

# 2015 ANNUAL REPORT

Ambition Group Limited

“ An inch wide  
and a mile deep....  
with an international reach ”

ambition

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## Chairman's Letter

Dear Fellow Shareholders,

We were pleased with a strong year of progress for our specialist international recruitment and contracting group. 2015 saw increased full-year revenue and profit and resulted in the announcement of the payment of a 1 cent per share fully franked dividend.

**Highlights are:**

- Revenue grew 19.8% to \$107.2m from \$89.5m in 2014
- Net fee income increased 15.2% to \$46m from \$39.9m in 2014
- EBITDA after restructuring costs was \$2.4m compared to \$0.8m<sup>1</sup> in 2014
- Profit before tax was \$1.7m compared to \$0.03m in 2014
- Cash at year-end was \$6.5m, up from \$5.2m in 2014
- Balance sheet contains zero debt and no goodwill

<sup>1</sup> 2014 includes \$0.9m restructuring costs

## Chairman's Letter (cont.)

During 2014 we committed to a simple, clear strategic plan.

We continue to focus on building real expertise in a small number of white-collar disciplines across our network in major cities in Australia, Asia and the UK – 'inch wide, mile deep'.

The plan is centred on providing timely, relevant and valuable services to clients and candidates through a stimulating and technology-enabled environment for our staff. Our immediate aim was to restore a reasonable level of profitability in 2015 and to rebuild a firm base from which we can achieve further growth and fulfil the potential of which the Ambition team is capable. We still have a lot to achieve and, notwithstanding the well-publicised issues experienced by the global economy, we have made a good start.

Reflecting the benefits of the initiation of the plan, revenue increased by 19.8% with growth coming from all regions; Australia (up 17%), Asia (up 41.4%) and the UK (up 11.6%). Earnings before tax grew from around breakeven in 2014 to \$1.7m (after corporate overheads).


In Australia, the three brands (Ambition, AccountAbility and Watermark Search) performed strongly, producing profit before tax of \$2.8m, a significant increase on the \$1.8m in 2014.

The Asian operations posted a small profit of \$0.1m, as we invested in the newer offices in Malaysia and Japan. We continue to see meaningful opportunities for Ambition in Asia.

The UK business also delivered an improved performance to post a profit of \$0.3m following the 2014 profit of \$0.1m.

We have a robust balance sheet including a strong net cash position and zero debt.

Most importantly, I would like to thank our team of people around the world for another year of hard work – the inspiration you bring to our business is invaluable and gives us tremendous optimism for the future.



Nick Waterworth  
Co-Founder & Executive Chairman

# Corporate Governance Statement

## Compliance with ASX Good Practice Recommendations

Ambition is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board has adopted a comprehensive framework of Corporate Governance Guidelines, designed to balance performance and conformance. Throughout the 2015 financial year, Ambition's governance arrangements were consistent with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council, except as disclosed below.

The Board and management of Ambition recognise the benefits of independence and support the ASX guidelines in this regard. During the year an additional independent non-executive director with extensive commercial experience, deep consulting skills and many years of working in Asia was appointed.

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

## Board composition and charter

At the balance sheet date, the Board comprised three Non-Executive Directors, and the Executive Chairman as follows:

Nick Waterworth (Executive Chairman)

Cathy Doyle

Paul Young

Richard Petty

On 20th January 2014, Nick Waterworth was appointed Executive Chairman. Mr Waterworth is also a major shareholder in the Company. Given the depth of his company experience and industry standing, he is considered to be excellently placed to serve as Executive Chairman, notwithstanding that pursuant to the ASX recommendation he is not considered as an "independent" Chairman. The Deputy Chairman, Paul Young, is an independent Director, other than he has a greater than 5% shareholding. The Non-Executive Directors will meet as necessary without the Executive Chairman present. For these reasons the ASX recommendation for an independent Chairman has not been adopted.

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.

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

- Setting the strategic direction
- Overseeing and directing the Consolidated Group on behalf of shareholders
- Appointing and removing key executive officers
- Approving operating and capital budgets
- Providing overall policy guidance and ensuring policies and procedures for corporate governance and risk management are in place and the business is in compliance with regulatory obligations and ethical standards
- Monitoring senior management performance
- Reviewing and approving key executive remuneration
- Monitoring the financial performance of the Consolidated Group

## Corporate Governance Statement (cont.)

The Board has established the following committees:

- Audit and Risk Committee
- Remuneration, Human Resources and Nominations Committee

Responsibility for the day-to-day management of the Consolidated Group is delegated by the Board to the Executive Chairman assisted by the management team. The Executive Chairman manages the Consolidated Group 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 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.

The Non-Executive Directors meet a number of times during the year independently of the Executive Chairman.

### **Remuneration, Human Resources and Nominations Committee**

The Remuneration, Human Resources and Nominations Committee currently consists of three Non-Executive Directors, Cathy Doyle, Richard Petty and Paul Young. The Chairman, Cathy Doyle, 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 Executive Directors
- Remuneration and Incentive Policies for Senior Management (including KMP)
- 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 at least twice a year or as otherwise required. The meeting is minuted and the minutes tabled at the next convenient Board meeting.

### **Remuneration policies**

The Remuneration, Human Resources and Nominations Committee has developed a policy for Senior Management (including executive KMP) after consultation with an independent remuneration consultant Crichton & Associates Pty Ltd. The policy provides for the payment of a base remuneration, including superannuation and non-cash benefits, plus a short-term and long-term performance incentive for executives. The short-term performance incentive is based on a number of factors but primarily on the profitability of the divisions for which Senior Management are directly responsible. Any performance incentive is paid annually up to a maximum level after completion of the annual external audit of the Consolidated Group's accounts, with any excess over the maximum paid in the following year. The long-term performance incentive is based on service and performance criteria under the Ambition Employee Share Incentive Plan. The level of remuneration is set to ensure the Consolidated Group is able to attract and retain employees of a high calibre.

## Corporate Governance Statement (cont.)

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

A detailed review of KMP and Senior Management policies and structures is contained in the Remuneration Report.

### Audit and Risk Committee

The committee currently consists of the three Non-Executive Directors, Cathy Doyle, Richard Petty and Paul Young. All members are financially literate, with two members having professional financial expertise. The Chairman, Paul Young, is not the Chairman of the Board. The roles and responsibilities of the Audit and Risk 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
- Report to the Board on all matters that are relevant to the Committee's roles and responsibilities

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 is the secretary of the Committee. The meetings are 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.

## Corporate Governance Statement (cont.)

### Share trading

Employees of Ambition may only trade the Consolidated Group's shares during open periods. These periods are advised by the Consolidated Group's Company Secretary or Executive 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 Executive Chairman is responsible for communication with significant stakeholders, analysts and the business community in general. The Consolidated Group's Company Secretary is responsible for communication with the ASX and other regulatory bodies.

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

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

### Recognise and manage risk

Management has assessed the material business risks as being data protection and brand reputation and have policies in place for the management of these risks. The Board has received assurances from the Executive Chairman 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 extremely proud of its multicultural team with employees from over 12 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 committed to fostering gender diversity in its workforce. The following table shows the split of genders throughout the Group as at the balance sheet date.

	Male	Female	Total
Board	3	1	4
Other Key Management Personnel	1	0	1
Manager	25	29	54
All other staff	69	135	204
	98	165	263

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. Ambition has also recently created a new division known as Gender Diversity to provide a core focus on an area of recruitment that is growing in both awareness and need.



# Directors' Report

The Directors of Ambition Group Limited ("the Company" or "Ambition") present their report on the Company and its controlled entities ("the Consolidated Group") for the year ended 31 December 2015.

## Directors

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

Nick Waterworth (Executive Chairman)

Cathy Doyle

Paul Young

Richard Petty

## Principal activity

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

## Consolidated Group operating results

The consolidated profit of the Consolidated Group before income tax amounted to \$1,657,610 (2014: \$34,000).

The consolidated profit of the Consolidated Group after income tax amounted to \$1,005,959 (2014: loss of \$144,000).

## Operational review

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

Ambition undertakes permanent and contracting recruitment via three brands:

- Ambition
- AccountAbility
- Watermark Search

The latter two brands only operate in Australia.

Ambition employs 263 staff through offices in Sydney, Melbourne, Brisbane and Parramatta in Australia; Hong Kong, Singapore, Kuala Lumpur and Tokyo in Asia; and London in the United Kingdom.

	Australia	Asia	United Kingdom	Total
Revenue contribution (\$'000)	\$77,351	\$17,966	\$11,926	\$107,243
Offices	5	4	1	10
Employees	114	103	46	263

## Directors' Report (cont.)

### Financial review

	2011	2012	2013	2014	2015
Revenue (\$'000)	95,288	87,427	82,930	89,487	107,243
Net Fee Income (\$'000)	44,388	39,084	37,440	39,913	45,994
Net Fee Income %	46.6	44.7	45.1	44.6	42.9
EBITDA <sup>1</sup> before Restructuring costs (\$'000)	2,352	1,207	127	1,693	2,429
EBITDA <sup>1</sup> after Restructuring costs (\$'000)	2,352	1,207	(614)	809	2,429
EBIT <sup>2</sup> (\$'000)	1,517	171	(1,530)	14	1,664
Profit / (loss) before tax (\$'000)	1,654	306	(1,457)	34	1,658
Net Profit / (loss) after tax (\$'000)	1,316	69	(1,434)	(144)	1,006
Total comprehensive income attributable to owners of the parent (\$'000)	1,103	93	(673)	83	1,121

<sup>1</sup> Earnings before interest, tax, depreciation and amortisation (EBITDA)

<sup>2</sup> Earnings before interest and tax (EBIT).

Ambition successfully implemented a strategic and organisational restructuring plan in 2014 which has positioned Ambition in step with the future of the recruitment industry.

In 2015, Ambition set out with the objective of improving profitability and better aligning the business to its core strategic focus areas, with a philosophy of “A drive for simplicity, clarity and a crystal clear focus on results” guiding throughout the year.

Revenue for the year increased by 19.8% from \$89.5m last year to \$107.2m with growth coming from all areas of the business: Australia (up 17%), Asia (up 41.4%) and the UK (up 11.6%). Net fee income increased by 15.2% from \$39.9m to \$46m, though net fee income margins fell slightly by 1.7% from 44.6% to 42.9%.

EBITDA (Earnings before interest, tax, depreciation and amortisation) before restructuring costs grew by \$0.7m to \$2.4m reflecting the benefits of the restructuring strategies in the prior year and increased revenues.

The Australian operations performed strongly, producing a significant increase in profitability, with a profit before tax of \$2.8m compared with a profit of \$1.8m in the prior year. The Asian operations posted a small profit of \$0.1m, and the UK operations also delivered an improved performance to post a small profit of \$0.3m following last year's profit of \$0.1m.

The profit before tax improved by \$1.6m.

## Directors' Report (cont.)

### Operating cash flow and gearing

	2011	2012	2013	2014	2015
Operating cash flow \$'000	1,219	(354)	(1,051)	156	2,429
Net cash \$'000	6,951	6,457	5,225	5,222	6,534

Cash flow from operating activities was \$2.4m (2014: \$0.2m) largely reflecting the results for the year offset by working capital requirements. A positive net cash position was maintained throughout the year, with fluctuations in cash from working capital requirements managed and no requirement to draw on debt facilities.

### Review of net assets

	2011	2012	2013	2014	2015
Net assets \$'000	12,626	12,130	11,503	11,728	13,204
Net tangible assets <sup>1</sup> \$'000	12,265	11,764	11,113	11,439	12,739

<sup>1</sup> Calculated as net assets minus intangible assets such as computer software and web development.

At 31 December 2015, Ambition had net assets of \$13.2m (2014: \$11.7m) and net tangible assets of \$12.7m (2014: \$11.4m). The only material movement was the effect of the profit for the year offset by positive foreign currency translation reserve movements of \$0.2m and the recognition of share based payments of \$0.2m.

### Key Business Strategies and Risks

#### *Specialise, specialise, specialise*

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

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

#### *Good to great to sustainable*

We implemented our good to great programme in 2015 and have now added the drive for sustainability. This will be achieved by supplementing our strong permanent placement revenue with an increasing component of contracting and other annuity style income. This is reasonably mature for us in Australia and in relatively early stages in Asia and the UK.

#### *Outward orientation*

Now more than ever we are interacting with our clients and candidates in order to fine-tune services and innovate our offerings. We are approaching this informally every day through the normal course of business and also formally via the Ambition Innovation Program.

#### *Business cyclical*

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

## Directors' Report (cont.)

### *Risk Management*

Ambition Group is aware of and actively manages the risks that face it in achieving its strategic objectives. Recruitment income from contracting and temporary placements is less volatile (albeit less profitable) than that from permanent placements. The Company is actively looking to increase the proportion of net fee income derived from temporary and contracting placements. We also have a number of monthly forecasting tools that enable us to foresee short-term revenue issues.

### **Dividends paid or recommended**

There was no interim dividend in the year (2014: nil).

On 18 February 2016, the directors declared a fully franked final dividend of 1c per share to the holders of fully paid ordinary shares in respect of the financial year end 31 December 2015, to be paid to shareholders on 18 March 2016. This dividend was approved by the board of directors on 18 February and has not been included as a liability in these consolidated financial statements. The dividend will be paid to all shareholders on the Register of Members on 4 March 2016 with this date being the Record Date. The total estimated dividend to be paid is \$657,000.

### **Share issues and grant of performance rights**

During the year 2,724,720 performance rights were granted as part of the Employee Share Incentive Plan (2014: 4,313,080 options), and 100,000 options were forfeited with a value of \$13,600 (2014: 512,500 with a value of \$107,810).

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

Share Interests	No. granted	Class of Shares	Exercise Price	Expiry Date
Performance rights	7,437,800	Ordinary	0.00	30-Apr-18

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

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

### **Financial position**

The net assets of the Consolidated Group have increased to \$13,204,000 at 31 December 2015 from \$11,728,000 at 31 December 2014. Further information is provided in the Financial review, Operating cash flow and gearing and Review of net assets section within this report.

### **Insurance of Officers**

Insurance has been undertaken for the financial year ended 31 December 2015 in respect of work performed by current or past principals, partners, Directors and employees. No indemnification insurance has been undertaken for the auditors of the Consolidated Group.

## Directors' Report (cont.)

### Non-audit services

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

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

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

The following fees for non-audit services were paid/payable to the auditors during the year ended 31 December 2015: Taxation services \$31,042.

### Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2015 has been received in accordance with s307c of the Corporations Act 2001 and can be found on page 21, which forms part of this report.

### Significant changes in state of affairs

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

### Events subsequent to balance date

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

### Future developments, prospects and business strategies

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

- a. Positive contribution from each of the Consolidated Group's businesses
- b. Pursuit of the Consolidated Group's policy of increasing market share and gaining greater efficiency in service delivery, with a view to continued and increasing profitability
- c. Embracing technology in terms of external talent sourcing and service delivery as well as internal efficiency
- d. Further development of the Consolidated Group's recruitment businesses

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

### Environmental issues

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

## Directors' Report (cont.)

### Information on Directors

<b>Nick Waterworth</b>	Executive Chairman
<i>Qualifications</i>	Honours Degree in Economics (York University, UK)
<i>Experience</i>	Co-Founder of Ambition Group. Board member since inception in August 1999.
<i>Interest in shares</i>	13,433,477 ordinary shares.
<i>Special responsibilities</i>	Executive Chairman
<i>Directorships in other listed companies during the past three years</i>	None
<b>Cathy Doyle</b>	Director (Non-Executive)
<i>Qualifications</i>	MBA from University of New England, a Degree in Social Science from Newcastle University, Post Graduate Degrees in Psychology and Vocational Education and a Graduate of the AICD. Member of the Australian Institute of Company Directors and the Australian Human Resource Institute.
<i>Experience</i>	Over 20 years' experience in businesses at a senior level. Currently Head of HR at BNP Paribas. Previously was Group Executive Equities, and Group Executive of People and Culture at Perpetual, and has held senior Human Resources roles at Qantas, Commonwealth Bank and NRMA.
<i>Interest in shares</i>	600,000 ordinary shares.
<i>Special responsibilities</i>	Chairman of the Remuneration, Human Resources & Nominations Committee and member of the Audit and Risk Committee
<i>Directorships in other listed companies during the past three years</i>	None
<b>Paul Young</b>	Director (Non-Executive)
<i>Qualifications</i>	Honours Graduate in Economics (Cambridge University), Advanced Diploma in Corporate Finance, Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of Australian Institute of Company Directors.
<i>Experience</i>	Co-Founder and Executive Director of Baron Partners Limited, with over 25 years' experience in merchant banking.
<i>Interest in shares</i>	4,233,197 ordinary shares.
<i>Special responsibilities</i>	Chairman of the Audit and Risk Committee and member of the Remuneration, Human Resources & Nominations Committee
<i>Directorships in other listed companies during the past three years</i>	Byron Energy Limited and Opus Group Limited
<b>Richard Petty</b>	Director (Non-Executive)
<i>Qualifications</i>	BCom (Hons and University Medal) and MCom (Hons) University of New South Wales, PhD (Macq), Fellow and Life Member of CPA Australia (FCPA, Life) and a Fellow of the Australian Institute of Company Directors (FAICD). CMA, Professor in Management (Accounting & Finance) Macquarie Graduate School of Management.
<i>Experience</i>	More than 20 years of commercial, consulting and advisory experience with a broad range of multinational firms and governments on issues including finance, strategy, competitiveness, governance and on doing business in Asia. Has lived in Hong Kong for the past 20 years. Chairman of The Australian Chamber of Commerce Hong Kong & Macau and Vice Chairman of Hong Kong ASEAN Economic Cooperation Foundation; Board member of CPA Australia (Past President and Chairman and currently chair of Nomination and Remuneration Committee).
<i>Interest in shares</i>	200,000 ordinary shares.
<i>Special responsibilities</i>	Member of the Audit and Risk Committee and a member of the Human Resources & Nominations Committee
<i>Directorships in other listed companies during the past three years</i>	None

## Directors' Report (cont.)

### Company Secretary

On April 1 2015, Ash Fenton resigned as company secretary and was replaced by Laurent Toussaint who was appointed company secretary on 1 April 2015. He is a Chartered Accountant registered with Chartered Accountants Australia and New Zealand and has held senior positions with major international companies including Deloitte, Atos Origin and Dimension Data.

### Meetings of Directors

	Directors' Meetings		Audit and Risk Committee		Remuneration, Human Resources & Nominations Committee	
	Held *	Attended	Held *	Attended	Held *	Attended
Nick Waterworth	11	8				
Cathy Doyle	11	8	2	2	2	2
Paul Young	11	8	2	2	2	2
Richard Petty	11	9	2	2	2	2

\* These columns indicate the number of meetings held during the period each person listed was a Director or member of the relevant Board Committee.

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

	Fully paid ordinary shares	Share options
	Number	Number
Directors		
Nick Waterworth	13,433,477	-
Paul Young	4,233,197	-
Cathy Doyle	600,000	-
Richard Petty	200,000	-

### Remuneration report (Audited)

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

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of key management personnel (KMP) of Ambition Group Limited (Ambition) for the financial year ended 31 December 2015. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

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

- Nick Waterworth (Executive Director)
- Cathy Doyle (Non - Executive Director)
- Paul Young (Non - Executive Director)
- Richard Petty (Non - Executive Director)
- Laurent Toussaint (Chief Financial Officer, Company Secretary)

## Directors' Report (cont.)

### a. Remuneration policy

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

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

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

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

There are currently 1,185,345 share interests outstanding relating to KMP.

There are no other share-based payment arrangements in existence relating to KMP.

For KMP and Senior Management the service component on performance rights issued during the year is conditional on continuous employment from date of grant through to 31 March 2018. For the performance component there are four conditional tranches:

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

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

KMP and Senior Management receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits. Individuals may sacrifice part of their remuneration to increase payments towards superannuation.

All remuneration paid to KMP and Senior Management is valued at the cost to the Consolidated Group and expensed. Shares issued to KMP and Senior Management are valued at the fair value on the Grant date.



## Directors' Report (cont.)

### b. Non-Executive Directors Remuneration

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

### c. Performance-based remuneration

The remuneration of the executive KMP and Senior Management includes a performance-based component based on profit. This ensures that the interests of the executive KMP and Senior Management are aligned with our Shareholders. In 2015, KMP and Senior Management received a bonus based on the performance of the divisions for which they are directly responsible. The performance-based component of KMP and Senior Management remuneration is recommended by the Remuneration, Human Resources and Nominations Committee annually for approval by the Board. Performance-based remuneration of Senior Management is annually recommended to the Board by the executive Director.

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

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

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

The table below shows summary information about Ambitions earnings and movements in shareholder wealth for the five years to 31 December 2015.

	2011	2012	2013	2014	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit / (loss) before tax	1,654	306	(1,457)	34	1,658
Net profit / (loss) after tax	1,316	69	(1,434)	(144)	1,006
	c	c	c	c	c
Basic EPS	2.03	0.11	(2.14)	(0.27)	1.71
Diluted EPS	1.96	0.10	(2.14)	(0.27)	1.56
Dividend <sup>1 &amp; 2</sup>	-	-	-	-	1.00
Share Price (31 Dec)	11.00	19.00	18.00	12.50	18.00

<sup>1</sup> Declared after the end of the reporting period and not reflected in the financial statements.

<sup>2</sup> Franked to 100% at 30% corporate income tax rate.

### f. Employment contracts of Key Management Personnel and Senior Management

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

## Directors' Report (cont.)

### g. Details of remuneration

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

	Short-term benefits			Post-employment benefits	Long-term Benefits	Other benefits	Total
	Salary and fees	Non-cash benefits	Bonuses	Super	Share based payment	Termination payment	
<b>2015</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Directors</b>							
Nick Waterworth	276,636	18,752	100,000	18,235	-	-	413,623
Cathy Doyle	54,795	-	-	5,205	-	-	60,000
Paul Young	54,795	-	-	5,205	-	-	60,000
Richard Petty <sup>1</sup>	60,000	-	-	-	-	-	60,000
	446,226	18,752	100,000	28,645	-	-	593,623
<b>Other Key Management Personnel<sup>6</sup></b>							
Laurent Toussaint <sup>4</sup>	191,740	-	27,500	14,510	-	-	233,750
Ash Fenton <sup>4</sup>	69,612	-	-	8,241	-	17,033	94,886
	707,578	18,752	127,500	51,396	-	17,033	922,259
<b>2014</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Directors</b>							
Nick Waterworth	170,012	13,732	-	16,745	-	-	200,489
Cathy Doyle	58,290	-	-	5,460	-	-	63,750
Paul Young	58,290	-	-	5,460	-	-	63,750
Richard Petty <sup>1</sup>	22,857	-	-	-	-	-	22,857
Eric Dodd <sup>2</sup>	5,572	-	-	847	-	22,813	29,232
Guy Day <sup>3</sup>	16,308	-	-	6,996	(13,951)	353,087	362,440
	331,329	13,732	-	35,508	(13,951)	375,900	742,518
<b>Other Key Management Personnel<sup>6</sup></b>							
Ash Fenton <sup>4</sup>	67,827	-	-	6,444	-	-	74,271
Peter O'Donovan <sup>5</sup>	11,939	-	-	1,104	-	88,129	101,172
	411,095	13,732	-	43,056	(13,951)	464,029	917,961

<sup>1</sup> Richard Petty was appointed a Director on 14 August 2014.

<sup>2</sup> Eric Dodd resigned on 20 January 2014.

<sup>3</sup> Guy Day resigned on 20 January 2014.

<sup>4</sup> Ash Fenton was appointed as Company Secretary on 12 May 2014 and resigned on 1 April 2015 and was replaced by Laurent Toussaint on this date.

<sup>5</sup> Peter O'Donovan was appointed as Company Secretary on 12 June 2013 and resigned on 17 January 2014.

<sup>6</sup> Amounts included in the above table reflect the remuneration whilst a KMP as defined.

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

## Directors' Report (cont.)

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

Share Interests	Grant Date	Fair value at grant date	Exercise price	Expiry date	Vesting Date <sup>1</sup>
Performance Rights	03-Aug-15	\$0.15	0.00	30-Apr-18	31-Mar-18

<sup>1</sup> Vesting is dependent on achieving certain performance and service criteria determined by the Human Resources and Nominations Committee.

### h. Remuneration Options

1,185,345 performance rights were granted under the Ambition Employee Share Initiative Plan during the year to key management personnel.

### i. Shareholdings

Fully paid ordinary shares

2015	Balance at 1 January	Granted as compensation	Received on exercise of options	Net Other change	Balance at 31 December	Balance held nominally
Nick Waterworth	12,683,477	-	-	650,000	13,333,477	-
Paul Young	4,233,197	-	-	-	4,233,197	-
Cathy Doyle	200,000	-	-	400,000	600,000	-
Richard Petty	200,000	-	-	-	200,000	-
Ash Fenton	236,873	-	-	(236,873)	-	-
Laurent Toussaint	-	-	-	-	-	-

Share Interests

2015	Balance at 1 January	Granted as compensation	Exercised	Net Other change	Balance at 31 December	Balance vested during the year
Nick Waterworth	-	-	-	-	-	-
Paul Young	-	-	-	-	-	-
Cathy Doyle	-	-	-	-	-	-
Richard Petty	-	-	-	-	-	-
Laurent Toussaint	-	1,185,345	-	-	1,185,345	-

## Directors' Report (cont.)

### 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 have been rounded to the nearest thousand dollars unless otherwise indicated.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Nick Waterworth', with a long horizontal flourish extending to the right.

**Nick Waterworth**

Executive Chairman

1 March 2016

# Auditor's Independence Declaration



## RSM Australia Partners

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Ambition Group Limited for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

## RSM AUSTRALIA PARTNERS

David Talbot

**David Talbot**  
Partner

Sydney, NSW  
Dated: 1 March 2016

## THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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# Consolidated Statement of Profit or Loss

for the year ended 31 December 2015

		Consolidated Group	
		2015	2014
Continuing Operations	Note	\$'000	\$'000
Revenue	2	107,243	89,487
On-hired labour costs		(61,249)	(49,574)
<b>Net income fee</b>		<b>45,994</b>	<b>39,913</b>
Investment income		14	20
Employee benefits expense	3	(31,711)	(27,437)
Indirect employment costs		(1,387)	(1,311)
Payroll tax		(840)	(828)
Restructuring costs		-	(884)
Depreciation and amortisation expense	3	(785)	(795)
Advertising & marketing expense		(1,596)	(1,384)
Computer expenses		(955)	(833)
Rental expense on operating leases	3	(2,654)	(2,343)
Other expenses	3	(4,422)	(4,084)
<b>Profit before tax</b>		<b>1,658</b>	<b>34</b>
Income tax expense	5	(652)	(178)
<b>Profit / (loss) for the year from continuing operations</b>		<b>1,006</b>	<b>(144)</b>
Attributable to:			
Owners of the parent		1,121	(180)
Non-controlling interests	21	(115)	36
		<b>1,006</b>	<b>(144)</b>
Earnings / (loss) per share			
Basic (cents per share)	8	1.71	(0.27)
Diluted (cents per share)	8	1.56	(0.27)

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

	Consolidated Group	
	2015	2014
Continuing Operations	\$'000	\$'000
Profit/(Loss) for the year	1,006	(144)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange difference on translation of foreign operations	235	270
Total comprehensive income for the year	1,241	126
Total comprehensive income attributable to:		
Owners of the Parent	1,430	83
Non-controlling interests	(189)	43
Total comprehensive income for the year	1,241	126

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

# Consolidated Statement of Financial Position

for the year ended 31 December 2015

		Consolidated Group	
		2015	2014
	Note	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	9	6,534	5,222
Trade and other receivables	11	17,124	13,216
Other current assets	10	836	634
Current tax assets	14	89	57
<b>Total current assets</b>		<b>24,583</b>	<b>19,129</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	1,556	1,118
Intangible assets	13	465	287
Deferred tax assets	14	1,056	904
<b>Total non-current assets</b>		<b>3,077</b>	<b>2,309</b>
<b>Total assets</b>		<b>27,660</b>	<b>21,438</b>
<b>Current liabilities</b>			
Trade and other payables	15	11,292	7,393
Current tax liabilities	14	794	162
Provisions	16	840	1,028
<b>Total current liabilities</b>		<b>12,926</b>	<b>8,583</b>
<b>Non-current liabilities</b>			
Provisions	16	1,530	1,125
<b>Total non-current liabilities</b>		<b>1,530</b>	<b>1,125</b>
<b>Total liabilities</b>		<b>14,456</b>	<b>9,710</b>
<b>Net assets</b>		<b>13,204</b>	<b>11,728</b>
<b>Equity</b>			
Issued capital	18	47,726	47,726
Retained losses	19	(31,801)	(32,922)
Reserves	20	(2,637)	(3,181)
Non controlling interest	21	(84)	105
<b>Total equity</b>		<b>13,204</b>	<b>11,728</b>

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



# Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Issued capital	Accum. losses	Foreign currency translation reserve	Equity settled emp. benefits reserve	Attrib. to owners of the parent	Non controlling Interest	Total
Consolidated Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2014	47,657	(32,742)	(3,542)	68	11,441	62	11,503
Profit / (loss) for the year	-	(180)	-	-	(180)	36	(144)
Other comprehensive income for the year	-	-	263	-	263	7	270
Total comprehensive income for the year	-	(180)	263	-	83	43	126
Recognition of share based payments	-	-	-	99	99	-	99
Vesting of employee share scheme	69	-	-	(69)	-	-	-
Balance as at 31 December 2014	47,726	(32,922)	(3,279)	98	11,623	105	11,728
Balance as at 1 January 2015	47,726	(32,922)	(3,279)	98	11,623	105	11,728
Profit/(Loss) for the year	-	1,121	-	-	1,121	(115)	1,006
Other comprehensive income for the year	-	-	309	-	309	(74)	235
Total comprehensive income for the year	-	1,121	309	-	1,430	(189)	1,241
Recognition of share based payments	-	-	-	235	235	-	235
Vesting of employee share scheme	-	-	-	-	-	-	-
Balance as at 31 December 2015	47,726	(31,801)	(2,970)	333	13,288	(84)	13,204

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

# Consolidated Statement of Cash Flows

for the year ended 31 December 2015

		Consolidated Group	
		2015	2014
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		103,749	96,763
Payments to suppliers and employees		(101,116)	(96,577)
Cash generated from / (used in) operations		2,633	186
Income tax (paid) / refunded		(204)	(30)
Interest and other costs of finance paid		-	-
Net cash generated from / (used in) operating activities	22	2,429	156
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(889)	(246)
Payments to acquire intangible assets		(404)	(158)
Interest received		14	20
Net cash generated from / (used in) investing activities		(1,279)	(384)
Cash flows from financing activities			
Payment for share issue costs		-	-
Proceeds from issue of equity securities		-	-
Dividends paid		-	-
Net cash generated from / (used in) financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		1,150	(228)
Cash and cash equivalents at the beginning of the year	9	5,222	5,225
Effect of exchange rates on cash holdings in foreign currencies		162	225
Cash and cash equivalents at the end of the financial year	9	6,534	5,222

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

# Notes to the Financial Statements

for the year ended 31 December 2015

## 1. Significant Accounting Policies

### a. Basis of preparation

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

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

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

The parent entity is a Company of a kind referred to in Australian Securities and Investments Commission Class Order 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 1 March 2016.

### b. Principles of consolidation

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

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

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

All controlled entities have a December financial year end.

### Business combinations

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

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

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 1. Significant Accounting Policies (cont.)

#### c. Income tax

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

##### Current tax

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

##### Deferred tax

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

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

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

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

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

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

##### Current and deferred tax for the period

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

#### d. Revenue recognition

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

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 1. Significant Accounting Policies (cont.)

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

Contracting revenue is recognised when the services are provided.

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

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when dividends are declared.

### e. Plant and equipment

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

### f. Depreciation

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

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

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

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

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

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

### g. Leases

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

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

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

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

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

# Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

## 1. Significant Accounting Policies (cont.)

### h. Financial instruments

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

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

*i. Effective interest method*

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

*ii. Held-to-maturity investments*

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

*iii. Loans and receivables*

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

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

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

*v. Available-for-sale financial assets*

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

*vi. Impairment of financial assets*

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

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 1. Significant Accounting Policies (cont.)

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 Consolidated Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### vii. *Derecognition of financial assets*

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

#### viii. *Financial liabilities and equity instruments issued by the Group*

##### **Classification as debt or equity**

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

##### **Equity instruments**

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

##### **Financial liabilities**

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

##### **Other financial liabilities**

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

##### **Derecognition of financial liabilities**

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

### i. Impairment of Assets

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

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 1. Significant Accounting Policies (cont.)

#### j. Intangibles

##### i. *Goodwill*

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

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

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

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

##### ii. *Web development costs*

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

#### k. Foreign currency transactions and balances

##### i. *Functional and presentation currency*

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

##### ii. *Transactions and balances*

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

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

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



## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 1. Significant Accounting Policies (cont.)

#### iii. Consolidated Group companies

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

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

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

### I. Employee benefits

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

### m. Provisions

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

### n. Cash and cash equivalents

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

### o. Goods and Services Tax (GST)

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

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

### p. Share-based payments

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

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

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 1. Significant Accounting Policies (cont.)

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

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

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

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

### q. Borrowing costs

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

### r. Critical accounting estimates and judgements

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

#### i. *Share based payments*

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

#### ii. *Impairment*

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

#### iii. *Provisions for impairment of receivables*

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

#### iv. *Provision for Make Good*

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

#### v. *Control*

Note 17 describes that Ambition Group Malaysia Sdn Bhd is a subsidiary of the Consolidated Group although the Consolidated Group only owns a 49% ownership interest in Ambition Group Malaysia Sdn Bhd. Based on the contractual arrangements between the Consolidated Group and other investors, the Consolidated Group has the power to appoint and remove the majority of the board of directors of Ambition Group Malaysia Sdn Bhd that has the power to direct the relevant activities of Ambition Group Malaysia Sdn Bhd. Therefore, the directors of the Company concluded that the Consolidated Group has the practical ability to direct the relevant activities of Ambition Group Malaysia Sdn Bhd unilaterally and hence the Consolidated Group has control over Ambition Group Malaysia Sdn Bhd.

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 1. Significant Accounting Policies (cont.)

#### s. Adoption of new Accounting Standards

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

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

- AASB 2014-1 (Part A) Amendments to Australian Accounting Standards [Part A - Annual Improvements 2010 – 2012 and 2011 – 2013 Cycles
- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality

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

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but only effective for annual reporting periods beginning on the 1st January 2016, and therefore expected to be initially applied in the financial year ending 31 December 2016.

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 cycle'
- AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but only effective for annual reporting periods beginning on the 1st January 2017, and therefore expected to be initially applied in the financial year ending 31 December 2017.

- AASB 15 – Revenue from Contracts with Customers
- AASB 2014-5 – 'Amendments to Australian Accounting Standards arising from AASB 15'

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

- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures' and AASB 2013-9
- AASB 9 – Financial Instruments (December 2014)

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

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 2. Revenue

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Recruitment services revenue	107,243	89,487
<b>Total revenue</b>	<b>107,243</b>	<b>89,487</b>

### 3. Profit from ordinary activities

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

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Employee benefits expense		
▪ Equity settled share based payments	233	99
▪ Other employee benefits	31,478	27,338
	<b>31,711</b>	<b>27,437</b>
Depreciation and amortisation expense		
Depreciation of plant and equipment	544	533
Amortisation of software and web development	241	262
	<b>785</b>	<b>795</b>
Rental expense on operating leases		
▪ minimum lease payments	2,654	2,343
Other expenses		
▪ bad and doubtful debt provision	200	15

### 4. Dividends

On 18 February 2016, the directors declared a fully franked final dividend of 1c per share to the holders of fully paid ordinary shares in respect of the financial year end 31 December 2015, to be paid to shareholders on 18 March 2016. This dividend was approved by the board of directors on 18 February and has not been included as a liability in these consolidated financial statements. The dividend will be paid to all shareholders on the Register of Members on 4 March 2016 with this date being the Record Date. The total estimated dividend to be paid is \$657,000.

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Adjusted franking account balance	2,282	2,110

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 5. Income tax expense

	Consolidated Group	
	2015	2014
	\$'000	\$'000
a. The components of tax expense comprise:		
Current tax	794	366
Deferred tax	(152)	(85)
Under / (Over) provision in respect of prior years	10	(103)
<b>Income tax expense</b>	<b>652</b>	<b>178</b>
b. The prima facie tax on the profit before income tax is reconciled to income tax expense as follows:		
Profit before tax from continuing activities	1,658	34
Income tax calculated at 30% (2014: 30%)	497	10
Add / (less) tax effect of:		
▪ other non deductible expenses	148	49
▪ tax assets not brought to account	269	270
▪ overseas tax differential	(104)	(37)
▪ utilisation of brought forward tax losses	(168)	(11)
▪ under / (over) provision in prior period	10	(103)
<b>Income tax expense recognised in profit or loss</b>	<b>652</b>	<b>178</b>
<b>Applicable weighted average effective tax rates</b>	<b>39%</b>	<b>523%</b>

#### 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 Consolidated Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 5. Income tax expense (cont.)

#### b) Nature of tax funding arrangements and tax sharing agreements

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

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

### 6. Employee share plans

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

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

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

Shares / Options	No. granted	Grant date	Fair value at grant date	Vesting date	Expiry date	Vesting criteria <sup>1</sup>
Ordinary Shares <sup>2</sup>	212,770	29-Jun-09	\$0.20	31-Mar-14	N/A	Service & performance hurdles
Zero-priced Options <sup>3</sup>	900,000	29-Jun-09	\$0.20	31-Mar-14	30-Jun-14	Service & performance hurdles
Zero-priced Options	250,000	31-Mar-10	\$0.37	1-Apr-14	30-Jun-14	Service & performance hurdles
Ordinary Shares <sup>4</sup>	1,500,000	30-Jun-10	\$0.30	31-Mar-14	N/A	Performance hurdles
Zero-priced Options	375,000	11-Apr-11	\$0.29	31-Mar-14	30-Jun-14	Service & performance hurdles
Zero-priced Options	100,000	28-Nov-11	\$0.17	31-Mar-14	30-Jun-14	Service & performance hurdles
Zero-priced Options <sup>5</sup>	500,000	9-Dec-13	\$0.18	31-Mar-18	30-Apr-18	Service & performance hurdles
Zero-priced Options <sup>6</sup>	3,613,080	3-Jul-14	\$0.14	31-Mar-18	30-Apr-18	Service & performance hurdles
Zero-priced Options <sup>6</sup>	500,000	3-Jul-14	\$0.14	31-Mar-18	30-Apr-18	Service & performance hurdles
Zero-priced Options <sup>6</sup>	200,000	28-Jul-14	\$0.13	31-Mar-18	30-Apr-18	Service hurdles
Zero-priced Options <sup>7</sup>	1,185,345	3-Aug-15	\$0.15	31-Mar-18	30-Apr-18	Service & performance hurdles
Zero-priced Options <sup>8</sup>	1,539,375	3-Aug-15	\$0.15	31-Mar-18	30-Apr-18	Service & performance hurdles

<sup>1</sup> Service and performance hurdles are approved by the Human Resources and Nominations Committee.

<sup>2</sup> 75,000 of these ordinary shares were issued to former Key Management Personnel (Guy Day).

<sup>3</sup> 275,000 of these zero-priced options were issued to former Key Management Personnel (Guy Day).

<sup>4</sup> 750,000 of these shares were issued to former and current Key Management Personnel (Nick Waterworth).

<sup>5</sup> 500,000 service and performance rights were granted during the year ended 31 December 2013.

<sup>6</sup> 4,313,080 service and performance rights were issued to senior management during the previous financial year (Note 6c).

<sup>7</sup> A total of 1,185,345 service and performance rights were issued to key management personnel during the year (Laurent Toussaint).

<sup>8</sup> A total of 1,539,375 service and performance rights were issued to senior management during the year.

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 6. Employee share plans (cont.)

During the previous financial year the Consolidated Group established the Ambition Employee Incentive Plan and related Ambition Employee Share Trust to manage and hold both vested and unvested shares and performance rights on behalf of current employees. This resulted in the closure of the existing Long-Term Incentive Plan, Deferred and Exempt Sharesave Plan, Loan Share Plan, and Employee Share Option Plan.

At 31 December 2015, the Ambition Employee Incentive Plan held 7,437,800 unvested performance rights. Some current employees chose to retain their vested shares in the trust and the Ambition Employee Share Trust held 375,125 vested shares relating to employees and 1,484,623 treasury shares.

#### a) Long-Term Incentive Plan

The employee Long-Term Incentive (“LTI”) Plan was a component of the Deferred Sharesave Plan and was 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/or performance criteria.

At 31 December 2015, there were no vested or unvested shares held within the Long-Term Incentive Plan as the plan was wound up during the year. Any unvested shares at that time were transferred to the AMB Employee Share Trust which was established during the year.

	Consolidated Group	
	2015	2014
	No. '000	No. '000
LTI shares held by the trust at the start of the year	-	1,302
Issued during the year	-	-
Transferred during the year	-	(1,302)
Sold during the year	-	-
LTI shares held by the trust at the end of the year	-	-
LTI shares held by the trust that are fully vested and already included in share capital	-	-
LTI shares held by the trust that are unvested and included in the Equity Settled Employee Benefits Reserve	-	-
LTI shares held by the trust at the end of the year	-	-

#### b) Loan Share Plan

The Loan Share Plan (“LSP”) was similar to the LTI Plan and was 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.

At 31 December 2015, there were no vested or unvested shares held within the Loan Share Plan as the plan was wound up during the year. Any unvested shares at that time were transferred to the AMB Employee Share Trust which was established during the year.

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 6. Employee share plans (cont.)

	Consolidated Group	
	2015	2014
	No. '000	No. '000
LSP shares held by the trust at the start of the year	-	2,020
Issued during the year	-	-
Transferred during the year	-	(2,020)
Forfeited during the year	-	-
LSP shares held by the trust at the end of the year	-	-
LSP shares held by the trust that are fully vested and already included in share capital	-	-
LSP shares held by the trust that are unvested and included in the Equity Settled Employee Benefits Reserve	-	-
LSP shares held by the trust at the end of the year	-	-

### c) Share Option Plan

The Employee Share Option Plan ("ESOP") offered shares to selected employees at the discretion of the Board. The objectives of the plan were 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.

### Movements in share options during the year

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

	Consolidated Group	
	2015	2014
	No. '000	No. '000
Balance at the beginning of the year	-	1,320
Granted during the year	-	-
Cancelled during the year (Note 6d)	-	(500)
Exercised during the year	-	(308)
Forfeited during the year	-	(512)
Balance at the end of the year	-	-
Total number issued to employees since start	-	6,115
Total number cancelled or exercised by employees since start	-	(6,115)
Net options	-	-

### Share options outstanding at the end of the year

There were no new issues under the plan during the year and following the cancellation of the remaining outstanding performance rights, the Share Option Plan was closed.



## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 6. Employee share plans (cont.)

#### d) Ambition Employee Share Incentive Plan

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

	Consolidated Group	
	2015	2014
	No. '000	No. '000
Balance at the beginning of the year	4,813	-
Granted during the year	2,725	4,813
Exercised during the year	-	-
Forfeited during the year	(100)	-
Balance at the end of the year	7,438	4,813
Total number issued to employees since start	7,538	4,813
Total number cancelled or exercised by employees since start	(100)	-
Performance rights	7,438	4,813

#### Performance rights outstanding at the end of the year

The performance rights outstanding at the end of the year had an exercise price of zero (2014: zero) and a weighted average remaining contractual life of 821 days (2014: 1186 days).

Of the 4,813,080 performance rights granted under the Ambition Employee Share Incentive Plan in the prior year to Senior Management, 500,000 were granted on the condition that previously issued performance rights under ESOP were cancelled. This new grant was a modification as the new performance rights were granted as replacement for the cancelled performance rights and all 500,000 are outstanding as at 31 December 2015.

#### Fair value of performance rights granted during the year

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

	3rd August 2015
Exercise price	\$0.00
Underlying share price	\$0.15

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.

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.

As 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.

In the prior year the fair value of the cancelled performance rights on the grant date of the replaced performance rights was determined based on the following factors and assumptions:

Exercise price	\$0.00
Underlying share price	\$0.18

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 6. Employee share plans (cont.)

#### e) Summary

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

	Consolidated Group	
	2015	2014
	No. '000	No. '000
Long-Term Incentive Plan shares	-	-
Loan Share Plan shares	-	-
Share Option Plan	-	-
AMB Employee Share Trust	1,485	1,485
AMB Employee Share Incentive Plan	7,438	4,813

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 7. Auditor's remuneration

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Remuneration of the auditor of the Consolidated Group for:		
Auditor of the parent entity		
▪ Audit or review of the financial statements	79,000	135,000
▪ Taxation services	10,500	25,000
	89,500	160,000
Network firm of the parent entity		
▪ Audit or review of the financial statements	96,976	131,657
▪ Taxation services	20,542	33,665
	117,518	165,322

The auditor of Ambition Group Limited is RSM.

### 8. Earnings per share ('EPS')

	Consolidated Group	
	2015	2014
Basic earnings / (loss) per share (cents per share)	1.71	(0.27)
Diluted earnings / (loss) per share (cents per share)	1.56	(0.27)
Earnings used in calculation of basic EPS (\$)	1,120,747	(180,018)
Earnings used in calculation of diluted EPS (\$)	1,120,747	(180,018)
Net tangible asset backing per ordinary share (\$)	0.19	0.17

	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	65,686,691	65,668,691
Weighted average number of share interests outstanding	5,926,801	2,938,455
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive EPS	71,613,492	68,607,146

1,484,263 (2014: 1,484,263) Treasury shares relating to long-term incentive plans for senior management have not been included in the above Earnings per share calculations in accordance with AASB 133 'Earnings per Share'.

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 9. Cash

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Cash at bank	6,534	5,222

### 10. Other assets

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Current		
Prepayments	836	634

### 11. Receivables

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Current		
Trade debtors	11,983	9,871
Provision for impairment	(512)	(312)
Other debtors	5,653	3,657
	17,124	13,216

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 \$512,000 (2014: \$312,000) has been recorded. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

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

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 11. Receivables (cont.)

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

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Trade debtors - amounts within terms		
Current or not more than 3 months	11,245	9,135
Trade debtors - past due		
More than 3 months but not more than 6 months	717	674
More than 6 months but not more than 1 year	21	13
More than 1 year	-	49
	11,983	9,871
Average Days Sales Outstanding (Days)	37.1	36.6
Movement in the allowance for doubtful debts:		
Balance at beginning of the year	312	297
Increase / (Decrease) in allowance	56	33
Impairment losses recognised	215	71
Amounts written off during the year as uncollectible	(43)	(6)
Impairment losses reversed	(28)	(83)
Balance at end of the year	512	312
Age of impaired trade receivables:		
30-60 days	42	-
60-90 days	42	6
90-120 days	5	16
120+ days	126	49
Total	215	71

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 12. Property, plant and equipment

Consolidated Group  
2015      2014

\$'000      \$'000

Carrying amounts of:

Leasehold improvements	1,174	862
Office equipment	64	48
Furniture and fittings	63	30
Computer hardware	255	178
	1,556	1,118

Cost	Leasehold improvements	Office equipment	Furniture and fittings	Computer hardware	Total
Consolidated Group	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Jan 2014	4,837	459	461	1,627	7,384
Additions	270	50	16	121	457
Disposals	(246)	-	-	-	(246)
Effect of foreign currency exchange differences	176	7	8	29	220
Balance at 31 Dec 2014	5,037	516	485	1,777	7,815
Additions	627	18	46	199	890
Disposals	(117)	(42)	(100)	(183)	(442)
Effect of foreign currency exchange differences	288	20	5	63	376
Balance at 31 Dec 2015	5,835	512	436	1,856	8,639

Accumulated depreciation and impairment	Leasehold improvements	Office equipment	Furniture and fittings	Computer hardware	Total
Consolidated Group	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Jan 2014	(3,881)	(437)	(441)	(1,474)	(6,233)
Eliminated on disposals of assets	246	-	-	-	246
Depreciation expense	(404)	(25)	(9)	(95)	(533)
Effect of foreign currency exchange differences	(135)	(7)	(5)	(31)	(178)
Balance at 31 Dec 2014	(4,174)	(469)	(455)	(1,600)	(6,698)
Eliminated on disposals of assets	117	56	109	184	466
Depreciation expense	(377)	(23)	(17)	(127)	(544)
Effect of foreign currency exchange differences	(227)	(12)	(10)	(58)	(307)
Balance at 31 Dec 2015	(4,661)	(448)	(373)	(1,601)	(7,083)

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 13. Intangible assets

	Consolidated Group		
	2015	2014	
	\$'000	\$'000	
Carrying amounts of:			
Computer software	442	207	
Web development	23	80	
	465	287	
Cost	Software	Web Development	Total
Consolidated Group	\$'000	\$'000	\$'000
Balance at 1 Jan 2014	1,943	866	2,809
Additions	152	6	158
Disposals	-	-	-
Effect of foreign currency exchange differences	16	6	22
Balance at 31 Dec 2014	2,111	878	2,989
Additions	404	-	404
Disposals	(125)	(13)	(138)
Effect of foreign currency exchange differences	27	13	40
Balance at 31 Dec 2015	2,417	878	3,295
Accumulated amortisation and impairment	Software	Web Development	Total
Consolidated Group	\$'000	\$'000	\$'000
Balance at 1 Jan 2014	(1,684)	(735)	(2,419)
Eliminated on disposals of assets	-	-	-
Amortisation expense	(205)	(57)	(262)
Effect of foreign currency exchange differences	(15)	(6)	(21)
Balance at 31 Dec 2014	(1,904)	(798)	(2,702)
Eliminated on disposals of assets	133	13	146
Amortisation expense	(179)	(62)	(241)
Effect of foreign currency exchange differences	(25)	(8)	(33)
Balance at 31 Dec 2015	(1,975)	(855)	(2,830)

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 14. Tax

	Consolidated Group	
	2015	2014
	\$'000	\$'000
<b>a. Liabilities</b>		
Current		
Income tax payable	794	162
<b>b. Assets</b>		
Current		
Income tax receivable	89	57
Non-current		
Deferred tax assets comprise:		
▪ Provisions	1,056	904
<b>c. Reconciliations of deferred tax</b>		
<b>i. Gross movements</b>		
Opening balance	904	913
Reclassified to current tax liabilities	-	(197)
Prior year tax under provision	-	103
Released to income statement	152	85
Closing balance	1,056	904
<b>ii. Deferred tax asset</b>		
The movements in deferred tax asset for each temporary difference during the year are as follows:		
Opening balance	904	913
Reclassified to current tax liabilities	-	(197)
Prior year tax under provision	-	103
Released / (Charged) to the income statement	152	85
Closing balance	1,056	904
<b>d. Unrecognised deferred tax assets</b>		
Deferred tax assets not recognised at the reporting date:		
▪ Tax losses (gross)	4,430	4,300
The unrecognised tax losses will not expire.		



## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 15. Trade and other payables

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Current		
Trade and other payables	11,292	7,393

### 16. Provisions

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Employee benefits (a)	1,033	860
Provisions for Onerous contracts (b)	84	233
Make Good Provision (c)	806	743
Lease Incentive (d)	447	290
Other	-	27
	2,370	2,153

Current		
Employee benefits	743	656
Provisions for Onerous contracts	67	145
Make Good Provision	50	44
Lease Incentive	(20)	156
Other	-	27
	840	1,028

Non-current		
Employee benefits	290	204
Provisions for Onerous contracts	17	88
Make Good Provision	756	699
Lease Incentive	467	134
	1,530	1,125

	Employee benefits	Onerous contracts	Make good provision	Lease Incentive	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Group	(a)	(b)	(c)	(d)	(e)	
Balance at 1 January 2015	860	233	743	291	27	2,154
Additional provisions recognised	173	-	-	330	-	503
Reductions arising from payments / other sacrifices of future economic benefits	-	(149)	-	(185)	(27)	(361)
Reductions arising from re-measurement or settlement without cost	-	-	32	11	-	43
Unwinding of discount and effect of changes in the discount rate	-	-	31	-	-	31
Balance at 31 December 2015	1,033	84	806	447	-	2,370

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 16. Provisions (cont.)

- a. The provision for employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.
- b. The provision for onerous lease contracts represents the present value of the future lease payments that the Consolidated Group is presently obligated to make under non-cancellable onerous operating lease contracts for office premises, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The economic outflow will occur over the next 3 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.
- c. A Make Good provision is made for the expected cost to restore leased property to its original condition. The provision is based on a best estimate advised by an external property advisor or a pre-agreed contract amount.
- d. During the financial year the Consolidated Group successfully negotiated a number of new leases where the requirement to make good on the previous lease was waived by the lessor. The removal of Make Good requirements that resulted has been treated as a lease incentive in each case and will be treated as a reduction of the rental expense over the lease term, on a straight-line basis.

### 17. Controlled entities

	Country of Incorporation	Parent Entity Interest %	
		2015 %	2014 %
Parent Entity			
Ambition Group Limited <sup>1</sup>	Australia	—	—
Controlled Entity			
Ambition Corporate Services Pty Limited <sup>2</sup>	Australia	100	100
Ambition Recruit Pty Limited <sup>2</sup>	Australia	100	100
Contracting Employment Services Pty Limited <sup>2</sup>	Australia	100	100
McGinty Recruitment Pty Limited <sup>2</sup>	Australia	100	100
People with Ability Pty Limited <sup>2</sup>	Australia	100	100
Watermark Search International Pty Limited <sup>2</sup>	Australia	100	100
Ambition Employee Share Managers Pty Limited <sup>3</sup>	Australia	50	50
Ambition Employee Share Managers Pty Limited as trustee for <sup>3</sup>			
▪ Ambition Group Deferred Employee Share Plan	Australia	50	50
▪ Ambition Group Exempt Employee Share Plan	Australia	50	50
▪ Ambition Loan Plan	Australia	50	50
▪ Ambition Overseas Employees Share Plan	Australia	50	50
Ambition Europe Limited	UK	100	100
The Ambition Group Limited	UK	100	100
The Ambition Group Limited	Hong Kong	100	100
Ambition Group Singapore PTE Limited	Singapore	100	100
Ambition Group Malaysia Sdn Bhd <sup>3 &amp; 4</sup>	Malaysia	49	49
Ambition Group Japan K.K.	Japan	100	100

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 17. Controlled entities (cont.)

<sup>1</sup> Ambition Group Limited is the head entity within the tax-consolidated group.

<sup>2</sup> These companies are members of the tax-consolidated group.

<sup>3</sup> The Consolidated Group has considered the concept of control in AASB 10 and have assessed that they have control over its subsidiaries.

<sup>4</sup> The Consolidated Group owns 49% equity shares of Ambition Group Malaysia Sdn Bhd.

### 18. Contributed equity

#### a. Ordinary shares

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Issued capital		
67,170,954 fully paid ordinary shares (2014: 67,170,954)	47,726	47,726

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

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

#### b. Share Interests

At 31 December 2015, Senior Management held share interests of 6,252,455 ordinary shares in the Company (2014: 4,813,080) and Key Management Personnel held share interests of 1,185,345 ordinary shares in the Company (2014: Nil). Share interests granted under the Company's employee share incentive plan carry no rights to dividends and no voting rights. Further details of the employee share incentive plan are provided in Note 6.

	Consolidated Group	
	2015	2014
	No. '000	No. '000
Balance at the beginning of the year	4,813	1,320
Share interests issued during the year	2,725	4,313
Share interests exercised during the year	-	(308)
Share interests forfeited during the year	(100)	(512)
Balance at reporting date	7,438	4,813

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 18. Contributed equity (cont.)

#### c. Treasury shares

	Consolidated Group	
	2015	2014
	No. '000	No. '000
Balance at the beginning of the year	1,485	1,815
Issued during the year	-	-
Vested during the year	-	(330)
Balance at reporting date	1,485	1,485

#### d. Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. During 2015, no interim dividend was paid.

On 18 February 2016, the directors declared a fully franked final dividend of 1c per share to the holders of fully paid ordinary shares in respect of the financial year end 31 December 2015, to be paid to shareholders on 18 March 2016. This dividend was approved by the board of directors on 18 February and has not been included as a liability in these consolidated financial statements. The dividend will be paid to all shareholders on the Register of Members on 4 March 2016 with this date being the Record Date. The total estimated dividend to be paid is \$657,000.

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Total borrowings	-	-
Total equity	13,204	11,728
Total capital	13,204	11,728
Gearing ratio	0%	0%

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

### 19. Retained losses

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Balance at 1 January	(32,922)	(32,742)
Profit/(Loss) attributable to Parent	1,121	(180)
Balance at 31 December	(31,801)	(32,922)

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 20. Reserves

	Consolidated Group	
	2015	2014
	\$'000	\$'000
a) Foreign Currency reserve	(2,970)	(3,279)
b) Employee Benefits reserve	333	98
<b>Balance at 31 December</b>	<b>(2,637)</b>	<b>(3,181)</b>
a) Foreign Currency reserve		
Balance at 1 January	(3,279)	(3,542)
Revaluation of foreign subsidiary assets and liabilities	309	263
<b>Balance at 31 December</b>	<b>(2,970)</b>	<b>(3,279)</b>
b) Employee Benefits reserve		
Balance at 1 January	98	68
Recognition of share based payments	235	99
Shares issued under employee share plans	-	-
Vesting of employee share scheme	-	(69)
<b>Balance at 31 December</b>	<b>333</b>	<b>98</b>

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

### 21. Non controlling interests

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Balance at 1 January	105	62
Share of Profit / (loss) for the year	(115)	36
Effect of Foreign Currency	(74)	7
<b>Balance at 31 December</b>	<b>(84)</b>	<b>105</b>

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 22. Cash flow information

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

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Cash flows from operating activities		
Profit / (loss) for the year	1,006	(144)
▪ Investment income recognised in profit or loss	(14)	(20)
▪ Income tax expense	652	178
Non-cash flows in profit from ordinary activities		
▪ Amortisation of intangible assets	464	262
▪ Depreciation	321	533
▪ Employee share plan incentive schemes	233	99
▪ Impairment of non-current assets	-	-
▪ Non cash property movements	-	-
▪ Other non cash items	(32)	-
	2,630	908
Movements in working capital		
▪ (Increase) in trade debtors	(1,912)	(659)
▪ (Increase) in prepayments	(203)	(276)
▪ (Increase) in other debtors	(1,996)	(1,207)
▪ Increase in trade creditors and accruals	3,899	1,485
▪ Increase in provisions	217	(65)
Cash generated from / (used in) operations	3	(722)
Tax (Paid) / Refund	(204)	(30)
Net cash generated from / (used in) operating activities	2,429	156

#### 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 2015, 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.

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 23. 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	
	2015	2014	2015	2014
	\$'000	\$'000	%	%
Financial assets				
Cash (floating interest)	6,534	5,222	1%	1.5%

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.

##### 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.

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 23. Financial risks (cont.)

#### iii. Liquidity risk

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

At 31 December 2015, the Consolidated Group's liabilities have contractual maturities which are summarised below:

	Current 2015 \$'000	1 to 2 yrs 2015 \$'000	2 to 5 yrs 2015 \$'000	> than 5 yrs 2015 \$'000
Trade payables	11,292	-	-	-
	11,292	-	-	-

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

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

	Consolidated Group	
	2015 \$'000	2014 \$'000
Classes of financial assets-carrying amounts		
Cash and cash equivalents	6,534	5,222
Trade and other receivables	17,124	13,216
	23,658	18,438



## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 23. Financial risks (cont.)

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

#### v. Price risk sensitivity

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

#### b. Fair values

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

### 24. Operating lease arrangements

Operating leases relate to leases of property. Property leases are non-cancellable and have lease terms of between 1 and 5 years, with options to renew at the lessee's discretion in some instances. Provisions have been made for onerous contracts related to the rental lease of office premises (Note 24 c). These have not been adjusted for in the disclosure of lease commitments.

#### a. Payments recognised as an expense.

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Minimum lease payments	2,876	2,604
Contingent rentals	-	-
Sub-lease payments received	(222)	(261)
	2,654	2,343

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

	Consolidated Group	
	2015	2014
	\$'000	\$'000
■ not later than 1 year	3,481	2,947
■ later than 2 years but not later than 5 years	8,764	9,132
■ later than 5 years	-	579
	12,245	12,658

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 24. Operating lease arrangements (cont.)

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

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Onerous lease contracts (Note 16)		
▪ Current	67	145
▪ Non-current	17	88
Lease incentives		
▪ Current	(20)	156
▪ Non-current	467	134
	531	523

### 25. Capital expenditure commitments

The Consolidated Group has no capital expenditure commitments at the balance sheet date (2014: Nil).

### 26. Contingent liabilities

	Consolidated Group	
	2015	2014
	\$'000	\$'000
Bank guarantees in relation to property leases	874	1,013

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.

#### Litigation

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

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 27. Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Consolidated Group's Executive Chairman for the purposes of resource allocation and assessment of performance is focused on the geographic segments the business operates in.

The Group's reportable segments under AASB 8 are as follows:

- Australia
- Asia
- UK

There have been no changes in the basis of segmentation or basis of segmental profit or loss since the previous financial report. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Consolidated Group's accounting policies described in Note 1.

Segment revenue and results	Revenue <sup>1</sup>		Segment profit / (loss)	
	Year ended		Year ended	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Australia	77,351	66,096	2,851	1,756
Asia	17,966	12,704	116	(290)
UK	11,926	10,687	295	55
	107,243	89,487	3,262	1,521
Investment income			14	20
Corporate overheads unallocated			(1,618)	(1,507)
Profit / (loss) before tax			1,658	34

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

Other segment information	Depreciation and amortisation		Additions to non-current assets	
	Year ended		Year ended	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Australia	270	323	507	500
Asia	289	214	616	109
UK	226	258	171	6
Total	785	795	1,294	615

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 27. Segment reporting (cont.)

Segment assets and liabilities	Consolidated Group	
	2015	2014
	\$'000	\$'000
Segment assets		
Australia	16,206	12,770
Asia	8,477	6,414
UK	2,977	2,254
Total segment assets	27,660	21,438
Group	-	-
Consolidated total assets	27,660	21,438
Segment liabilities		
Australia	9,243	6,438
Asia	2,664	1,624
UK	2,549	1,648
Total segment liabilities	14,456	9,710
Group	-	-
Consolidated total liabilities	14,456	9,710

All assets are allocated to reportable segments.

### 28. 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.

	2015	2014
	\$'000	\$'000
Group Management Fees owed by subsidiaries to the parent entity	489	79

Remuneration paid to Directors has been included in Note 29.

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 29. Key Management Personnel compensation

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

	2015	2014
	\$'000	\$'000
Short-term employee benefits	854	425
Post-employment benefits	51	43
Share-based payment	-	(14)
Termination benefits	17	464
	922	918

### 30. Subsequent events

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

## Notes to the Financial Statements (cont.)

for the year ended 31 December 2015

### 31. Parent Entity Financial Statements

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

Financial Position  
as at 31 December

	Parent Entity	
	2015	2014
	\$'000	\$'000
<b>Assets</b>		
Current assets	265	267
Non-current assets	16,637	16,071
<b>Total assets</b>	<b>16,902</b>	<b>16,338</b>
<b>Liabilities</b>		
Current liabilities	-	-
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Equity</b>		
Issued Capital	49,570	49,570
Reserves	103	28
Retained losses	(32,771)	(33,260)
<b>Total equity</b>	<b>16,902</b>	<b>16,338</b>

	Year ended	
	2015	2014
	\$'000	\$'000
<b>Financial performance</b>		
Profit for the year	489	79
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>489</b>	<b>79</b>

The parent entity is the named company on the bank guarantees disclosed in Note 26. ANZ Bank holds a cross guarantee for the parent and all subsidiaries as security for the bank guarantees and other bank facilities.

## Directors' Declaration

The Directors of the Company declare that:

1. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. In the Directors' opinion, the attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 1(a) to the financial statements; and
3. In the Directors' opinion, the attached financial statements and notes thereto, are in accordance with the Corporations Act 2001 including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and;
4. The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

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

**Nick Waterworth**  
Executive Chairman  
1 March 2016

# Independent Auditor's Report



## RSM Australia Partners

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMBITION GROUP LIMITED

We have audited the accompanying financial report of Ambition Group Limited, which comprises the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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.

#### *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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 and fair presentation of the financial report 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 opinions.

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation





## Independent Auditor's Report (cont.)



### *Independence*

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

### *Opinion*

In our opinion:

- (a) the financial report of Ambition Group Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 31 December 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

**RSM AUSTRALIA PARTNERS**

**David Talbot**  
Partner

Sydney, NSW  
Dated: 1 March 2016

## Additional Information

### 1. Shareholdings

a. Distribution of security holders numbers (as at 29 February 2016)

Category (size of holding)	1-1000	1,001-5,000	5,001-10,000	10,001-100,000	100,001 and over
Number of security holders	81	157	47	109	59

b. The number of shareholders holding less than a marketable parcel is 164 (2014: 195).

c. Names of the substantial shareholders listed on the Company's register (as at 29 February 2016) Number

Mr Victor John Plummer and associates	20,972,535
Nicholas Waterworth and associates	13,433,477
Paul Young and associates	4,233,197
Dixon Trust Pty Ltd	4,155,260

### 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 2016) Number      %

Ego Pty Limited	14,767,702	21.99
Little Acorns Investments Pty Ltd <Waterworth Family Disc A/C>	8,436,774	12.56
Mr Victor John Plummer	6,204,833	9.24
Dixon Trust Pty Limited	4,155,260	6.19
Kirby Design Consultants Pty Ltd	2,963,623	4.41
Clapsy Pty Limited <Baron Super Fund A/C>	2,311,822	3.44
2Invest Pty Ltd <2Invest Super Fund A/C>	1,950,945	2.90
Mr John Hamilton Aboud + Mrs Livia Maria Aboud <John Aboud Super Fund A/C>	1,756,050	2.61
AET SFS Pty Ltd <Ambition Unallocated A/C>	1,484,623	2.21
Mr Andrew John Winterburgh	1,282,199	1.91
Mr John Charles Plummer	1,215,431	1.81
Clapsy Pty Ltd <Baron Super Fund A/C>	1,020,000	1.52
Agrico Pty Ltd <Palm Super Fund A/C>	933,274	1.39
P & L Lyons Investments Pty Limited <Lyons Superannuation Fund Ac>	923,445	1.37
Pethol (Vic) Pty Ltd <Macdy No 5 Super Fund A/C>	909,280	1.35
Mr Richard Taylor	771,410	1.15
Mr Edward James Dally + Mrs Selina Dally <E J Dally Super Fund A/C>	633,595	0.94
Mr Geoffrey Allan Hickin	602,694	0.90
Ms Cathy Doyle	600,000	0.89
Agrico Pty Ltd <Palm Super Fund A/C>	573,262	0.85
	53,496,222	79.64

# Corporate Directory

## Websites

[www.ambitiongrouplimited.com](http://www.ambitiongrouplimited.com)  
[www.ambition.com.au](http://www.ambition.com.au)  
[www.ambition.com.hk](http://www.ambition.com.hk)  
[www.ambition.com.sg](http://www.ambition.com.sg)  
[www.ambition.co.uk](http://www.ambition.co.uk)  
[www.ambition.com.my](http://www.ambition.com.my)  
[www.ambitiongroup.co.jp](http://www.ambitiongroup.co.jp)  
[www.accountability.com.au](http://www.accountability.com.au)  
[www.watermarksearch.com.au](http://www.watermarksearch.com.au)

## Share Registry

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

## Stock Exchange Listing

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

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



# BUILDING BETTER FUTURES.

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