founder and Director of Riverland Capital Limited. Director of Amara Enterprises Limited, Yuan Chuan (Cayman) Limited, China Education Corporation, G2 Therapies Limited, previously Associate with the Zurich Centre Group and Director at Equity Partners Asia Limited and ASX-listed Hostworks Group Limited.
Interest in shares	nil ordinary shares.
Special responsibilities	Member of the Audit Committee and Remuneration Committee - retired 1st May 2012.
Directorships in other listed companies	None

Company Secretary

Rick Taylor holds the position of Company Secretary. Rick qualified as a chartered accountant with Arthur Andersen in London in 1999 and has a Bachelor's degree in chemistry from Oxford University, England. Rick has held the position of Chief Operating Officer at QAS Pty Limited (a subsidiary of Experian Plc), Financial Controller of Maxxium Australia Pty Limited and Infomedia Pty Limited.
Rick is also the Chairman of the National Centre for Childhood Grief, a charitable organisation which provides grief counselling to bereaved children.

Remuneration report

The information which follows to the end of section '(f) Details of Remuneration' is subject to audit by the external auditors.

a. Remuneration policy

The remuneration policy of Ambition Group Limited has been designed to align Director and executive 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 Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the Consolidated Group, as well as create goal congruence between Directors, senior management and shareholders.

The Board's policy for determining the nature and amount of remuneration for Directors and senior management is as follows:

a. The remuneration of executive Directors is set by the Remuneration Committee. Remuneration comprises a fixed base salary and performance incentive. The policy is subject to Board approval. Directors are also eligible to participate in the Consolidated Group's Loan Share Plan ("LSP").

b. Senior management remuneration is determined by the Chairman and Chief Executive and is subject to Remuneration Committee and Board approval. Remuneration comprises a fixed base salary and performance incentive. Executives are also eligible to participate in the Group's Long Term Incentives ("LTI") Plan.

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.

Senior management are entitled to participate in the Group's LTI Plan, the purpose of which is to align shareholders' and senior managers' objectives. The plan provides for the allocation of Ambition share rights and zero-priced options over shares to senior managers of the Consolidated Group at the discretion of the Board. The shares are issued via a Trustee and held in trust subject to issue on the meeting of certain service and performance hurdles as assessed by the Remuneration Committee. For the service component listed in the table below, senior managers must be employed on the 31-Mar-2013 to receive 40% of the service component and employed on 31-Mar-2014 to receive the remaining 60%. For the performance component the total EPS for the 2012 and 2013 years must exceed 18c for full vesting, 7c for minimum vesting. The shares may vest over a period of up to five years following grant date.

The following table shows the share-based payment arrangements which are currently in existence:

Shares / Options	**No. granted** [1]	**Grant date**	**Fair value at grant date**	**Vesting date**	**Expiry date**	**Vesting criteria** [1]
Ordinary Shares [2]	212,770	29-Jun-09	$0.20	31-Mar-14	N/A	Service & performance hurdles
Zero-priced Options [3]	900,000	29-Jun-09	$0.20	31-Mar-14	30-Jun-14	Service & performance hurdles
Zero-priced Options	250,000	31-Mar-10	$0.37	31-Mar-14	30-Jun-14	Service & performance hurdles
Ordinary Shares [4]	1,500,000	30-Jun-10	$0.30	31-Mar-14	N/A	Performance hurdles
Zero-priced Options	375,000	11-Apr-11	$0.29	31-Mar-14	30-Jun-14	Service & performance hurdles
Zero-priced Options	100,000	28-Nov-11	$0.17	31-Mar-14	30-Jun-14	Service & performance hurdles
Total	3,337,770					

[1] Performance hurdles are set by the Chief Executive and approved by the Remuneration Committee.
[2] 212,770 of these shares were issued to Key Management Personnel (137,770 to Rick Taylor and 75,000 to Guy Day)
[3] 275,000 of these options were issued to Key Management Personnel (Guy Day)
[4] All of these shares were issued to Key Management Personnel (750,000 each to Paul Lyons and Nick Waterworth).

The share options outstanding at the end of the year had an exercise price of zero (2011: zero) and a weighted average remaining contractual life of 346 days (2011:711 days).
Directors 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.

The remuneration of non-executive Directors is between $30,000 and $60,000 per Director. The 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.

All remuneration paid to Directors and senior management is valued at the cost to the Consolidated Group and expensed. Shares given to Directors and senior management are valued as the difference between the market price of those shares and the amount paid by the Director or executive. Share option cost is measured at fair value.

b. Performance-based remuneration

The remuneration of the executive Directors and senior management includes a performance-based component based on profit. This ensures that the interests of the executive Directors and senior management are aligned with our shareholders. In the case of the Chief Executive, this component is tiered based on the 2012 Consolidated Group results in comparison to the budget for the year. The other executive Directors are bonused on the performance of the divisions for which they are directly responsible. In the case of senior management, it is based on the 2012 results of their respective operating division in comparison to the budget, and the meeting of specific KPIs. The performance-based component of the executive Directors' remuneration is periodically recommended by the Remuneration Committee for approval by the Board. Performance-based remuneration of senior management is annually recommended to the Board by the executive Directors.

The vesting of shares and options issued to the Directors and senior management, is contingent on the achievement of specified EPS targets for the Consolidated Group.

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

Executive Directors and senior management are paid performance bonuses based on set monetary figures, 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.

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

The table below illustrates the relationship between remuneration policy for the Board and Key Management Personnel.

						Change	
	2012	2011	2010	2009	2008	**2012/11**	2011/10
	$'000	$'000	$'000	$'000	$'000	**%**	%
Profit / (loss) before tax	306	1,654	2,899	(7,180)	(24,596)	(81.5%)	(42.9%)
Net profit / (loss) after tax	69	1,316	1,910	(7,581)	(24,528)	(94.8%)	(31.1%)
	c	c	c	c	c	**%**	%
Basic EPS	0.11	2.03	3.02	(13.07)	(48.35)	(94.8%)	(32.8%)
Diluted EPS	0.10	1.96	2.94	(13.07)	(48.35)	(94.7%)	(33.3%)
Dividend	-	-	-	-	1.50	-	-
Share Price (31 Dec)	19.00	11.00	31.00	32.50	11.00	72.7%	(64.5%)
	$	$	$	$	$	**%**	%
Fixed Remuneration [1]	1,308,726	1,430,898	1,110,000	981,045	1,053,652	(8.5%)	28.8%
Performance-based Remuneration	(327,683)	144,331	486,375	(16,226)	457,218	(327.0%)	(70.3%)
Total Remuneration	**981,043**	**1,575,229**	**1,596,375**	**964,819**	**1,510,870**	**(37.7%)**	**(1.3%)**

[1] Includes Guy Day from 1 January 2011

e. Employment contracts of Directors and senior management

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

f. Details of remuneration

The remuneration of each Director and Key Management Personnel of the Consolidated Group during the year was as follows:

	Short-term benefits			Post-employment benefits	Long-term benefits	
2012	**Salary and fees $**	**Non-cash benefits $**	**Bonuses [4] $**	**Super $**	**Share based payment $**	**Total $**
Directors						
Nick Waterworth	124,900	13,742	20,540	12,179	(157,500)	13,861
Paul Lyons	385,615	23,436	-	16,122	(157,500)	267,673
Guy Day	397,559	-	-	-	(23,839)	373,720
Paul Young	55,046	-	-	4,954	-	60,000
Cathy Doyle [2]	36,697	-	-	3,303	-	40,000
Andrew Adamovich [3]	10,000	-	-	-	-	10,000
	1,009,817	**37,178**	**20,540**	**36,558**	**(338,839)**	**765,254**
Other Key Management Personnel						
Rick Taylor	209,051	-	-	16,122	(9,384)	215,789

2011	**Salary and fees $**	**Non-cash benefits $**	**Bonuses $**	**Super $**	**Share based payment $**	**Total $**
Directors						
Nick Waterworth	320,905	13,656	-	15,439	61,364	411,364
Paul Lyons	386,096	23,465	-	15,439	61,364	486,364
Guy Day [1]	338,033	2,865	-	-	15,501	356,399
Paul Young	55,046	-	-	4,954	-	60,000
Andrew Adamovich	30,000	-	-	-	-	30,000
	1,130,080	**39,986**	**-**	**35,832**	**138,229**	**1,344,127**
Other Key Management Personnel						
Rick Taylor	209,561	-	-	15,439	6,102	231,102

[1] Guy Day was appointed to the Board on 16 May 2011.
[2] Cathy Doyle was appointed to the Board on 1 May 2012.
[3] Andrew Adamovich resigned from the Board on 1 May 2012.
[4] This is the annual short term incentive based on criteria set on the 1 January each year and vesting on the results for the year to 31 December each year
Aside from the Directors, there was only one Key Management Person of the Consolidated Group.

f. Details of remuneration (continued)

Remuneration Options

There were no options granted as remuneration to Directors or Key Management Personnel during the financial year

Shareholdings

Number of shares held directly, indirectly or beneficially by parent entity Directors and Key Management Personnel:

	Opening Balance	Received as Remuneration	Net Change Other	Closing Balance
Directors				
Nick Waterworth	6,327,439	-	-	6,327,439
Paul Lyons	4,454,587	-	-	4,454,587
Guy Day	2,404,294	-	-	2,404,294
Paul Young	3,147,418	-	-	3,147,418
Cathy Doyle	-	-	-	-
Andrew Adamovich	794,446	-	(794,446)	-
Key Management Personnel				
Rick Taylor	971,914	-	-	971,914

Shares issued to executives under the Loan Share Plan and Long Term Incentive Plan are subject to vesting provisions in accordance with the terms of the plan.

g. Meetings of Directors

During the financial year, 8 meetings of Directors, 2 meetings of the Audit Committee and 1 meeting of the Remuneration Committee were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Nick Waterworth	8	8	-	-	-	-
Paul Lyons	8	8	-	-	-	-
Guy Day	8	8	-	-	-	-
Paul Young	8	8	2	2	1	1
Cathy Doyle	5	5	1	1	1	1
Andrew Adamovich	3	3	1	1	-	-

Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' report has been rounded to the nearest thousand dollars where appropriate.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Consolidated Group is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

Nick Waterworth
Chairman
28 February 2013

Guy Day
Chief Executive

Auditor's Independence Declaration

Deloitte.

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The Board of Directors
Ambition Group Limited
Level 5, 55 Clarence Street
Sydney
NSW 2000

28 February 2013

Dear Directors

Ambition Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ambition Group Limited.

As lead audit partner for the audit of the financial statements of Ambition Group Limited for the financial year ended 31 December 2012, 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.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants

Consolidated Income Statement

for the year ended 31 December 2012

		Consolidated Group	
		2012	2011
Continuing Operations	**Note**	**$'000**	**$'000**
Revenue	2	87,562	95,425
Employee benefits expense		(27,234)	(31,099)
Indirect employment costs		(1,543)	(1,879)
On-hired labour costs		(48,343)	(50,900)
Payroll tax		(831)	(703)
Depreciation and amortisation expense	3	(1,036)	(835)
Finance costs	3	-	-
Advertising and marketing		(1,581)	(1,854)
Computer expenses		(697)	(672)
Rental expense on operating leases	3	(2,511)	(2,476)
Other expenses	3	(3,480)	(3,353)
Profit before income tax expense		**306**	**1,654**
Income tax expense	5	(237)	(338)
Profit after income tax expense		**69**	**1,316**
Basic profit per share (cents per share)	8	0.11	2.03
Diluted profit per share (cents per share)	8	0.10	1.96

Consolidated Income Statement Comprehensive Income

for the year ended 31 December 2012

	Consolidated Group	
	2012	2011
	$'000	**$'000**
Profit for the period	**69**	**1,316**
Other comprehensive income:		
Exchange difference on translation of foreign operations	24	(213)
Total comprehensive profit for the year	**93**	**1,103**

Consolidated Statement of Financial Position

as at 31 December 2012

		Consolidated Group	
		2012	2011
	Note	$'000	$'000
Current assets			
Cash and cash equivalents	9	6,457	6,951
Trade and other receivables	10	10,616	12,557
Current tax assets	14	377	84
Other current assets	11	349	178
Total current assets		**17,799**	**19,770**
Non-current assets			
Property, plant and equipment	12	926	1,431
Intangible assets	13	366	361
Deferred tax assets	14	882	1,197
Total non-current assets		**2,174**	**2,989**
Total assets		**19,973**	**22,759**
Current liabilities			
Trade and other payables	15	5,970	8,218
Current tax liabilities	14	-	5
Short-term provisions	16	1,371	1,219
Total current liabilities		**7,341**	**9,442**
Non-current liabilities			
Deferred tax liabilities	14	-	71
Long-term provisions	16	502	620
Total non-current liabilities		**502**	**691**
Total liabilities		**7,843**	**10,133**
Net assets		**12,130**	**12,626**
Equity			
Issued capital	18	47,564	47,553
Reserves	19b	(4,105)	(3,529)
Accumulated losses	19a	(31,329)	(31,398)
Total equity		**12,130**	**12,626**

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

Statements of Changes in Equity

for the year ended 31 December 2012

Consolidated Group	Issued capital $'000	Accum. losses $'000	Foreign currency translation reserve $'000	Equity settled emp. benefits reserve $'000	Attrib. to owners of the parent $'000	Non controlling Interest $'000	Total $'000
Balance as at 1 January 2011	46,646	(32,715)	(4,093)	855	10,693	1	10,694
Profit for the period	-	1,316	-	-	1,316	-	1,316
Other comprehensive income for the period	-	-	(213)	-	(213)	-	(213)
Total comprehensive income for the year	-	1,316	(213)	-	1,103	-	1,103
Transactions with owners in their capacity as owners							
Recognition of share based payments	-	-	-	181	181	-	181
Shares issued under employee share plans	648	-	-	-	648	-	648
Vesting of employee share scheme	259	-	-	(259)	-	-	-
Changes in ownership interest	-	1	-	-	1	(1)	-
Balance as at 31 December 2011	**47,553**	**(31,398)**	**(4,306)**	**777**	**12,626**	**-**	**12,626**
Balance as at 1 January 2012	47,553	(31,398)	(4,306)	777	12,626	-	12,626
Profit for the period	-	69	-	-	69	-	69
Other comprehensive income for the period	-	-	24	-	24	-	24
Total comprehensive income for the year	-	69	24	-	93	-	93
Transactions with owners in their capacity as owners							
Recognition of share based payments	-	-	-	(594)	(594)	-	(594)
Shares issued under employee share plans	-	-	-	5	5	-	5
Vesting of employee share scheme	11	-	-	(11)	-	-	
Balance as at 31 December 2012	**47,564**	**(31,329)**	**(4,282)**	**177**	**12,130**	**-**	**12,130**

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2012

	Note	Consolidated Group 2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers		98,497	106,438
Payments to suppliers and employees		(98,564)	(104,633)
Income tax paid		(287)	(586)
Interest and other costs of finance paid		-	-
Net cash (used in) / provided by operating activities	**20(a)**	**(354)**	**1,219**
Cash flows from investing activities			
Payments to acquire property, plant and equipment and intangible assets		(290)	(631)
Interest received		135	137
Net cash (used in) investing activities		**(155)**	**(494)**
Cash flows from financing activities			
Payment for share issue costs		-	-
Net cash (used in) financing activities		**-**	**-**
Net (decrease) / increase in cash held		**(509)**	**725**
Cash at the beginning of financial year		**6,951**	**6,234**
Effect of exchange rates on cash holdings in foreign currencies		15	(8)
Cash at the end of the financial year	**9**	**6,457**	**6,951**

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

Notes to the Financial Statements

for the year ended 31 December 2011

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 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 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in this financial report are rounded to the nearest thousand dollars unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified, by the revaluation of selected non-current assets, financial assets and liabilities for which the fair value basis of accounting has been applied.

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

The financial statements were approved on 28th February 2013.

b. Principles of consolidation

A controlled entity is any entity controlled by Ambition Group Limited whereby Ambition Group Limited has the power to control the financial and 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 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.

c. Income tax

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

1. Significant Accounting Policies (continued)

c. Income tax (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement 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 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

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

d. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Consolidated Group and by reference to the stage of completion of the contract. Revenue is recognised at the fair value of the consideration received or receivable.

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

Contingent permanent recruitment revenue is recognised upon candidate's acceptance of a permanent position.

Contracting revenue is recognised when the services are provided.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when dividends are declared.

1. Significant Accounting Policies (continued)

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 income statement.

g. Leases

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

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

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

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

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

h. Financial instruments

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

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

i. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt

1. Significant Accounting Policies (continued)

h. Financial instruments (continued)

i. Effective interest method (continued)

instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

ii. Held-to-maturity investments

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

iii. Loans and receivables

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

iv. Impairment of financial assets

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

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

v. Derecognition of financial assets

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

vi. Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1. Significant Accounting Policies (continued)

h. Financial instruments (continued)

vi. Financial liabilities and equity instruments issued by the Group (continued)

Other financial liabilities (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

i. Impairment of Assets

At each reporting date, the 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.

j. Intangibles

i. Goodwill

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

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

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

ii. Web development costs

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

k. Foreign currency transactions and balances

i. Functional and presentation currency

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

ii. Transactions and balances

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

1. Significant Accounting Policies (continued)

k. Foreign currency transactions and balances (continued)

ii. Transactions and balances (continued)

Exchange differences arising on the translation of monetary items are recognised in the consolidated income statement, 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 income statement.

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 income statement in the period in which the operation is disposed.

l. Employee benefits

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

m. Provisions

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

n. Cash and cash equivalents

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

o. Goods and Services Tax (GST)

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

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

p. Share based payments

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

1. Significant Accounting Policies (continued)

p. Share based payments (continued)

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.

q. Borrowing costs

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

r. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained externally and within the Consolidated Group. Further detail is given below of the main areas of accounting estimates and judgements

i. Share based payments

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

ii. Impairment

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

iii. Provisions for impairment of receivables

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

iv. Provision for Make Good

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

1. Significant Accounting Policies (continued)

s. Adoption of new Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period.

Where necessary, information for the previous period has been represented to conform to changes in presentation in the current financial year.
New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include

- AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards
- AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets
- AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'

The application of AASB1054 and AASB2011-1 in the current year has resulted in the simplification of disclosures in regards to audit fees, franking credi and capital and other expenditure commitments as well as an additional disclosure on whether the Group is a for-profit or not-for-profit entity
The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior period.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but only effective for annual reporting periods beginning on the 1st January 2013, and therefore expected to be initially applied in the financial year ending 31 December 2013

- AASB 10 'Consolidated Financial Statements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and related AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011), AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119' (2011) and AASB 2011-11 'Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements'
- AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but only effective for annual reporting periods beginning on the 1st January 2014, and therefore expected to be initially applied in the financial year ending 31 December 2014

- AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but only effective for annual reporting periods beginning on the 1st January 2015, and therefore expected to be initially applied in the financial year ending 31 December 2015

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures
- AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'

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

2. Revenue

	Consolidated Group 2012 $'000	2011 $'000
Recruitment services revenue	87,427	95,288
Interest received	135	137
Total revenue	**87,562**	**95,425**

3. Profit from ordinary activities

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

	2012	2011
Finance costs		
- interest expense	-	-
	-	-
Depreciation of plant and equipment	804	547
Amortisation of software and web development	232	288
	1,036	**835**
Rental expense on operating leases		
- minimum lease payments	2,511	2,476
- Share based payments (write back) / expense	(629)	191
Other expenses		
- property	548	733
- release of employee bonus accrued in the prior year but not utilised	-	(374)
- professional fees	715	581
- travel	604	724
- entertainment	624	620
- telephone	372	403
- bad and doubtful debt provision	-	(6)
- other	617	672
	3,480	**3,353**

4. Dividends

The Directors have not declared a final dividend.

	2012	2011
Adjusted franking account balance	2,427	2,116

5. Income tax expense

	Consolidated Group	
	2012	**2011**
	$'000	**$'000**
a. The components of tax expense comprise:		
Current tax	247	139
Deferred (income) / tax	(64)	279
Under / (over) provision in respect of prior years	54	(80)
Income tax expense	**237**	**338**
b. The prima facie tax on the profit before income tax is reconciled to income tax expense as follows:		
Income tax calculated at 30% of operating profit:	306	1,654
- Consolidated Group	92	496
Add / (Less) tax effect of:		
- other non deductible expenses	(4)	45
- tax assets not brought to account	106	23
- overseas tax differential	6	(146)
- utilisation of brought forward tax losses	(17)	-
- under / (over) provision in prior period	54	(80)
	237	**338**
Applicable weighted average effective tax rates	77%	20%

Tax consolidation

a) Relevance of tax consolidation to the Group

The Company 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 17. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the 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 following table shows the share-based payment arrangements which are in existence at the date of this report:

Shares / Options	No. granted [1]	Grant date	Fair value at grant date	Vesting date	Expiry date	Vesting criteria [1]
Ordinary Shares [2]	212,770	29-Jun-09	$0.20	31-Mar-14	N/A	Service & performance hurdles
Zero-priced Options [3]	900,000	29-Jun-09	$0.20	31-Mar-14	30-Jun-14	Service & performance hurdles
Zero-priced Options	250,000	31-Mar-10	$0.37	31-Mar-14	30-Jun-14	Service & performance hurdles
Ordinary Shares [4]	1,500,000	30-Jun-10	$0.30	31-Mar-14	N/A	Service & performance hurdles
Zero-pricedOptions	375,000	11-Apr-11	$0.29	31-Mar-14	30-Jun-14	Service & performance hurdles
Zero-priced Options	100,000	28-Nov-11	$0.17	31-Mar-14	30-Jun-14	Service & performance hurdles
Total	3,337,770					

[1] Performance hurdles are set by the Chief Executive and approved by the Remuneration Committee.
[2] 212,770 of these shares were issued to Key Management Personnel (137,770 to Rick Taylor and 75,000 to Guy Day)
[3] 275,000 of these zero-priced options were issued to Key Management Personnel (Guy Day)
[4] All of these shares were issued to Key Management Personnel (750,000 each to Paul Lyons and Nick Waterworth).

The share options outstanding at the end of the year had an exercise price of zero (2011: zero) and a weighted average remaining contractual life of 455 days (2011:820 days).

The Group has established share trusts to manage and hold both vested and unvested shares and options on behalf of current employees. Some current employees choose to retain their vested shares in the trust.

a) Sharesave Plans

The "Exempt Sharesave Plan" is open to all employees and enables the purchase of shares up to a maximum of $1,000 in any one year. Shares are acquired at market rates. Shares cannot be sold for a period of three years. Five employees (2011: eight) participated in the plan during the financial year. There were 104,576 (2011: 157,210) partially vested shares held by the trust relating to this Exempt Sharesave Plan.

b) Long Term Incentive Plan

The employee Long Term Incentive ("LTI") Plan is a component of the Deferred Sharesave Plan and is offered to senior employees on a selective basis at the discretion of the Board. The LTI comprises a periodic offer of shares which vest over periods of up to five years, subject to the meeting of service and performance criteria.

An employee's full entitlement to shares is issued on acceptance of the Consolidated Group's offer and held by the Trustee subject to the meeting of vesting conditions. Unvested shares are disclosed as Treasury Shares (Note 18) and are brought to account as an expense over the vesting period as service and performance criteria are met. The shares are valued based on the quoted share price at the date of granting the shares.

	2012 No. '000	2011 No. '000
LTI shares held by the trust at the start of the year	2,522	2,746
Issued during the year	-	-
Transferred during the year	(795)	(224)
Sold during the year	-	-
LTI shares held by the trust at the end of the year	**1,727**	**2,522**

LTI shares held by the trust that are fully vested and already included in share capital	1,045	1,760
LTI shares held by the trust that are unvested and included in the Equity Settled Employee Benefits Reserve	682	762
LTI shares held by the trust at the end of the year	**1,727**	**2,522**

6. Employee share plans (continued)

c) Loan Share Plan

The Loan Share Plan ("LSP") is similar to the LTI Plan and is offered to Directors at the discretion of the Remuneration Committee. The LSP comprises a periodic offer of shares which vest over periods of up to four years, subject to the meeting of service and performance criteria.

A Director's full entitlement to shares is issued on acceptance of the Consolidated Group's offer and held by the Trustee subject to the meeting of vesting conditions. Unvested shares are disclosed as Treasury Shares (Note 18) and are brought to account as an expense over the vesting period as service and performance criteria are met. The shares are valued based on the quoted share price at the date of granting the shares. In 2010 the LSP trust included the Employee Loan Share Plan shares

	2012 **No. '000**	**2011** **No. '000**
LSP shares held by the trust at the start of the year	2,812	3,917
Issued during the year	-	-
Transferred during the year	(740)	(1,105)
Sold during the year	-	-
LSP shares held by the trust at the end of the year	**2,072**	**2,812**
LSP shares held by the trust that are fully vested and already included in share capital	572	1,312
LSP shares held by the trust that are unvested and included in the Equity Settled Employee Benefits Reserve	1,500	1,500
LSP shares held by the trust at the end of the year	**2,072**	**2,812**

d) Share Option Plan

The Employee Share Option Plan ("ESOP") offers shares to selected employees at the discretion of the Board. The objectives of the plan are to assist in the recruitment, reward, retention, and motivation of employees.

The options granted under ESOP, which are not listed on the ASX, do not give any right to participate in dividend or rights issues until shares are allotted pursuant to the exercise of the relevant options. The number of shares issued on exercise of options will be adjusted for bonus issues made prior to the exercise of the options. The exercise price is fixed by the Board prior to the grant of options, and the options may be subject to other restrictions on exercise as may be determined by the Board prior to the grant of the options.

Details of employee shares options granted under ESOP are as follows:

	2012 **No. '000**	**2011** **No. '000**
Options at the start of the year	2,423	2,175
Issued during the year		
Zero priced options granted 11.4.11 expiring 30.06.14	-	875
Zero priced options granted 25.11.11 expiring 30.06.14	-	100
Cancelled during the year	(798)	(727)
Exercised during the year	-	-
Closing	**1,625**	**2,423**
Total number issued to employees since start	5,615	5,615
Total number cancelled to employees since start	3,990	3,192
Net options	1,625	2,423

6. Employee share plans (continued)

d) Share Option Plan (continued)

The fair value of the options granted during the year was $0.29 for the April 2011 grant and $0.17 for the November 2011 grant. This was calculated using a Binomial pricing model applying the following inputs:

	April 2011 grant	November 2011 grant
Exercise price	Nil	Nil
Life of the option	32 months	25 months
Underlying share price	$0.29	$0.17

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

There were no options exercised during the year.

e) Summary

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

	2012 No. '000	2011 No. '000
Long Term Incentive Plan shares	682	762
Loan Share Plan shares	1,500	1,500
Share Option Plan	1,625	2,423

7. Auditor's remuneration

	Consolidated Group	
	2012 $	2011 $
Remuneration of the auditor of the Consolidated Group for:		
Auditor of the parent entity		
- Audit or review of the financial statements	125,451	113,204
- Taxation services	22,000	24,185
- Tax compliance	1,591	26,587
	149,042	**163,976**
Network firm of the parent entity		
- Audit or review of the financial statements	83,634	79,243
- Taxation services	15,892	20,068
	99,526	**99,311**

The auditor of Ambition Group Limited is Deloitte Touche Tohmatsu

8. Earnings per share ('EPS')

	Consolidated Group	
	2012	2011
Basic earnings per share (cents per share)	0.11	2.03
Diluted earnings per share (cents per share)	0.10	1.96
Profit used in calculation of basic EPS ($)	68,914	1,315,589
Profit used in calculation of dilutive EPS ($)	**68,914**	**1,315,589**
Net tangible asset backing per ordinary share	0.18	0.19
	Number ’000	**Number ’000**
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	64,884,201	64,751,374
Weighted average number of options outstanding	1,231,705	2,373,630
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive EPS	**66,115,906**	**67,125,004**

2,286,753 (2011: 2,419,580) Treasury shares relating to long term incentive plans for senior management have not been included in the above Earnings per share calculations in accordance with AASB 133 'Earnings per Share'.

9. Cash

	Consolidated Group	
	2012 $’000	2011 $’000
Cash at bank	6,457	6,951

10. Receivables

	Consolidated Group	
	2012	2011
	$'000	$'000
Current		
Trade debtors	9,249	11,366
Provision for impairment	(429)	(323)
Other debtors	1,796	1,514
	10,616	**12,557**

All amounts receivable are short term. The carrying amount of trade debtors is considered a reasonable approximation of fair value. All of the Consolidated Group's trade and other receivables have been reviewed for indicators of impairment. As a result of this review there were doubts over the recoverability of certain trade receivables and a provision of $429,000 (2011: $323,000) has been recorded accordingly. This includes a provision for warranty that was included in provisions in previous years. The trade receivables provided for are mostly due to customers experiencing financial difficulties and problems associated with the current economic climate.

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

Trade debtors - amounts within terms		
Current or not more than 3 months	8,625	10,989
Trade debtors - past due		
More than 3 months but not more than 6 months	581	440
More than 6 months but not more than 1 year	42	-
More than 1 year	1	(63)
	9,249	**11,366**

	Days	Days
Average Days Sales Outstanding	**35.3**	**38.5**

11. Other assets

Current	**$'000**	**$'000**
Prepayments	**349**	**178**

12. Property, plant and equipment

	Consolidated Group 2012 $'000	2011 $'000
Leasehold improvements - at cost	3,947	3,349
Accumulated depreciation	(3,137)	(2,204)
Net Book Value	**810**	**1,145**
Office equipment - at cost	443	434
Accumulated depreciation	(388)	(321)
Net Book Value	**55**	**113**
Furniture and fittings - at cost	448	448
Accumulated depreciation	(423)	(382)
Net Book Value	**25**	**66**
Computer hardware - at cost	1,330	1,319
Accumulated depreciation	(1,294)	(1,212)
Net Book Value	**36**	**107**
Total Net Book Value of property, plant and equipment	**926**	**1,431**

Year ended 31 December 2012 Movements in carrying amounts	Leasehold improvements $'000	Office equipment $'000	Furniture and fittings $'000	Computer hardware $'000	Total $'000
Consolidated Group					
Balance at the beginning of the year	1,145	113	66	107	1,431
Foreign exchange movement	6	1	1	5	13
Depreciation expense	(619)	(65)	(42)	(78)	(804)
Additions	28	6	-	2	36
Transfer of Make Good asset	250	-	-	-	250
Carrying amount at the end of the year	**810**	**55**	**25**	**36**	**926**

During the year, in order to provide more clarity in the accounts, make good assets associated with the end of lease clauses in property leases have been transferred from other debtors to leasehold improvements.

Year ended 31 December 2011 Movements in carrying amounts	Leasehold improvements $'000	Office equipment $'000	Furniture and fittings $'000	Computer hardware $'000	Total $'000
Consolidated Group					
Balance at the beginning of the year	1,296	174	126	103	1,699
Foreign exchange movement	(30)	(3)	-	6	(27)
Depreciation expense	(330)	(78)	(60)	(79)	(547)
Additions	209	20	-	77	306
Carrying amount at the end of the year	**1,145**	**113**	**66**	**107**	**1,431**

13. Intangible assets

	Consolidated Group 2012 $'000	Consolidated Group 2011 $'000
Computer software - at cost	1,662	1,511
Web development - at cost	810	704
Accumulated amortisation	(2,106)	(1,854)
	366	**361**

Year ended 31 December 2012 Movements in carrying amounts	Software $'000	Web Development $'000	Total $'000
Consolidated Group			
Balance at the beginning of the year	321	40	361
Foreign exchange movement	(17)	-	(17)
Amortisation	(215)	(17)	(232)
Additions	148	106	254
Carrying amount at the end of the year	**237**	**129**	**366**

Year ended 31 December 2011 Movements in carrying amounts	Software $'000	Web Development $'000	Total $'000
Consolidated Group			
Balance at the beginning of the year	311	57	368
Foreign exchange movement	-	-	-
Amortisation	(254)	(34)	(288)
Additions	264	17	281
Carrying amount at the end of the year	**321**	**40**	**361**

14. Tax

	Consolidated Group 2012 $'000	Consolidated Group 2011 $'000
a. Liabilities		
Current		
Income tax payable	-	5
Non-current		
Deferred tax liabilities comprise:		
- Share-based payments	-	71
b. Assets		
Current		
Income tax receivable	377	84
Non-current		
Deferred tax assets comprise:		
- Provisions	882	1,197
c. Reconciliations of deferred tax		
i. Gross movements		
Opening balance	1,126	1,405
Reclassified to current tax liabilities	(243)	-
Prior year tax under provision	(65)	-
Released / (charged) to income statement	64	(279)
Closing balance	**882**	**1,126**
ii. Deferred tax liability		
The movements in deferred tax liability for each temporary difference during the year are as follows:		
Opening balance	71	79
(Released) to income statement	-	(8)
Offset against Deferred tax asset in the same tax jurisdiction	(71)	-
Closing balance	**-**	**71**
iii. Deferred tax asset		
The movements in deferred tax asset for each temporary difference during the year are as follows:		
Opening balance	1,197	1,484
Reclassified to current tax liabilities	(243)	-
Prior year tax under provision	(65)	-
Released / (charged) to income statement	64	(287)
Offset against Deferred tax liability in the same tax jurisdiction	(71)	-
Closing balance	**882**	**1,197**
d. Unrecognised deferred tax assets		
Deferred tax assets not recognised at the reporting date:		
- Tax losses	2,659	2,265

The unrecognised tax losses will not expire.

15. Trade and other payables

	Consolidated Group 2012 $'000	2011 $'000
Current		
Trade and other payables	5,970	8,218
	5,970	**8,218**

16. Provisions

	Consolidated Group 2012 $'000	2011 $'000
Current		
Employee benefits	933	1,091
Provision for onerous contracts	137	128
Make good provision	301	-
	1,371	**1,219**
Non-current		
Employee benefits	73	65
Provision for onerous contracts	98	164
Make good provision	331	391
	502	**620**
Employee entitlements		
Balance at 1 January	1,156	1,159
Net movement in provision	(150)	(3)
Balance at 31 December	**1,006**	**1,156**
Onerous lease provision		
Balance at 1 January	292	420
Additional provisions	98	-
Amounts used	(155)	(128)
Balance at 31 December	**235**	**292**

The provision for employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees. 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.

Provisions made for onerous contracts relates to the rental lease of office premises. The economic outflow will occur over the next 2 years. The office premises will not be used by the Consolidated Group and therefore the economic outflow exceeds the economic benefit of the lease contracts.

17. Controlled entities

	Country of Incorporation	Parent Entity Interest % 2012	2011
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	Australia	50	50
Ambition Employee Share Managers Pty Limited as trustee for			
- 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

[1] Ambition Group Limited is the head entity within the tax-consolidated group.
[2] These companies are members of the tax-consolidated group.

18. Contributed equity

a. Ordinary shares	Consolidated Group 2012 $'000	2011 $'000
Issued capital	47,564	47,553
67,170,954 (2011: 67,170,954) fully paid ordinary shares		

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

During the year $11,075 of treasury shares fulfilled their vesting requirements and were transferred to share capital (2011: $907,000).

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

b. Options	Consolidated Group 2012 No. '000	2011 No. '000
Balance at the beginning of the year	2,423	2,175
Options issued during the year	-	975
Options cancelled during the year	(798)	(727)
Balance at reporting date	**1,625**	**2,423**

c. Treasury shares		
Balance at the beginning of the year	2,420	4,785
Issued during the year	-	-
Vested during the year	(133)	(2,365)
Balance at reporting date	**2,287**	**2,420**

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.

During 2012, no interim dividend was paid and the Directors have not declared a final dividend.

	Consolidated Group 2012 $'000	2011 $'000
Total borrowings	-	-
Total equity	12,130	12,626
Total capital	12,130	12,626
Gearing ratio	0%	0%

The Consolidated Group is not subject to any externally imposed capital requirements.

19. Accumulated losses and reserves

	Consolidated Group	
	2012	**2011**
a. Movement in accumulated losses	**$'000**	**$'000**
Balance at 1 January	(31,398)	(32,715)
Net profit	69	1,316
Changes in ownership interest	-	1
Balance at 31 December	**(31,329)**	**(31,398)**

b. Reserves		
Foreign currency translation reserve		
Balance at 1 January	(4,306)	(4,093)
Revaluation of foreign subsidiary assets and liabilities	24	(213)
Balance at 31 December	**(4,282)**	**(4,306)**
Equity settled employee benefits reserve		
Balance at 1 January	777	855
(Release) / recognition of share based payments	(594)	181
Shares issued under employee share plans	5	-
Vesting of employee share scheme	(11)	(259)
Balance at 31 December	**177**	**777**
Total reserves	**(4,105)**	**(3,529)**

c. Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Equity settled employee benefits reserve

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

20. Cash flow information

a. Reconciliation of cash flows from operations with profit from ordinary activities after income tax	Consolidated Group 2012 $'000	2011 $'000
Profit from ordinary activities after income tax	69	1,316
- Interest received	(135)	(137)
Non-cash flows in profit from ordinary activities		
- Amortisation of intangible assets	232	288
- Depreciation	804	547
- Employee share plan incentive schemes	(629)	191
- Income tax expense	237	338
Changes in assets and liabilities		
- Decrease / (increase) in trade debtors	2,223	(873)
- (Increase) / decrease in prepayments	(171)	8
- (Increase) / decrease in other debtors	(282)	458
- (Increase) in current tax asset	(293)	(84)
- (Decrease) in trade creditors and accruals	(2,248)	(639)
- (Decrease) in provisions [1]	(161)	(194)
Cash (outflows) / inflows from operations	**(354)**	**1,219**

[1] Included in the movement in provisions are non-cash movements, primarily relating to the transfer of the make good asset as disclosed in note 12.

b. Credit standby arrangements

The Consolidated Group has a loan facility of $2 million in Australia and £0.2 million in the United Kingdom. Interest rates are variable and subject to market rates at the time funds are drawn. Both facilities were undrawn at 31 December 2012, at the date of this report and rarely used during the year. The facilities are secured by floating charges over the assets of a number of the Consolidated Group's controlled entities.

21. 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.

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 weighted interest rates on classes of financial assets and financial liabilities is as follows:

	Consolidated Group		Effective Interest Rate	
	2012	2011	2012	2011
Financial assets	$'000	$'000	%	%
Cash (floating interest)	6,457	6,951	2.09%	1.97%

Other financial assets and liabilities are non-interest bearing.

The Consolidated Group currently has no bank borrowings and changes in market interest rates are not considered material to the Consolidated Group's cash balance. Therefore a sensitivity analysis has not been performed.

21. Financial risks (continued)

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 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.

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 2012, the Consolidated Group's liabilities have contractual maturities which are summarised below:

	Current within 12 months		1 to 2 years		Non-current 2 to 5 years	
	2012 '000	2011 '000	2012 '000	2011 '000	2012 '000	2011 '000
Trade payables	5,970	8,218	-	-	-	-
Provision for employee entitlements	933	1,091	17	25	56	40
Other short term financial liabilities	-	5	-	-	-	-
Provision for make good	301	-	129	79	202	312
Provision for onerous leases	137	128	73	164	25	-
Total	**7,341**	**9,442**	**219**	**268**	**283**	**352**

The above maturities reflect gross cash flows and may differ to carrying values of liabilities at balance date.

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 it's 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.

21. Financial risks (continued)

iv. Credit risk (continued)

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	
	2012	**2011**
	$'000	**$'000**
Classes of financial assets-carrying amounts		
Cash and cash equivalents	6,457	6,951
Trade and other receivables	10,616	12,557
Current tax assets	377	84
	17,450	**19,592**

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 as 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.

22. Capital and leasing commitments

Operating lease commitments

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

	Consolidated Group	
	2012	**2011**
	$'000	**$'000**
Payable:		
- not longer than 1 year	2,235	2,474
- longer than 1 year but not longer than 2 years	1,074	2,174
- longer than 2 years but not longer than 5 years	571	1,903
- longer than 5 years	-	1,901
	3,880	**8,452**

Property leases are non-cancellable and have lease terms of between 1 and 10 years, with options to renew at the lessee's discretion in some instances. Provisions have been made for onerous contracts related to the rental lease of office premises which is split $137,000 less than 1 year, and $98,000 between 2 and 5 years. These have not been adjusted for in the disclosure of lease commitments.

23. Contingent liabilities

	Consolidated Group	
	2012	2011
	$'000	$'000
Bank guarantees in relation to property leases	654	634

There is a floating charge over the assets of several group companies in relation to a $2 million bank facility.

The Company has granted a debenture through its UK subsidiary to the UK bank 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.

24. Segment reporting

a) Identification of reportable segments

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Consolidated Group is managed primarily on the basis of geographic regions and therefore operating segments are therefore determined on the same basis.

b) Basis of accounting for purposes of reporting by operating segments

i) Accounting policies updated

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the financial statements of the Consolidated Group.

ii) Types of products and services by segment

Each region provides both permanent and contracting recruitment services.

iii) Intersegment transfers

Segment revenues include transfers between segments on commercial terms and are eliminated on consolidation. Management fees are allocated on the proportion of time management spends on each segment.

iv) Unallocated items

Unallocated items consist of Group costs which are not allocated to the segments.

24. Segment reporting (continued)

	Australia		Asia		UK		Group		Consolidated Group	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
a. Revenue										
External revenue	62,914	64,127	8,124	8,477	16,389	22,684	-	-	87,427	95,288
Interest revenue	134	136	-	-	1	1	-	-	135	137
Total segment revenue	**63,048**	64,263	**8,124**	8,477	**16,390**	22,685	**-**	-	**87,562**	95,425
b. Result										
Profit / (loss) before income tax	1,544	2,209	357	1,154	(301)	(264)	(1,294)	(1,445)	306	1,654
Income tax (expense) / income	(463)	(645)	(27)	(127)	-	-	253	434	(237)	(338)
Profit / (loss) after income tax	**1,081**	1,564	**330**	1,027	**(301)**	(264)	**(1,041)**	(1,011)	**69**	1,316

This note is prepared in accordance with AASB 8 which requires the 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 (Chief Executive Officer and other members of the Board of Directors) in order to allocate resources to the segment and to assess its performance. The geographical regions above represent the operating units in each country or region.

25. 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.

	2012 $'000	2011 $'000
Group Management Fees owed by subsidiaries to the parent entity	372	608
Rental expense for Watermark HunterBligh property [1]	-	40

[1] When Hunter Bligh formed part of Watermark HunterBligh Pty Ltd the office used was owned by one of the minority shareholders.

Remuneration paid to Directors has been included in the Remuneration Report.

26. Key Management Personnel compensation

Details of Key Management Personnel

The Directors and other members of Key Management Personnel of the Group during the year are noted in the Remuneration Report.

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

	2012 $'000	2011 $'000
Short-term employee benefits	1,276	1,380
Post-employment benefits	53	51
Share-based payment	(348)	144
	981	**1,575**

The compensation of each member of Key Management Personnel of the Group is set out on page 19 of the Remuneration Report within the Directors' Report.

The remuneration of Key Management Personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

27. Subsequent events

There are no events subsequent to the report date of which we are aware that would have a material impact on this report.

28. Parent Entity Financial Statements

Parent Entity Income Statement

for the year ended 31 December 2012

	Parent Entity	
	2012 $'000	2011 $'000
Revenue	-	-
Management fees	(883)	(608)
Other expenses	(1)	-
(Loss) before income tax expense	**(884)**	**(608)**
Income tax benefit	265	182
(Loss) after income tax expense	**(619)**	**(426)**

Parent Entity Statement of Financial Position

as at 31 December 2012

	Parent Entity	
	2012 $'000	2011 $'000
Current assets		
Cash and cash equivalents	1	1
Trade and other receivables	3	5
Current tax assets	265	84
Total current assets	**269**	**90**
Non-current assets		
Financial assets	15,405	17,471
Total non-current assets	**15,405**	**17,471**
Total assets	**15,674**	**17,561**
Current liabilities		
Short-term provisions	137	128
Total current liabilities	**137**	**128**
Non-current liabilities		
Long-term provisions	-	164
Total non-current liabilities	**-**	**164**
Total liabilities	**137**	**292**
Net assets	**15,537**	**17,269**
Equity		
Issued capital	49,409	50,049
Reserves	84	557
Accumulated losses	(33,956)	(33,337)
Total equity	**15,537**	**17,269**

Directors' Declaration

for the year ended 31 December 2012

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 financial statements and notes, as set out in pages 22 to 54, are in accordance with the Corporations Act and:
   a. comply with Accounting Standards and the Corporations Regulations 2001;
   b. give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the Company and Consolidated Group;

3. In the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Acccounting Standards Board; and

4. In the Directors' opinion, the Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

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

Nick Waterworth
Chairman

Guy Day
Chief Executive

28 February 2013

Independent Auditor's Report

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of Ambition Group Limited

We have audited the accompanying financial report of Ambition Group Limited, which comprises the statement of financial position as at 31 December 2012, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 22 to 55.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ambition Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Ambition Group Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 20 of the directors' report for the year ended 31 December 2012. 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.

Opinion

In our opinion the Remuneration Report of Ambition Group Limited for the year ended 31 December 2012, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants
Sydney, 28 February 2013

Additional Information

1. Shareholdings

a. Distribution of security holders numbers (as at 14 February 2013)

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	82	176	47	128	63

b. The number of shareholders holding less than a marketable parcel is 189 (2011: 207).

c. Names of the substantial shareholders listed on the Company's register (as at 14 February 2013)	Number
Mr Victor John Plummer	15,201,853
HSBC Custody Nominees (Australia) Limited	8,466,670
Nicholas Waterworth and associates	6,327,439
Paul Lyons and associates	4,454,587

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 14 February 2013)	Number	%
Mr Victor John Plummer	15,201,853	22.63
HSBC Custody Nominees (Australia) Limited	8,466,670	12.60
Little Acorns Investments Pty Ltd	4,257,692	6.34
James N Kirby Holdings Pty Ltd	2,963,623	4.41
Penguin Head Investments Pty Ltd	2,551,554	3.80
Dixson Trust Pty Limited	2,325,260	3.46
Clapsy Pty Limited	2,311,822	3.44
Mr Guy Nicholas Day	2,300,000	3.42
Ambition Employee Share Managers Pty Limited (ELSP)	2,072,000	3.08
Mr John Hamilton Aboud	1,756,050	2.61
Ambition Employee Share Managers Pty Ltd (DESP)	1,392,358	2.07
Mr Andrew John Winterburgh	1,282,199	1.91
P & L Lyons Pty Ltd	885,945	1.32
Waterby Investments Pty Ltd	757,721	1.13
Mr Richard Taylor	725,880	1.08
Bannaby Investments Pty Ltd	674,260	1.00
Mr Gavin Jon Houchell	604,530	0.90
Mr Geoffrey Allan Hickin	602,694	0.90
Agrico Pty Ltd	573,262	0.85
Bannaby Investments Pty Ltd	500,000	0.74
	52,205,373	77.72

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Corporate Directory

Websites

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

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
Ambition AccountAbility ASX code: AMB

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

SYDNEY ▪ MELBOURNE ▪ BRISBANE ▪ PARRAMATTA ▪ PERTH ▪ LONDON ▪ HONG KONG ▪ SINGAPORE

BUILDING BETTER FUTURES.

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