ANNUAL REPORT 2011

Ambition Group Limited

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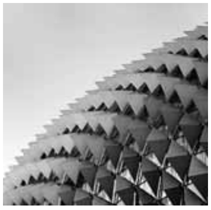
Australia

Hong Kong



Singapore

United Kingdom

Chairman's Report

2011 saw the first half of the year display reasonable market conditions. However, during the second half, fears over the Euro zone crisis severely damaged employer confidence and consequently hiring was reduced dramatically. This negatively affected our revenue and profit. Results for the year are as follows:

	31 Dec 2011	31 Dec 2010
Revenue	$95.4m	$98.0m
EBITDA	$2.4m	$3.7m
NPAT	$1.3m	$1.9m
Basic EPS	2 cps	3 cps

Activity levels in white-collar recruitment deteriorated in all countries in which we operate, although the most noticeable decline was in Asia and London where our business is most exposed to the banking and financial services sector.

We have had a number of key focus areas relating to broad strategy, external/client dynamics as well as internal/structural initiatives. These have included:

- Completing a global succession plan with the appointment of Guy Day as Chief Executive. Plus we have restructured our leadership team internationally so that it is optimally leveraged and as externally/client-orientated as possible. This, together with an enhanced approach to key account management, means that we are finely tuned to the ever-evolving recruitment landscape.
- Investing in the segments of our business displaying growth, especially those with a strong portion of contracting revenue
- Managing costs tightly without significantly impairing our ability to benefit from a market upturn as and when this occurs.
- Undertaking a number of systems/technology projects that will enhance speed of service delivery, and international communication.
- Continuing to extract operational synergies from our offices in London, Asia and Australia with regards to candidate referrals and client service.
- Working with our staff to ensure that we maintain a high morale and are delivering a service which is consistent with our building better futures vision
- Maintaining a conservative balance sheet with zero debt and a strong cash position.

Together with the other board members and all of the management team, I would like to thank our staff for their enthusiasm and dedication. They are a vital component of our on-going strong market reputation.

Nick Waterworth
Chairman

Chief Executive's Review

2011 was a year that saw both internal progress and external challenge as economic headwinds impacted Ambition Group. Hiring sentiment globally was muted. This was most acute in the banking sector, particularly from August 2011 where new assignments and the speed of recruitment processes slowed dramatically.

We therefore saw a disappointing performance in our UK and Asia businesses where our exposure to banking has been significant. In Australia, the situation was somewhat brighter. In that market, banking sector recruitment has historically been a much smaller percentage of our revenues; in some business lines our revenue mix is almost entirely non-banking.

Given the uncertain future in the financial services world we have already begun reducing our reliance on this sector. We are now placing a stronger focus on commerce and industry clients without substantially limiting ourselves if and when banking recruitment recovers. More detailed commentary on our individual offices can be found later in this review.

Senior management re-organisation

Despite the difficulties in the outside world, Ambition Group made progress internally. A key part of this work was a senior management succession plan. This has given us a simpler and more streamlined organisation structure but still harnesses our collective experience. As an example although I shall be leading the Company as Chief Executive, the vast majority of my operational time will be spent on Asia and the UK.

Paul Lyons, co-founder of Ambition Group has been appointed Managing Director of Australia, effective January 2012 – a natural step given Australia is our largest market. In Australia we also undertook a senior management reorganisation at Director level. The result gives us leaders in each of our Sydney, Parramatta, Melbourne and Brisbane offices, all of whom are externally facing.

Nick Waterworth, the other founder of the Group, continues as Managing Partner for Watermark Search as well as being the Group Chairman and a sounding board for myself.

Contracting: a more predictable revenue stream

Our Group revenues in 2011 were 67% contracting, 33% permanent. In markets such as Australia and the UK, where contracting recruitment is widely adopted by our clients, we aim to increase the percentage of this revenue which is a more predictable income stream, especially in times of economic uncertainty.

Part of the success in growing the volume of contractors is driven by employing a greater number of specialist contracting consultants and more powerful technology to access candidates quickly. In the latter case, our Australian business will soon implement a new CRM database to provide an even stronger platform to build from. Several other technology initiatives are under way that will streamline our processes to support contracting growth.

In Asia, we are yet to see significant structural changes that would promote the development of a flexible workforce. Within the UK, recent government legislation giving contractors the same rights as permanent staff after 12 weeks has brought short-term downward pressure on contracting numbers.

Asia: a strategic growth priority

This region remains an important market for Ambition and we believe future opportunities are exciting. We have a strong heritage and a recognisable brand in the region together with senior management expertise.

We feel it important to derive revenues beyond our existing offices and consideration is thus being given to other Asian locations where we can draw on very clear client and candidate synergies with our Hong Kong and Singapore operations.

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

Australia

Ambition

Ambition remains the largest part of our business in Australia. Whilst banking sector revenue is a relatively small part of our operation, the uncertain financial markets impacted hiring confidence more broadly in the second half. Despite a reasonably flat market, we made progress with a restructure leading to a more externally facing management team and also added a technology recruitment offering in Brisbane.

AccountAbility

Our accounting support business line was a success story for us in 2011 with revenues and operating profit seeing strong advances. Our focus is principally on the recruitment of accounts payable, accounts receivable and payroll staff, positions which are conducive to swift hiring processes. They also lend themselves well to contracting, an income stream that now represents a healthy percentage of AccountAbility's total revenue.

Watermark Search International

Watermark Search International enjoys an extremely strong reputation as a leader in Chief Executive and other C-level executive hiring as well as Non-Executive Director appointments. Assignments are conducted on a retained basis with an enviably high success rate. Watermark Search International has a balanced client base across manufacturing, infrastructure, mining services, renewable energy, construction and utilities as well as Federal and State Government.

Asia

Our Asia business suffered in 2011 as a result of its exposure to the banking and financial services sector and a modest first half was followed by an extremely difficult second half. Market conditions rapidly shifted and hiring rates slowed considerably.

Despite banking and financial services recruitment offering swift upside when the market rebounds, it unquestionably remains a volatile sector. As a result, we now have a stronger focus on non-banking clients. I believe we have struck an appropriate balance between managing our risk but also maintaining a significant enough banking presence to capitalise on any upturn should it occur.

As part of our ongoing commitment to technology recruitment as an area of growth, we added businesses in both Singapore and Hong Kong, which further leverages our fixed costs.

United Kingdom

Of all our businesses, our London office remains the most challenged. Apart from its geographic location and consequent exposure to Europe's financial market issues, the UK's economic growth remains weak. Our historic reliance on the banking sector has meant 2011 was another tough year. In response, we have taken appropriate steps to reduce our cost base to a level that we believe gives us sufficient scope to cover our clients and provide the service levels expected of us.

We have also begun to shift some of our emphasis away from banking industry hiring into less volatile sectors.

Outlook

In December 2010 Ambition Group launched a new vision. Central to this was our purpose of Building Better Futures. We believe in long-term relationships with candidates and clients and a standard of service that clearly differentiates us. We remain committed to providing enjoyable and rewarding careers for our people. At the same time, we never lose sight of our responsibilities to our shareholders and the need to focus on growth and future returns for them, a group that includes many employees and all of our management team.

Many of our people are working through challenging market conditions and we are incredibly grateful for their hard work and commitment.

Despite the difficulties we are encountering in the market, we remain positive about the opportunity to grow and fulfil our mission of being the leading global boutique recruitment business.

Guy Day
Chief Executive

The Ambition Group Vision

Our overriding goal is to realise the long-term value that exists in our business. Alongside strong brand presence, we are a people business and high calibre, engaged employees who are focused on our journey are central to our success.

There are three core elements to our vision:

- Our purpose is **building better futures** which is the soul of our company and reflects the importance of what we do as a business. It's at the core of Ambition Group and we believe what makes us each proud to work for the organisation.
- Our mission is to **be the leading global boutique recruitment business.** Achieving this is built on lasting relationships, a high degree of trust and delivering on our promise, thereby strengthening our reputation.
- Our values are **Passion, Resourcefulness, Integrity, Drive** and **Enjoyment.** These values express the professional behaviours that we believe in as a company. They are the standards by which we benchmark our decisions and underlie everything we do as a business, forming the bedrock of our beliefs.

Our Three Brands

AccountAbility

AccountAbility is Australia's only pure accounting support recruitment specialist. Starting in 2004 with a team of two, it now has an established presence in Sydney, Parramatta, Melbourne and Brisbane.

ambition

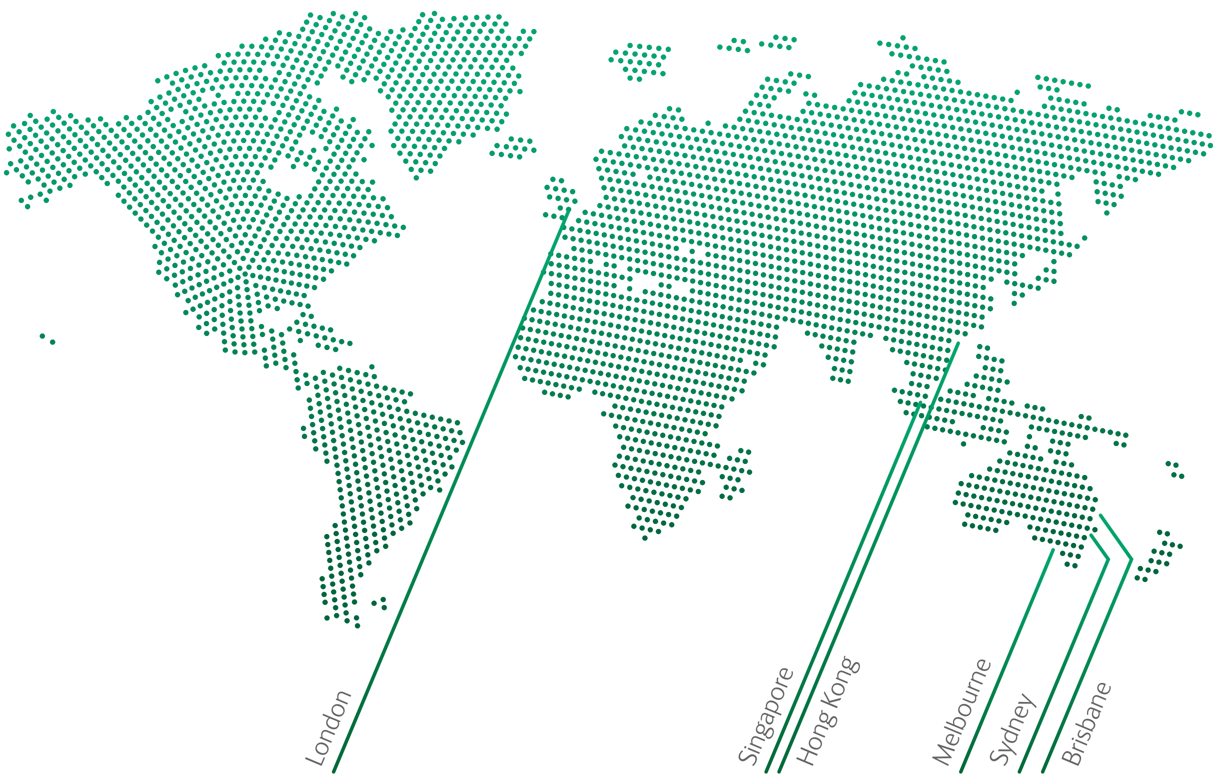
Ambition was established in Australia in August 1999. It is now a leading global boutique recruitment business operating in the finance & accounting, technology, banking & financial services and sales & marketing disciplines across key international cities in Australia, Singapore, Hong Kong and the UK.

Watermark SEARCH INTERNATIONAL

Our executive search brand enjoys an extremely strong reputation as a leader in Chief Executive and other C-level executive hiring as well as Non-Executive Director appointments. Assignments are conducted on a retained basis with an enviably high success rate. Watermark has a balanced client base across manufacturing, infrastructure, mining services, renewable energy, construction and utilities as well as Federal and State Government.

Geographic Coverage

As a global boutique recruitment business, our offices are closely connected. Our management structure is geared towards facilitating communication between offices and our processes and technology go further to support this connection. Ultimately, this means we are well placed to source the hardest to find candidates and to extend client relationships to our international office network.



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 2011 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
Andrew Adamovich

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 Andrew Adamovich. 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. 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 18.

Audit Committee

The committee consists of the non-executive Directors, currently Paul Young and Andrew Adamovich. 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 analysts, significant stakeholders 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 oversight and 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	5	0	5
Other Key Management Personnel	1	0	1
Manager	39	25	64
All other staff	81	117	198
	126	142	268

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 2011.

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
Guy Day

Guy Day was appointed to the Board on 16 May 2011. All other Directors held office from the start of the period to the date of this report.

Principal activity

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

Consolidated Group operating results

The consolidated profit of the Consolidated Group before income tax amounted to $1,654,000 (2010: $2,899,000). The consolidated profit of the Consolidated Group after income tax amounted to $1,316,000 (2010: $1,910,000).

Review of operations

2011 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.

Dividends paid or recommended

There was no interim dividend in the year (2010: nil) and the Directors have not declared a final dividend (2010: nil).

Share issues and grant of options

During the year 975,000 options were granted as part of the Employee Share Option scheme (2010: 500,000), and 727,000 options were cancelled (2010: 825,000). The exercise of these options is subject to service and performance linked vesting conditions.

Financial position

The net assets of the Consolidated Group have increased to $12,626,000 at 31 December 2011 from $10,694,000 at 31 December 2010.

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 2011:

Taxation services	$44,253
Other services	$30,112

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2011 has been received in accordance with s307c of the Corporations Act 2001 and can be found on page 23, 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

In accordance with the ASX listing rule 4.10.18, we are happy to announce that from 26th March 2012 Ambition has a share buy-back scheme whereby shares may be purchased on market if offered to the Company through the nominated brokers (Canaccord BGF and LINWAR Securities). Shares are only purchased between 10:30am and 3:30pm on each trading day and are subject to a maximum 10% of the total issued shares within twelve months from 26th March 2012. An announcement is released to the ASX and is available to shareholders by 9:30am on the day following each purchase.

There are no other 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, 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 and a Director of Thomas and Coffey Limited.

Andrew Adamovich	Director (Non-Executive)
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	794,446 ordinary shares.
Special responsibilities	Member of the Audit Committee and Remuneration Committee.
Directorships in other listed companies	Director of Riverland Capital Limited, Amara Enterprises Limited, Yuan Chuan (Cayman) Limited and China Education Corporation and G2 Therapies Limited.

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 of Arts from Oxford University, England. Since moving to Australia, 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 following independent external advice. 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").

a. Remuneration policy (continued)

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 Company'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 Company'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 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. The shares may vest over a period of up to five years following grant date, and the hurdles are applied in the last two years of the vesting period. 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 [2]
Shares	189,600	21-Oct-08	$0.27	31-Mar-12	N/A	Service & performance hurdles
Shares [3 4 5]	512,770	29-Jun-09	$0.20	31-Mar-14	N/A	Service & performance hurdles
Options [3 5]	1,150,000	29-Jun-09	$0.20	31-Mar-14	30-Jun-14	Service & performance hurdles
Shares [3]	60,000	11-Jun-10	$0.35	31-Mar-14	N/A	Service & performance hurdles
Shares [3 6]	1,500,000	30-Jun-10	$0.30	31-Mar-14	N/A	Service & performance hurdles
Options [3]	250,000	12-Nov-10	$0.37	31-Mar-14	30-Jun-14	Service & performance hurdles
Options [3]	625,000	11-Apr-11	$0.29	31-Mar-14	30-Jun-14	Service & performance hurdles
Options [3]	100,000	28-Nov-11	$0.17	31-Mar-14	30-Jun-14	Service & performance hurdles
Total	4,387,370					

[1] In addition to the above, at 31 December 2011 there were 298,000 options for employees who are no longer with the company, and so the options will not vest.

[2] Performance hurdles are set by the Chief Executive and approved by the Remuneration Committee.

[3] Total issue of 4,197,770 shares and options. 40% (1,679,108) may vest on 31 March 2013 if the performance criteria are met. If not, they will be carried forward to 31 March 2014 when the remaining 60% (2,518,662) also has the potential to vest.

[4] 212,770 of these shares were issued to Key Management Personnel (137,770 to Rick Taylor and 75,000 to Guy Day)

[5] 275,000 of these options were issued to Key Management Personnel (Guy Day)

[6] All of these shares were issued to Key Management Personnel (750,000 each to Paul Lyons and Nick Waterworth).

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 senior manager. 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. In the case of the Chief Executive, this component is tiered based on the 2012 Consolidated Group results in comparison to the 2011 Consolidated Group results. 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 2011 results, 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. Consolidated Group performance and remuneration

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

						Change	
	2011	2010	2009	2008	2007	**2011/10**	2010/09
	$'000	$'000	$'000	$'000	$'000	**%**	%
Profit / (loss) before tax	1,654	2,899	(7,180)	(24,596)	5,608	(42.9%)	140.4%
Net profit / (loss) after tax	1,316	1,910	(7,581)	(24,528)	4,046	(31.1%)	125.2%
	c	c	c	c	c	**%**	%
Basic EPS	2.03	3.02	(13.07)	(48.35)	12.47	(32.8%)	123.1%
Diluted EPS	1.96	2.94	(13.07)	(48.35)	12.43	(33.3%)	122.5%
Dividend	-	-	-	1.50	6.00	-	-
Share Price (31 Dec)	11.00	31.00	32.50	11.00	140.00	(64.5%)	(4.6%)
	$	$	$	$	$	**%**	%
Fixed Remuneration [1]	1,430,898	1,110,000	981,045	1,053,652	987,485	28.8%	13.1%
Performance-based Remuneration [2]	144,331	486,375	(16,226)	457,218	170,198	(70.3%)	3,176.4%
Total Remuneration	**1,575,229**	1,596,375	964,819	1,510,870	1,157,683	**(1.3%)**	65.5%

[1] Includes Guy Day from 1 January 2011

[2] In 2011 only relates to share based payments under the LSP and LTI scheme.

e. Employment contracts of Directors and senior management

The employment conditions of the executive Directors and senior management are formalised in contracts of employment. 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	
2011	Salary and fees $	Non-cash benefits $	Bonuses $	Super $	Shares $	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

2010	Salary and fees $	Non-cash benefits $	Bonuses $	Super $	Shares [2] $	Total $
Directors						
Nick Waterworth	333,197	13,973	200,000	14,830	34,364	596,364
Paul Lyons	386,827	23,343	200,000	14,830	34,364	659,364
Paul Young	-	60,000	-	-	-	60,000
Andrew Adamovich	30,000	-	-	-	-	30,000
	750,024	**97,316**	**400,000**	**29,660**	**68,728**	**1,345,728**
Other Key Management Personnel						
Rick Taylor	213,170	5,000	11,250	14,830	6,397	250,647

[1] Guy Day was appointed to the Board on 16 May 2011. Since 1 January 2011 Guy has had Group wide responsibilites and so his remuneration has been disclosed from that date.
[2] The LSP scheme was granted on 30 June 2010 and therefore only part of a year was expensed.

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
Andrew Adamovich	794,446	-	-	794,446
Key Management Personnel				
Rick Taylor	948,859	-	23,055	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, 12 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	12	12	-	-	-	-
Paul Lyons	12	12	-	-	-	-
Guy Day	7	7	-	-	-	-
Paul Young	12	12	2	2	1	1
Andrew Adamovich	12	12	2	2	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
Executive Chairman
26 March 2012

Chief Executive

Auditor's Independence Declaration

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

26 March 2012

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 2011, 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 Accountant

Consolidated Income Statement

for the year ended 31 December 2011

		Consolidated Group	
		2011	2010
	Note	$'000	$'000
Revenue	2	95,425	98,029
Employee benefits expense		(31,099)	(31,118)
Indirect employment costs		(1,879)	(2,064)
On-hired labour costs		(50,900)	(51,369)
Payroll tax		(703)	(578)
Depreciation and amortisation expense	3	(835)	(917)
Finance costs	3	-	(1)
Advertising and marketing		(1,854)	(1,771)
Computer expenses		(672)	(713)
Rental expense on operating leases	3	(2,476)	(2,405)
Other expenses	3	(3,353)	(4,194)
Profit before income tax expense		**1,654**	**2,899**
Income tax expense	5	(338)	(989)
Profit after income tax expense		**1,316**	**1,910**
Profit / (loss) attributable to:			
Owners of the parent		1,316	1,929
Non Controlling interest		-	(19)
Basic profit per share (cents per share)	8	2.03	3.02
Diluted profit per share (cents per share)	8	1.96	2.94

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	Consolidated Group	
	2011	2010
	$'000	$'000
Profit for the period	**1,316**	**1,910**
Other comprehensive income:		
Exchange difference on translation of foreign operations	(213)	(367)
Total comprehensive profit for the year	**1,103**	**1,543**
Total comprehensive profit / (loss) attributable to:		
Owners of the parent	1,103	1,562
Non Controlling interest	-	(19)

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

Consolidated Statement of Financial Position

as at 31 December 2011

	Note	Consolidated Group 2011 $'000	Consolidated Group 2010 $'000
Current assets			
Cash and cash equivalents	9	6,951	6,234
Trade and other receivables	10	12,557	11,908
Current tax assets	14	84	-
Other current assets	11	178	137
Total current assets		**19,770**	**18,279**
Non-current assets			
Property, plant and equipment	12	1,431	1,699
Intangible assets	13	361	368
Deferred tax assets	14	1,197	1,484
Total non-current assets		**2,989**	**3,551**
Total assets		**22,759**	**21,830**
Current liabilities			
Trade and other payables	15	8,218	8,830
Current tax liabilities	14	5	275
Short-term provisions	16	1,219	1,235
Total current liabilities		**9,442**	**10,340**
Non-current liabilities			
Deferred tax liabilities	14	71	79
Long-term provisions	16	620	717
Total non-current liabilities		**691**	**796**
Total liabilities		**10,133**	**11,136**
Net assets		**12,626**	**10,694**
Equity			
Issued capital		47,553	46,646
Reserves	19b	(3,529)	(3,238)
Accumulated losses	19a	(31,398)	(32,715)
Non-controlling interest		-	1
Total equity		**12,626**	**10,694**

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

Statements of Changes in Equity

for the year ended 31 December 2011

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 2010	46,293	(34,624)	(3,726)	745	8,688	-	8,688
Profit for the year	-	1,929	-	-	1,929	(19)	1,910
Other comprehensive income for the year	-	-	(367)	-	(367)	-	(367)
Total comprehensive income for the year	-	1,929	(367)	-	1,562	(19)	1,543
Transactions with owners in their capacity as owners							
Recognition of share based payments	(146)	-	-	609	463	-	463
Shares issued under employee share plans	499	-	-	(499)	-	-	-
Changes in ownership interest	-	(20)	-	-	(20)	20	-
Balance as at 31 December 2010	**46,646**	**(32,715)**	**(4,093)**	**855**	**10,693**	**1**	**10,694**
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**

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2011

	Note	Consolidated Group 2011 $'000	Consolidated Group 2010 $'000
Cash flows from operating activities			
Receipts from customers		106,438	105,986
Payments to suppliers and employees		(104,633)	(101,232)
Income tax paid		(586)	(676)
Interest and other costs of finance paid		-	(1)
Net cash provided by operating activities	**20(a)**	**1,219**	**4,077**
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(631)	(1,389)
Interest received		137	102
Net cash (used in) investing activities		**(494)**	**(1,287)**
Cash flows from financing activities			
Payment for share issue costs		-	(22)
Net cash (used in) financing activities		**-**	**(22)**
Net increase in cash held		**725**	**2,768**
Cash at the beginning of financial year		**6,234**	**3,795**
Effect of exchange rates on cash holdings in foreign currencies		(8)	(329)
Cash at the end of the financial year	**9**	**6,951**	**6,234**

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

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 26 March 2012.

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 completion of an assignment.

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 measured at fair value 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.

s. Adoption of new Accounting Standards

Where necessary, information for the previous period has been represented to conform to changes in presentation in the current financial year.

1. Significant Accounting Policies (continued)

t. 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.

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

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 not yet effective which are relevant to Ambition

AASB 2010-8 Deferred Tax: Recovery of Underlying Assets

- Effective for annual reporting periods beginning on or after 1 January 2012
- Expected to be initially applied in the financial year ending 31 December 2012

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9

- Effective for annual reporting periods beginning on or after 1 January 2013
- Expected to be initially applied in the financial year ending 31 December 2013

AASB 10 Consolidated Financial Statements

- Effective for annual reporting periods beginning on or after 1 January 2013
- Expected to be initially applied in the financial year ending 31 December 2013

AASB 13 Fair Value Measurement

- Effective for annual reporting periods beginning on or after 1 January 2013
- Expected to be initially applied in the financial year ending 31 December 2013

AASB 2011-9 Presentation of Items of Other Comprehensive Income

- Effective for annual reporting periods beginning on or after 1 January 2013
- Expected to be initially applied in the financial year ending 31 December 2013

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

- Effective for annual reporting periods beginning on or after 1 January 2014
- Expected to be initially applied in the financial year ending 31 December 2014

2. Revenue

	Consolidated Group	
	2011	**2010**
	$'000	**$'000**
Recruitment services revenue	95,288	97,927
Interest received	137	102
Total revenue	**95,425**	**98,029**

3. Profit from ordinary activities

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

Finance costs		
- interest expense	-	1
	-	**1**
Depreciation of plant and equipment	547	636
Amortisation of software and web development	288	281
	835	**917**
Rental expense on operating leases		
- minimum lease payments	2,476	2,405
- Share based payments expense	191	653
Other expenses		
- property	733	764
- release of employee bonus accrued in the prior year but not utilised	(374)	-
- professional fees	581	741
- travel	724	750
- entertainment	620	677
- telephone	403	417
- bad and doubtful debt provision	(6)	165
- other	672	680
	3,353	**4,194**

4. Dividends

Adjusted franking account balance	2,116	1,846

The Directors have not declared a final dividend.

5. Income tax expense

	Consolidated Group	
	2011	**2010**
	$'000	**$'000**
a. The components of tax expense comprise:		
Current tax	139	1,180
Deferred tax / (income)	279	(303)
(Over) / under provision in respect of prior years	(80)	112
Income tax expense	**338**	**989**
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:	1,654	2,899
- Consolidated Group	496	870
Add tax effect of:		
- other non deductible expenses	45	97
- tax assets not brought to account	23	188
Less tax effect of:		
- overseas tax differential	(146)	(278)
- (over) / under provision in prior period	(80)	112
	338	**989**
Applicable weighted average effective tax rates	20%	34%

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 [2]
Shares	189,600	21-Oct-08	$0.27	31-Mar-12	N/A	Service & performance hurdles
Shares [3 4 5]	512,770	29-Jun-09	$0.20	31-Mar-14	N/A	Service & performance hurdles
Options [3 5]	1,150,000	29-Jun-09	$0.20	31-Mar-14	30-Jun-14	Service & performance hurdles
Shares [3]	60,000	11-Jun-10	$0.35	31-Mar-14	N/A	Service & performance hurdles
Shares [3 6]	1,500,000	30-Jun-10	$0.30	31-Mar-14	N/A	Service & performance hurdles
Options [3]	250,000	12-Nov-10	$0.37	31-Mar-14	30-Jun-14	Service & performance hurdles
Options [3]	625,000	11-Apr-11	$0.29	31-Mar-14	30-Jun-14	Service & performance hurdles
Options [3]	100,000	28-Nov-11	$0.17	31-Mar-14	30-Jun-14	Service & performance hurdles
Total	4,387,370					

[1] In addition to the above, at 31 December 2011 there were 298,000 options for employees who are no longer with the company, and so the options will not vest.

[2] Performance hurdles are set by the Chief Executive and approved by the Remuneration Committee.

[3] Total issue of 4,197,770 shares and options. 40% (1,679,108) may vest on 31 March 2013 if the performance criteria are met. If not, they will be carried forward to 31 March 2014 when the remaining 60% (2,518,662) also has the potential to vest.

[4] 212,770 of these shares were issued to Key Management Personnel (137,770 to Rick Taylor and 75,000 to Guy Day)

[5] 275,000 of these options were issued to Key Management Personnel (Guy Day)

[6] All of these shares were issued to Key Management Personnel (750,000 each to Paul Lyons and Nick Waterworth).

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. The plan has no vesting requirements. Eight employees participated in the plan during the financial year.

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.

	2011 No. '000	2010 No. '000
LTI shares held by the trust at the start of the year	2,746	2,953
Issued during the year	-	-
Transferred during the year	(224)	(207)
Sold during the year	-	-
LTI shares held by the trust at the end of the year	**2,522**	**2,746**
LTI shares held by the trust that are fully vested and already included in share capital	1,760	1,789
LTI shares held by the trust that are unvested and included in the Equity Settled Employee Benefits Reserve	762	957
LTI shares held by the trust at the end of the year	**2,522**	**2,746**

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

	2011 No. '000	2010 No. '000
LSP shares held by the trust at the start of the year	3,917	4,270
Issued during the year	-	-
Transferred during the year	(1,105)	(256)
Sold during the year	-	(97)
LSP shares held by the trust at the end of the year	**2,812**	**3,917**
LSP shares held by the trust that are fully vested and already included in share capital	1,312	2,417
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	**2,812**	**3,917**

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:

	2011 No. '000	2010 No. '000
Options at the start of the year	2,175	2,500
Issued during the year		
Zero priced options granted 11.4.11 expiring 29.06.14	875	-
Zero priced options granted 25.11.11 expiring 29.06.14	100	-
Zero priced options granted 12.11.10 expiring 29.06.14	-	500
Cancelled during the year	(727)	(825)
Exercised during the year	-	-
Closing	**2,423**	**2,175**
Total number issued to employees since start	5,615	4,640
Total number cancelled to employees since start	3,192	2,465
Net options	2,423	2,175

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 is as follows:

	2011 No. '000	2010 No. '000
Long Term Incentive Plan shares	762	957
Loan Share Plan shares	1,500	1,500
Share Option Plan	2,423	2,175

7. Auditor's remuneration

	Consolidated Group	
	2011 $	2010 $
Remuneration of the auditor of the Consolidated Group for:		
Audit services		
- Australian firm	113,204	101,120
- other auditors	79,243	77,000
Taxation services	-	-
- Australian firm	24,185	27,880
- other auditors	20,068	19,500
Other services	-	-
- Australian firm - tax compliance and other services	26,587	26,367
- other auditors	3,525	2,645
	266,812	**254,512**

The auditor of Ambition Group Limited is Deloitte Touche Tohmatsu

8. Earnings per share ('EPS')

	Consolidated Group	
	2011	2010
Basic earnings / (loss) per share (cents per share)	2.03	3.02
Diluted earnings / (loss) per share (cents per share)	1.96	2.94
Profit / (loss) used in calculation of basic EPS ($)	1,315,589	1,928,865
Profit / (loss) used in calculation of dilutive EPS ($)	**1,315,589**	**1,928,865**

	Number '000	Number '000
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	64,751,374	63,784,704
Weighted average number of options outstanding	2,373,630	1,748,973
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive EPS	**67,125,004**	**65,533,677**

2,419,580 Treasury shares (2010: 2,686,694) 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	
	2011 $'000	2010 $'000
Cash at bank	6,951	6,234

10. Receivables

	Consolidated Group 2011 $'000	2010 $'000
Current		
Trade debtors	11,366	10,381
Provision for impairment	(323)	(329)
Other debtors	1,514	1,856
	12,557	**11,908**

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 $323,000 (2010: $329,000) has been recorded accordingly. 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	10,989	10,594
Trade debtors - past due but not impaired		
More than 3 months but not more than 6 months	440	237
More than 6 months but not more than 1 year	-	(450)
More than 1 year	(63)	-
	11,366	**10,381**

Average Days Sales Outstanding for 2011 was 38.5 days (2010: 37.3 days).

11. Other assets

Current		
Prepayments	**178**	**137**

12. Property, plant and equipment

	Consolidated Group 2011 $'000	Consolidated Group 2010 $'000
Leasehold improvements - at cost	3,349	3,142
Accumulated depreciation	(2,204)	(1,846)
Net Book Value	**1,145**	**1,296**
Office equipment - at cost	434	458
Accumulated depreciation	(321)	(284)
Net Book Value	**113**	**174**
Furniture and fittings - at cost	448	448
Accumulated depreciation	(382)	(322)
Net Book Value	**66**	**126**
Computer hardware - at cost	1,319	1,363
Accumulated depreciation	(1,212)	(1,260)
Net Book Value	**107**	**103**
Total Net Book Value of property, plant and equipment	**1,431**	**1,699**

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**

Year ended 31 December 2010 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	546	173	169	159	1,047
Foreign exchange movement	(93)	(6)	(1)	1	(99)
Depreciation expense	(344)	(80)	(73)	(139)	(636)
Additions	1,187	87	31	82	1,387
Carrying amount at the end of the year	**1,296**	**174**	**126**	**103**	**1,699**

13. Intangible assets

	Consolidated Group 2011 $'000	Consolidated Group 2010 $'000
Computer software - at cost	1,511	1,244
Web development - at cost	704	690
Accumulated amortisation	(1,854)	(1,566)
	361	**368**

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**

Year ended 31 December 2010 Movements in carrying amounts	Software $'000	Web Development $'000	Total $'000
Consolidated Group			
Balance at the beginning of the year	273	111	384
Foreign exchange movement	1	(1)	-
Amortisation	(226)	(55)	(281)
Additions	263	2	265
Carrying amount at the end of the year	**311**	**57**	**368**

14. Tax

	Consolidated Group 2011 $'000	Consolidated Group 2010 $'000
a. Liabilities		
Current		
Income tax payable	5	275
Non-current		
Deferred tax liabilities comprise:		
- Share-based payments	71	79
b. Assets		
Current		
Income tax receivable	84	-
Non-current		
Deferred tax assets comprise:		
- Provisions	1,197	1,484
c. Reconciliations of deferred tax		
i. Gross movements		
Opening balance	1,405	927
Reclassified from current tax liabilities	-	175
(Charged) / released to income statement	(279)	303
Closing balance	**1,126**	**1,405**
ii. Deferred tax liability		
The movements in deferred tax liability for each temporary difference during the year are as follows:		
Opening balance	79	270
(Released) to income statement	(8)	(191)
Closing balance	**71**	**79**
iii. Deferred tax asset		
The movements in deferred tax asset for each temporary difference during the year are as follows:		
Opening balance	1,484	1,197
Reclassified from current tax liabilities	-	175
(Charged) / released to income statement	(287)	112
Closing balance	**1,197**	**1,484**
d. Unrecognised deferred tax assets		
Deferred tax assets not recognised at the reporting date:		
- Tax losses	2,265	2,142

The unrecognised tax losses will not expire.

15. Trade and other payables

	Consolidated Group	
	2011	**2010**
	$'000	**$'000**
Current		
Trade and other payables	8,218	8,830
	8,218	**8,830**

16. Provisions

Current		
Employee benefits	1,091	1,107
Provision for onerous contracts	128	128
	1,219	**1,235**
Non-current		
Employee benefits	65	52
Provision for onerous contracts	164	292
Make Good Provision	391	373
	620	**717**
Employee entitlements		
Balance at 1 January	1,159	1,204
Additional provisions	1,324	2,168
Amounts used	(1,327)	(2,213)
Balance at 31 December	**1,156**	**1,159**
Onerous lease provision		
Balance at 1 January	420	1,006
Amounts used	(128)	(586)
Balance at 31 December	**292**	**420**

A provision has been recognised for employee entitlements for long service leave. 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 % 2011	Parent Entity Interest % 2010
Parent Entity			
Ambition Group Limited [2]	Australia	–	–
Controlled Entity			
AccountAbility Business Services [3 4]	Australia	–	100
Ambition Corporate Services Pty Limited [3]	Australia	100	100
Ambition Interactive Pty Limited [3 5]	Australia	–	100
Ambition Property Services Pty Limited [3 5]	Australia	–	100
Ambition Recruit Pty Limited [3]	Australia	100	100
Contracting Employment Services Pty Limited [3]	Australia	100	100
McGinty Recruitment Pty Limited [3]	Australia	100	100
People with Ability Pty Limited [3]	Australia	100	100
Watermark Search International Pty Limited [1 3]	Australia	100	80
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 Direct Limited	UK	100	100
Ambition Europe Limited (formerly Witan Jardine Holdings Limited)	UK	100	100
The Ambition Group Limited	UK	100	100
The Ambition Group Limited	Hong Kong	100	100
Ambition Group Singapore PTE Limited	Singapore	100	100
Ambition Recruitment International Limited [6]	Ireland	–	100
The Ambition Group Limited [7]	New Zealand	–	100

[1] On 30 September 2011 following the disposal of HunterBligh, a division of Watermark HunterBligh, Ambition Group Limited's shareholding in Watermark Search International Pty Limited increased to 100%. The entity was renamed Watermark Search International Pty Limited.

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

[3] These companies are members of the tax-consolidated group. For companies deregistered during the year this was until date of deregistration.

[4] On 11 January 2012 this dormant entity was deregistered.

[5] On 4 May 2011 these dormant entities were deregistered.

[6] On 14 November 2011 this dormant entity was deregistered.

[7] On 1 January 2011 this dormant entity was deregistered.

18. Contributed equity

a. Ordinary shares

67,170,954 (2010: 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.

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

	Consolidated Group	
	2011	2010
b. Options	No. '000	No. '000
Balance at the beginning of the year	2,175	2,500
Options issued during the year	975	500
Options expired during the year	(727)	(825)
Balance at reporting date	**2,423**	**2,175**
c. Treasury shares		
Balance at the beginning of the year	4,785	5,483
Issued during the year	-	-
Vested during the year	(2,365)	(698)
Balance at reporting date	**2,420**	**4,785**

2,099,000 of the treasury shares vested in the year is due to the vesting of the employee loan share plan related to the capital raising in 2009.

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 2011, no interim dividend was paid and the Directors have not declared a final dividend.

	Consolidated Group	
	2011	2010
	$'000	$'000
Total borrowings	-	-
Total equity	**12,626**	**10,694**
Total capital	**12,626**	**10,694**
Gearing ratio	**0%**	**0%**

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

19. Accumulated losses and reserves

	Consolidated Group	
	2011	**2010**
a. Movement in accumulated losses	**$'000**	**$'000**
Balance at 1 January	(32,715)	(34,624)
Net profit	1,316	1,929
Changes in ownership interest	1	(20)
Balance at 31 December	**(31,398)**	**(32,715)**

b. Reserves		
Foreign currency translation reserve		
Balance at 1 January	(4,093)	(3,726)
Revaluation of foreign subsidiary assets and liabilities	(213)	(367)
Balance at 31 December	**(4,306)**	**(4,093)**
Equity settled employee benefits reserve		
Balance at 1 January	855	745
Recognition of share based payments	181	609
Vesting of employee share scheme	(259)	(499)
Balance at 31 December	**777**	**855**
Total reserves	**(3,529)**	**(3,238)**

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 2011 $'000	2010 $'000
Profit from ordinary activities after income tax	1,316	1,910
- Interest received	(137)	(102)
Non-cash flows in profit from ordinary activities		
- Amortisation of intangible assets	288	281
- Depreciation	547	636
- Income tax expense	338	989
Changes in assets and liabilities		
- (Increase) in trade debtors	(873)	(1,945)
- Decrease in prepayments	8	93
- Decrease / (Increase) in other debtors	374	(835)
- (Decrease) / Increase in trade creditors and accruals	(639)	3,076
- (Decrease) in provisions	(3)	(26)
Cash flows from operations	**1,219**	**4,077**

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 2011, 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	
Financial assets	**2011 $'000**	2010 $'000	**2011 %**	2010 %
Cash (floating interest)	6,951	6,234	0.00%	0.02%

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 2011, the Consolidated Group's liabilities have contractual maturities which are summarised below:

	Current		Non-current					
	within 12 months		1 to 2 years		2 to 5 years		more than 5 years	
	2011	2010	2011	2010	2011	2010	2011	2010
	'000	'000	'000	'000	'000	'000	'000	'000
Trade payables	8,218	8,830	-	-	-	-	-	-
Provision for employee entitlements	1,091	1,107	25	-	40	32	-	20
Other short term financial liabilities	5	275	-	-	-	-	-	-
Provision for make good	-	-	79	144	312	229	-	-
Provision for onerous leases	128	128	164	155	-	137	-	-
Total	**9,442**	**10,340**	**268**	**299**	**352**	**398**	**-**	**20**

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	
	2011	**2010**
	$'000	**$'000**
Classes of financial assets-carrying amounts		
Cash and cash equivalents	6,951	6,234
Trade and other receivables	12,557	11,908
Current tax assets	84	-
	19,592	**18,142**

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

vi. 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	
	2011	**2010**
	$'000	**$'000**
Payable:		
- not longer than 1 year	2,474	2,352
- longer than 1 year but not longer than 2 years	2,174	2,016
- longer than 2 years but not longer than 5 years	1,903	2,867
- longer than 5 years	1,901	2,425
	8,452	**9,660**

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 $128,000 less than 1 year, and $164,000 between 1 and 2 years. These have not been adjusted for in the disclosure of lease commitments.

23. Contingent liabilities

	Consolidated Group	
	2011	2010
	$'000	$'000
Bank guarantees in relation to property leases	634	814

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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
a. Revenue										
External revenue	64,127	62,404	8,477	10,671	22,684	24,852	-	-	95,288	97,927
Interest revenue	136	101	-	-	1	1	-	-	137	102
Total segment revenue	**64,263**	**62,505**	**8,477**	**10,671**	**22,685**	**24,853**	**-**	**-**	**95,425**	**98,029**
b. Result										
Profit / (loss) before income tax	2,209	3,980	1,154	1,765	(264)	(568)	(1,445)	(2,278)	1,654	2,899
Income tax (expense) / income	(645)	(1,338)	(127)	(334)	-	-	434	683	(338)	(989)
Profit / (loss) after income tax	**1,564**	**2,642**	**1,027**	**1,431**	**(264)**	**(568)**	**(1,011)**	**(1,595)**	**1,316**	**1,910**

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.

	2011 $'000	2010 $'000
Amounts owing to Directors - Directors' fees	-	96
Amounts owed by Rick Taylor [1]	-	27
Group Management Fees owed (to) / by subsidiaries to the parent entity	(608)	806
Interest from subsidiary [2]	-	49
Rental expense for Watermark HunterBligh property [3]	40	53

[1] In 2009 Rick Taylor took part in the Employee Loan Share Plan which is detailed in Note 6. The initial loan was for $93,000 of which $66,000 had been repaid by 31 December 2010. The remainder of the loan was repaid in August 2011 in accordance with the terms of the scheme.
[2] The loan that gave rise to this interest became non-interest bearing on 20 January 2010.
[3] 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:

	2011 $'000	2010 $'000
Short-term employee benefits	1,380	1,477
Post-employment benefits	51	44
Share-based payment	144	75
	1,575	**1,596**

The compensation of each member of Key Management Personnel of the Group is set out on page 21 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

In accordance with the ASX listing rule 4.10.18, we are happy to announce that from 26th March 2012 Ambition has a share buy-back scheme whereby shares may be purchased on market if offered to the Company through the nominated brokers (Canaccord BGF and LINWAR Securities). Shares are only purchased between 10:30am and 3:30pm on each trading day and are subject to a maximum 10% of the total issued shares within twelve months from 26th March 2012. An announcement is released to the ASX and is available to shareholders by 9:30am on the day following each purchase.

There are no other 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 2011

	Parent Entity 2011 $'000	2010 $'000
Revenue	-	855
Management fees	(608)	-
Write off intercompany loan	-	(1,890)
(Loss) before income tax expense	**(608)**	**(1,035)**
Income tax income / (expense)	182	(256)
(Loss) after income tax expense	**(426)**	**(1,291)**

Parent Entity Statement of Financial Position

as at 31 December 2011

	Parent Entity 2011 $'000	2010 $'000
Current assets		
Cash and cash equivalents	1	5
Trade and other receivables	188	-
Current tax assets	84	-
Total current assets	**273**	**5**
Non-current assets		
Financial assets	17,215	17,769
Total non-current assets	**17,215**	**17,769**
Total assets	**17,488**	**17,774**
Current liabilities		
Trade and other payables	-	287
Current tax liabilities	-	79
Short-term provisions	128	128
Total current liabilities	**128**	**494**
Non-current liabilities		
Long-term provisions	164	292
Total non-current liabilities	**164**	**292**
Total liabilities	**292**	**786**
Net assets	**17,196**	**16,988**
Equity		
Issued capital	50,049	49,117
Reserves	557	855
Accumulated losses	(33,410)	(32,984)
Total equity	**17,196**	**16,988**

Directors' Declaration
for the year ended 31 December 2011

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 24 to 56, 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 2011 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
Executive Chairman

Guy Day
Chief Executive

26 March 2012

Independent Auditor's Report

Deloitte.

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

Report on the Financial Report

We have audited the accompanying financial report of Ambition Group Limited which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated 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 24 to 57.

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 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 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 entity'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 entity'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.

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

Deloitte.

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 company's and consolidated entity's financial position as at 31 December 2011 and of their performance for the year ended on that date; and

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

(b) the 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 18 to 22 of the directors' report for the year ended 31 December 2011. 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 2011, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants
Sydney, 26 March 2012

Additional Information

1. Shareholdings

a. Distribution of security holders numbers (as at 29 February 2012)

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	181	52	149	70

b. The number of shareholders holding less than a marketable parcel is 207 (2010: 96).

c. Names of the substantial shareholders listed on the Company's register (as at 29 February 2012)	Number
Victor John Plummer	13,382,005
Nicholas Waterworth and associates	6,327,439
Paul Lyons and associates	4,454,587
Austock Nominees Pty Ltd	3,475,710

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 29 February 2012)	Number	%
Victor John Plummer	13,382,005	19.92%
Little Acorns Investments Pty Ltd	4,257,692	6.34%
Austock Nominees Pty ltd	3,475,710	5.17%
James N Kirby Holdings Pty Ltd	2,963,623	4.41%
Ambition Employee Share Managers Pty Limited (ELSP)	2,678,667	3.99%
Penguin Head investments Pty Ltd	2,551,554	3.80%
Ambition Employee Share Managers Pty Limited (DESP)	2,446,861	3.64%
Dixson Trust Pty Ltd	2,325,260	3.46%
Mr Guy Nicholas Day	2,200,000	3.28%
HSBC Custody Nominees (Australia) Limited	2,170,198	3.23%
Mr John Hamilton Aboud	1,723,050	2.57%
Andrew John Winterburgh	1,282,199	1.91%
Megwil Pty Ltd	1,056,837	1.57%
P & L Lyons Pty Ltd	885,945	1.32%
Riverland Capital Ltd	794,446	1.18%
Waterby Investments Pty Ltd	757,721	1.13%
Mr Richard M Taylor	725,880	1.08%
Clapsy Pty Ltd	715,999	1.07%
Mr Paul Anthony Young	678,266	1.01%
Bannaby Investments Pty Ltd	674,260	1.00%
	47,746,173	71.08%

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Corporate Directory

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

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

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115 Grenfell Street
Adelaide SA 5000

Stock Exchange Listing

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

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

Ambition Group Limited

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