

# **AWFGROUP**

Allied Work Force Group Limited  
**2009 Annual Report.**

# Expanding the Focus

A photograph of a warehouse interior. A worker wearing a bright yellow high-visibility jacket is operating a yellow forklift. The forklift is positioned in the center of the frame, moving through a narrow aisle between tall stacks of cardboard boxes. The boxes are stacked on wooden pallets and reach up to the high ceiling of the warehouse. The lighting is bright, coming from skylights in the roof. The overall scene depicts a busy industrial or logistics environment.

# AWFGROUP

**Allied Work Force Group is proud to be one of New Zealand's most valuable employers. We have supplied the labour needs of industry for over 21 years and our employees have played an integral role in the growth of this country. 2009 has been a year of expanding our focus to meet the increasing needs for greater skill levels.**

- **Specialist temporary staff for industry**
- **Right people, right place, right time**
- **Grow with us**



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# Letter from the Board.

## Dear Shareholders,

The Board and management are pleased to be able to report a year of steady progress in lifting bottom line performance and as a consequence, a lift of 12% in dividend payable to shareholders.

Key elements of the year include:

- A strong first six months to 30.9.08 delivering growth of 30%; enabling a 25% increase in interim dividend to 3.5 cents (2.8 previous) reflecting strong activity, particularly in food processing, infrastructure and manufacturing sectors. At the time we noted prospects of an increasingly difficult business environment as we looked ahead and so it proved to be.
- A challenging second six months within which consolidation and focus on efficiency assumed a massive priority as the reality of the recessionary environment hit heavily into business confidence and commitment at all levels.
- A year end result producing an overall lift in net profit after tax of 13.6% to \$2.15 million, and a lift in dividend by 12.0% to 6.5 cents fully imputed.
- A steady increase in the winning of national accounts across a wider labour sector skill set, but in an environment where matching resource demand and supply, assumed new levels of challenge across the 27 branch network.
- Successful further reduction in dependence on the construction and infrastructure sectors was

achieved (47% in prospectus year 2005/2006 to 39%, in 2008/2009). This in turn led to a defined market place perception shift for AWF as the diversity was emphasised with manufacturing, logistics and food processing accounting for over 50% of activity.

- Mike Huddleston joined the Group as Chief Executive Officer in August 2008. Mike's leadership focus and industry experience have meant that his impact was immediate and continues to impress.
- We were pleased to report that the Group's debtors' book has continued to be well managed through a challenging period and whilst increased provisions have been made to fully cover all contingencies, as at March 31 over 90% of debtors were current.
- Whilst no acquisition activity has eventuated in the period we remain vigilant in this regard. However, our acquisition returns requirements, guarantee that we remain hard to convince in this area.
- We were pleased to be able to report in excess of \$4 million in cash held at year end and zero debt.
- For the next financial year we have targeted moderate growth but are very mindful that until business confidence lifts in a demonstrable and sustainable manner, each week will be a challenge.

- We are very clear that our focus on cost efficiency and business relationships must drive our business practice as the New Zealand economy itself faces challenge.

With its national footprint of 27 branches, AWF has an impressive involvement across a very broad spectrum of the New Zealand economy. Success requires a very high level of customer service and attention to customer needs. We are committed to delivering to these goals.

We take this opportunity to recognise and acknowledge the contribution made by our people.

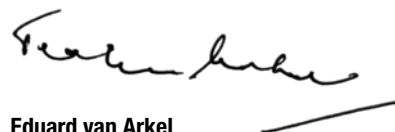
For the Board.



**Ross B Keenan**  
Chairman



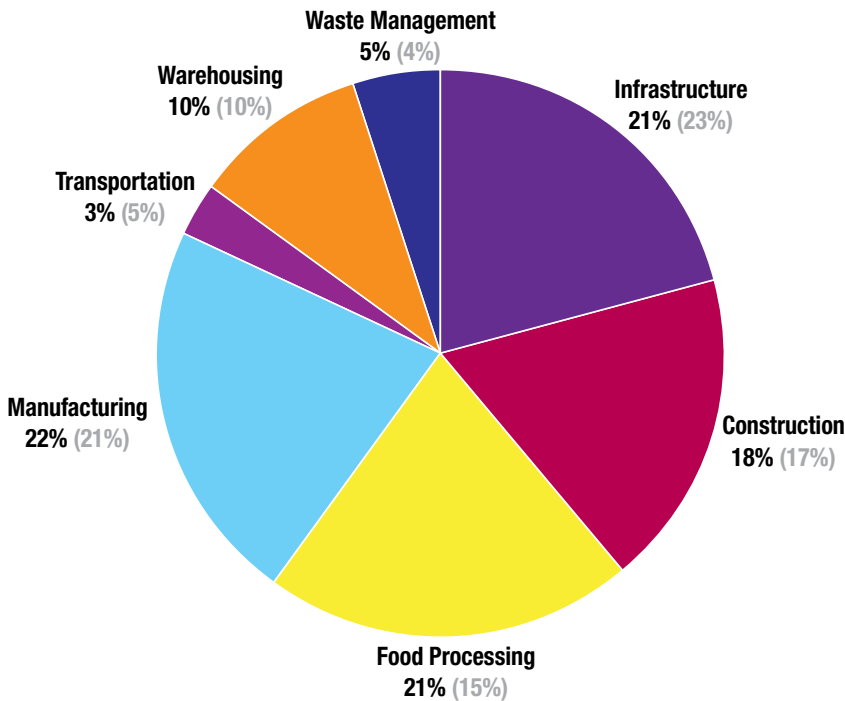
**Simon A Hull**  
Managing Director



**Eduard van Arkel**  
Director



**AWF Group top 100 clients by revenue FY09 (FY08)**  
(includes Quin Workforce)



**We are very clear that our focus on cost efficiency and business relationships must drive our business practice as the New Zealand economy itself faces challenge.**



# Chief Executive's Report.

Oh what a difference a year can make in this economic environment!

The On-Hire business is a recession resilient business when you consider how companies manage their labour pools as their sales slow, but nothing can entirely smooth the bumps in tough times like these. We are optimistic as we look ahead to the demands which will be placed on us as the economy improves and we certainly have development for these times firmly in focus. However we know that this cycle has some way to run.

There is no question that the AWF Group's sales revenue has been negatively affected by the economic downturn this year, it is therefore very pleasing to me that my team has worked so outstandingly to produce a year end profit result 13.6% better than last year, at the same time the company has a strong head of steam moving forward.

## Nationwide Performance.

### Auckland/Northern Region

As with the rest of our business across the country, this region commenced the 2009 financial year with a very strong first quarter before the economic impact in the region, particularly on the Construction sector, took its toll. This industry, being a core sector for AWF since the Company's establishment, has been severely impacted and as a result our Auckland/Northern Region business has felt the recession more than any other. Our strength in supply to Infrastructure within the Region was a strong protection against the Construction downturn as central and local government endeavour to maintain buoyancy in this sector.

### Central Region

The industrial diversity in the supply of services from our Central Region offered outstanding resilience throughout the year and saw the Region exceed expectations. Less focus on Construction and more on Manufacturing resulted in a much later and slower business downturn and greater stability throughout the year. We witnessed some outstanding individual branch performances in this Region based on excellent relationships with Manufacturing, Food Processing and Horticultural customers.

### South Island Region

Not unlike the Central Region, our South Island businesses are diverse and less exposed to the Construction sector. This again provided a certain strength and resilience allowing the performance in the region to all but mirror our goals for the year. Similar to our other main centre branches in Auckland and Wellington, our Christchurch operations showed good strength until December but slowed significantly early in the New Year.

### Quin Workforce

The Wellington Region was fortunate to have a number of construction projects on the go for most of 2008 and our wholly owned subsidiary Quin Workforce maintained its leading position, providing skilled and qualified workers in this sector. However a number of project completions in early 2009 changed the picture and brought home some harsh realities to the Construction sector in Wellington. The industry is aware of some promising projects in the region for 2009. As with the rest of the country, Quin's Engineering and Logistics divisions remained strong and provided a good counter balance to the Construction downturn.

## Fine Tuning Our Structure

Every company looks at costs in this environment and AWF is no exception. As our growth has temporarily slowed we have ensured that our national 27 branch structure has remained lean and responsive and in all cases profitable. The senior level management team also became a focus within the period and we have developed a leaner, dynamic and nimble team to drive the company forward.

As management of costs has always been a strong focus, much of the ground work had been done in previous years. However one sector of our business which has received significant attention in 2008/09 and has resulted in substantial savings is the refining of the delivery model. Our shareholders will be aware that AWF introduced the delivery model to the industry, whereby many of our crew were delivered to work sites each day, by company buses and vans. This service offering remains attractive in certain circumstances but changing times and improved labour availability and mobility mean more crew have their own transport and this need has therefore reduced. More than half of our branches no longer offer transport for our crew.

## Our New Focus



### Manufacturing & Logistics

Shareholders will note from the graph on page 3 that our mix of business remains roughly evenly spread between the provision of outdoor temporary labour to Construction, Infrastructure and General Labouring sectors and indoor temporary



labour to Manufacturing, Logistics, Transportation and Food Processing.

Whilst this chart demonstrates a healthy diversity in the business, awareness of this diversity is low across our prospective customer base. The AWF Group has advertised and promoted the 0800LABOUR brand well over a long period and shareholders will, I am sure, have "whistle when you need us" on their minds. This advertising has driven a perception that AWF's focus is predominantly on General and Construction labour supply. This is not the reality.

Consequently the focus for 2009/10 is to broaden the awareness and to demonstrate our strengths in the very significant Manufacturing and Logistics sector. This is a market which demands labour with higher and differing skill levels, a willingness to undertake training, improved reliability and most often a team spirit.

With this focus in mind we have introduced a new brand "AWF Manufacturing and Logistics" and shareholders will see that some of our branches throughout the country will soon take on a new appearance as they specialise in this sector. You will hear our new advertising on radio throughout the year, reflecting this broader business base vital to the AWF Group as we move ahead.

To emphasise our position under this new brand we have taken steps to strengthen our expertise in sales at a senior level to take advantage of and co-ordinate the opportunities across all industry sectors.

Better promotion of our strengths in providing skilled labour to industry will open up significant opportunities for growth in the next year and beyond, and will position the Group as a more attractive one stop labour service.

## Our Expectations for the Next Year

Rebranding, as mentioned above, has shown early successes in the New Year and we are confident that even in this difficult market we can gain more traction into the Manufacturing and Logistics market sector where substantial growth is available.

We remain confident that Government initiatives around stimulating employment will buoy the Infrastructure sector and we will remain leader in this market.

Construction at this early stage of the year is weak. Whilst some exciting projects are in their early stages there is no sign of a general upturn and we do not expect one until 2010.

There is no doubt that this year will be a significant challenge, however with challenges come opportunities. With the Group's strong market position and share and solid balance sheet, we are well suited to take advantage of these opportunities.

We have entered the 2010 year with a strong team throughout our entire 27 branch network, focused on delivering efficient service to a broader business base. We will continue to develop a higher skill base to deliver a one stop temporary labour service to key national clients and are confident of achieving modest growth in 2010.

**Mike Huddleston**  
Chief Executive Officer



# Corporate Governance Statement.

The Board of Directors of Allied Work Force Group Limited is responsible for the corporate governance of the Company. The term “corporate governance” is generally understood to mean the control of the business by the Directors and the accountability of the Directors to shareholders and others, for the performance of the Company and compliance by the Company with laws and standards.

This statement sets out the corporate governance policies, practices and processes followed by the Board throughout the year.

## The Board

The Board is elected by the shareholders of the Company. At each annual meeting, one third of the Directors will retire by rotation. The Directors to retire are those who wish to retire, or those who have been longest in office since last being elected.

The Board establishes the Group’s objectives, major strategies for achieving these objectives, the overall policy framework within which the business of the Group is conducted, and monitors management performance with respect to these matters. The Board has delegated the day-to-day management of the Group to the Chief Executive Officer, Mike Huddleston.

The Company’s Constitution sets out the policies and guidelines for the operation of the Board including the appointment and removal of Directors.

Ross Keenan (Chairman) and Eduard van Arkel have been determined as independent Directors as defined in the NZX listing rules.

## Finance and Audit Committee

The Finance and Audit Committee assists the Board in ensuring the Group’s compliance with the Companies Act 1993 and the Financial Reporting Act 1993. The committee reviews the audit of the Group’s financial statements and ensures qualitative financial reporting to shareholders.

## Remuneration Committee

The objective of the Remuneration Committee is to establish remuneration policies and practices that attract, retain and motivate executives and directors. The committee ensures that executives and directors are rewarded having regard to the Group’s performance.

## Share Trading

The Company has adopted a code of conduct for share dealing by directors and employees that ensures compliance with the Securities Act 1988.

## NZX Corporate Governance Best Practice Code

The Company’s corporate governance policies comply with the NZX Corporate Governance Best Practice in all respects.



# Board of Directors.



**ROSS KEENAN, B.Com FCIT**  
Independent Chairman

Ross has considerable corporate governance and executive experience. Current appointments include: Chair of Metrowater Limited, Ngai Tahu Seafood Limited and Ngai Tahu Tourism Limited. He is a Director of Touchdown Limited, Ngai Tahu Holdings Group and Oceania Attractions Limited.

His career business experience was largely with Air New Zealand and Qantas and includes management and governance positions in Australia, New Zealand, Fiji, Los Angeles and London.

Ross returned to New Zealand to take up the position of Managing Director overseeing the establishment phase of Ansett New Zealand Limited. On completion of this contract he was appointed Managing Director of NZX listed Newmans Group Limited.



**SIMON HULL**  
Managing Director

Simon founded the Allied Work Force business in 1988 and has been its Managing Director for the past 20 years. He has extensive knowledge of the on-hire labour market and has been instrumental in growing the Allied Work Force business from its small beginning to its current market leading position. Simon has overall responsibility for the operation and performance of the business and for identifying strategic growth opportunities. Before he founded Allied Work Force, Simon was involved in farming, horticulture and small business management.



**EDUARD VAN ARKEL, FNZIM**  
Independent Director

Eduard is a director of a number of public and private companies. His appointments include Chair of UNITEC New Zealand and NZX listed Restaurant Brands (NZ) Limited and Charlies Group Limited.

He is a director of Auckland Chamber of Commerce, Lockwood Group Limited, Paper Plus Group Limited, Danske Mobler Limited, National Property Trust Limited, Lang Properties Limited, Youthtown Inc and his consulting company Van Arkel & Co Limited.

In November 2004 Eduard retired as managing director of Progressive Enterprises Limited following the successful integration of Woolworths NZ Limited into the Progressive Group. He had previously worked for PlaceMakers, Bing Harris Sargood and Woolworths.

# Auditors' Report.

To the shareholders of

## Allied Work Force Group Limited

We have audited the financial statements on pages 10 to 31. The financial statements provide information about the past financial performance and financial position of Allied Work Force Group Limited and group as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 14 to 18.

### Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of Allied Work Force Group Limited and group as at 31 March 2009 and of the results of operations and cash flows for the year ended on that date.

### Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

### Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the company and group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with or interests in Allied Work Force Group Limited or any of its subsidiaries.

### Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Allied Work Force Group Limited as far as appears from our examination of those records; and
- the financial statements on pages 10 to 31:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial reporting Standards; and
  - give a true and fair view of the financial position of Allied Work Force Group Limited and group as at 31 March 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 21 May 2009 and our unqualified opinion is expressed as at that date.




Chartered Accountants  
AUCKLAND, NEW ZEALAND

# AWFGROUP

Allied Work Force Group Limited  
**2009 Annual Report.**

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# Financial Information.

# Financial Statements.

Allied Work Force Group Limited

## Consolidated Income Statement.

for the year ended 31 March 2009

	Notes	GROUP		COMPANY	
		Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Revenue	4	77,333	85,704	2,973	1,766
Direct costs		2,196	1,825	-	-
Employee benefits expense	4	65,039	73,317	70	62
Depreciation expense	4	565	584	-	-
Other operating expenses		6,422	6,944	129	162
		74,222	82,670	199	224
Operating profit		3,111	3,034	2,774	1,542
Finance costs	4	45	13	5	-
Profit before tax		3,066	3,021	2,769	1,542
Income tax expense	5	919	1,131	-	16
<b>Profit for the period</b>		<b>2,147</b>	<b>1,890</b>	<b>2,769</b>	<b>1,526</b>
Attributable to:					
Equity holders of the parent		2,147	1,890		
		<b>2,147</b>	<b>1,890</b>		
<b>Earnings per share</b>					
<b>Total basic and diluted earnings per share</b>	<b>8</b>	<b>8.2</b>	<b>7.2</b>		

Notes to the financial statements are included on pages 14 to 31.

Allied Work Force Group Limited

**Consolidated Balance Sheet.**

at 31 March 2009

	Notes	GROUP		COMPANY	
		31/03/2009 \$'000	31/03/2008 \$'000	31/03/2009 \$'000	31/03/2008 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	1,535	1,986	-	-
Investment in subsidiaries	10	-	-	28,328	28,328
Goodwill	11	8,767	8,767	-	-
Deferred tax assets	16	382	355	-	-
		10,684	11,108	28,328	28,328
<b>Current assets</b>					
Trade and other receivables	13	9,316	11,841	-	-
Cash and cash equivalents	13	4,532	1,408	-	1
Advances to subsidiaries		-	-	12,182	10,258
		13,848	13,249	12,182	10,259
<b>Total assets</b>		<b>24,532</b>	<b>24,357</b>	<b>40,510</b>	<b>38,587</b>
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	14	14,545	14,545	39,198	39,198
Retained earnings	15	3,217	2,768	351	(720)
<b>Total equity</b>		<b>17,762</b>	<b>17,313</b>	<b>39,549</b>	<b>38,478</b>
<b>Non-current liabilities</b>					
Obligations under finance leases	17	16	45	-	-
		16	45	-	-
<b>Current liabilities</b>					
Trade and other payables	18	6,153	6,893	109	95
Obligations under finance leases	17	29	44	-	-
Taxation payable		436	7	14	14
Provisions	19	136	55	-	-
Bank overdraft		-	-	838	-
		6,754	6,999	961	109
<b>Total liabilities</b>		<b>6,770</b>	<b>7,044</b>	<b>961</b>	<b>109</b>
<b>Total equity and liabilities</b>		<b>24,532</b>	<b>24,357</b>	<b>40,510</b>	<b>38,587</b>

Notes to the financial statements are included on pages 14 to 31.

Allied Work Force Group Limited

**Consolidated Cash Flow Statement.**

for the year ended 31 March 2009

	Notes	GROUP		COMPANY	
		Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
<b>Operating activities</b>					
Cash receipts from customers		79,727	85,542	205	246
Interest received		131	-	-	-
Dividends received		-	-	2,768	1,520
Cash paid to suppliers and employees		74,254	81,143	185	199
Cash generated from operations		5,604	4,399	2,788	1,567
Income taxes paid		518	1,976	-	15
Interest paid		45	13	5	-
<b>Net cash from operating activities</b>	<b>20</b>	<b>5,041</b>	<b>2,410</b>	<b>2,783</b>	<b>1,552</b>
<b>Investing activities</b>					
Proceeds on disposal of property, plant and equipment		59	159	-	-
Purchase of property, plant and equipment		(234)	(731)	-	-
<b>Net cash used in investing activities</b>		<b>(175)</b>	<b>(572)</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>					
Dividends paid		(1,698)	(1,515)	(1,698)	(1,515)
Advances to subsidiaries		-	-	(1,924)	3,746
Repayment of obligations under finance lease		(44)	(80)	-	-
New finance lease obligations		-	67	-	-
Repayment National Bank		-	(415)	-	(415)
Amount received under indemnity		-	696	-	-
<b>Net cash from financing activities</b>		<b>(1,742)</b>	<b>(1,247)</b>	<b>(3,622)</b>	<b>1,816</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,124</b>	<b>591</b>	<b>(839)</b>	<b>3,368</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,408</b>	<b>817</b>	<b>1</b>	<b>(3,367)</b>
<b>Cash and cash equivalents at the end of the year</b>					
<b>Bank balances and cash</b>		<b>4,532</b>	<b>1,408</b>	<b>(838)</b>	<b>1</b>

Notes to the financial statements are included on pages 14 to 31.

Allied Work Force Group Limited

**Consolidated Statement of Changes in Equity.**

for the year ended 31 March 2009

	GROUP			COMPANY		
	Share capital \$'000	Retained earnings \$'000	Total \$'000	Share capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 April 2007	14,545	2,393	16,938	39,198	(731)	38,467
Profit for the year	-	1,890	1,890	-	1,526	1,526
Dividends paid	7	(1,515)	(1,515)	-	(1,515)	(1,515)
<b>Balance at 31 March 2008</b>	<b>14,545</b>	<b>2,768</b>	<b>17,313</b>	<b>39,198</b>	<b>(720)</b>	<b>38,478</b>
Profit for the year	-	2,147	2,147	-	2,769	2,769
Dividends paid	-	(1,698)	(1,698)	-	(1,698)	(1,698)
<b>Balance at 31 March 2009</b>	<b>14,545</b>	<b>3,217</b>	<b>17,762</b>	<b>39,198</b>	<b>351</b>	<b>39,549</b>

Notes to the financial statements are included on pages 14 to 31.

Allied Work Force Group Limited

## Notes to the Consolidated Financial Statements.

For the year ended 31 March 2009

### 1. General information

Allied Work Force Group Limited (the Company) is a profit oriented limited company incorporated in New Zealand. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activity of the Company and its subsidiaries (the Group) is the provision of labour hire services.

These financial statements comply with the Companies Act 1993 and the Financial Reporting Act 1993.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with the New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable financial reporting standards as appropriate for profit oriented entities.

The financial statements comply with the International Financial Reporting Standards ('IFRS').

Management has not been required to make any judgements in the process of applying the entity's accounting policies that significantly affect the amounts recognised in the financial statements.

The financial statements have been prepared on the historical cost basis. The functional currency is New Zealand dollars. The principal accounting policies adopted are set out below.

There have been no changes in accounting policies.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed, where applicable, in the relevant notes to the financial statements (refer to note 11).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

With effect from 1 April 2005, Allied Work Force Group Limited acquired the share capital of Allied Work Force Regional Limited, affected through an exchange of equity interests. Allied Work Force Regional Limited, has the power to govern the financial and operating policies of Allied Work Force Group Limited and in accordance with NZ-IFRS 3 *Business Combinations*, paragraph 21, has been treated as the acquirer for reporting purposes and the business combination of Allied Work Force Regional Limited and Allied Work Force Group Limited has been accounted for as a reverse acquisition in the attached financial statements. The effect of this treatment is that the financial statements represent a continuation of the business of Allied Work Force Regional Limited.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

#### **Business combinations**

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the

acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under NZ-IFRS 3 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

#### **Goodwill**

Goodwill arising on the acquisition of a subsidiary entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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-rated 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.

#### **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to,

the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Sales of services are recognised when the services are provided.

#### **Interest received**

Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

#### **Dividends received**

Dividend income from investments is recognised when the Company's rights to receive payment have been established.

#### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

**Borrowing costs**

Borrowing costs are recognised in the profit or loss in the period in which they are incurred.

**Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes 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 balance sheet date.

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that tax profits will be available against which deductible temporary differences can be utilised. Such 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 arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

**Property, plant and equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, over their useful lives, using the diminishing value method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Impairment of non-current assets**

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

**Trade and other receivables**

Trade and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount in cash and are subject to an insignificant risk of changes in value.

*Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

*Bank borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and settlement or redemption of borrowing is recognised as interest over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

*Advances to subsidiaries*

Advances to subsidiaries are non-interest bearing and repayable on demand. Accordingly their carrying value is equivalent to their fair value.

*Trade and other payables*

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

*Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

**Statement of Cash Flows**

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the statement of cash flows:

*Operating activities:* are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.

*Investing activities:* are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

*Financing activities:* are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

**Standards and Interpretations in issue not yet adopted**

At the date of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- NZ IFRS 8 'Operating Segments' (effective for annual reporting periods on or after 1 January 2009);
- NZ IAS 1 'Presentation of Financial Statements' – Revised Standard (effective for annual reporting periods on or after 1 January 2009);
- Amendments to NZ IFRS-4 'Insurance Contracts' – The Scope of Insurance Activities and Differential Reporting Concessions (effective for annual reporting periods on or after 1 January 2009);
- NZ IFRIC 13 'Customer Loyalty Programmes' (effective for annual reporting periods on or after 1 July 2008);
- NZ IFRIC 15 'Agreements for the Construction of Real Estate' (effective for annual reporting periods on or after 1 January 2009);
- NZ IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (effective for annual reporting periods on or after 1 October 2008);
- NZ IFRIC 17 'Distributions of Non-Cash Assets to Owners' (effective for annual reporting periods on or after 1 July 2009);
- NZ IFRIC 18 'Transfers of Assets from Customers' (effective for annual reporting periods on or after 1 July 2009);
- NZ IAS 23 'Borrowing Costs' – revised 2007 (effective for annual reporting periods on or after 1 January 2009);

- Amendments to NZ IFRS-2 'Share-Based Payment' – Vesting Conditions and Cancellations effective for annual reporting periods on or after 1 January 2009);
- NZ IFRS 3 'Business Combinations' – revised 2008 (effective for annual reporting periods on or after 1 July 2009);
- NZ IAS 27 'Consolidated and Separate Financial Statements' – revised 2008 (effective for annual reporting periods on or after 1 July 2009);
- Revised Amendments to NZ IAS 32 'Financial Instruments: Presentation' and NZ IAS 1 'Presentation of Financial Statements' – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual reporting periods on or after 1 January 2009);
- Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008\*;
- Amendments to NZ IFRS 1 'First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards' and NZ IAS 27 'Consolidated and Separate Financial Statements' – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for annual reporting periods on or after 1 January 2009);
- Omnibus Amendments (2008) (effective for annual reporting periods on or after 1 January 2009);
- Amendments to NZ IAS 39 'Financial Instruments: Recognition and Measurement' – Eligible Hedged Items (effective for annual reporting periods on or after 1 July 2009);
- Embedded Derivatives (Amendments to NZ IFRIC 9 and NZ IAS 39)\*\*
- Improving Disclosures about Financial Instruments (Amendments to NZ IFRS 7 Financial Instruments: Disclosures) (effective for annual reporting periods on or after 1 January 2009);
- Omnibus Amendments (2009) (effective for annual reporting periods on or after 1 July 2009);
- Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009\*\*\*

\* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2009, with earlier adoption permitted, and they are to be applied retrospectively.

\*\* This Standard is effective for annual periods ending on or after 30 June 2009 and must be applied retrospectively.

\*\*\* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for

annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

The directors anticipate that the above Standards and Interpretations will have no material impact on the financial statements of the Group and Company in the period of initial application.

### 3. Business and geographical segments

The Group operates in New Zealand in the on-hire labour industry, thus further business and geographic segment reporting is not required.

## 4. Profit from operations

	GROUP		COMPANY	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
<b>Revenue</b>				
Revenue consisted of the following items:				
Labour hire	77,202	85,704	-	-
Interest received	131	-	-	-
Management fees	-	-	205	246
Dividends received	-	-	2,768	1,520
	<b>77,333</b>	<b>85,704</b>	<b>2,973</b>	<b>1,766</b>
<b>Profit before income tax</b>				
Profit before income tax has been arrived at after charging the following losses from continuing and discontinued operations:				
<b>Loss on disposal of property, plant and equipment</b>	<b>61</b>	<b>36</b>	-	-
<b>Finance costs</b>				
Interest on bank overdrafts and loans	27	5	-	-
Interest on obligations under finance leases	8	11	-	-
Other interest expense	-	10	-	-
Use of money interest	10	(13)	-	-
<b>Total finance costs</b>	<b>45</b>	<b>13</b>	<b>5</b>	-
<b>Depreciation of non-current assets</b>	<b>565</b>	<b>584</b>	-	-
<b>Employee benefits</b>	<b>65,039</b>	<b>73,317</b>	<b>70</b>	<b>62</b>
<b>Remuneration of auditors</b>				
Audit of financial statements	70	66	70	66
Taxation services	-	15	-	15
	<b>70</b>	<b>81</b>	<b>70</b>	<b>81</b>
<b>Donations</b>	<b>3</b>	<b>2</b>	-	-

## 5. Income tax expense

	GROUP		COMPANY	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Current tax	1,022	1,161	-	16
Prior period adjustment	(76)	-	-	-
Deferred tax	16	(30)	-	-
<b>Income tax expense for the year</b>	<b>919</b>	<b>1,131</b>	<b>-</b>	<b>16</b>

Income tax is calculated at 30% (2008:33%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	\$'000	Year Ended	\$'000	Year Ended
		31/03/2009		31/03/2008
		%		%
Profit before tax	3,066		3,021	
Tax at the income tax rate of 30% (2008:33%)	920		997	
Prior period adjustment	(76)			
Tax effect of expenses that are not deductible in determining taxable profit	75		99	
Tax effect of change in corporate tax rate on deferred tax assets	-		35	
<b>Tax expense and effective rate for the year</b>	<b>919</b>	<b>30.0</b>	<b>1,131</b>	<b>37.4</b>

## 6. Imputation balances

	GROUP		COMPANY	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Imputation credit account				
Balance at beginning of period	1,267	989	17	1
Tax payments, net of refunds	874	1,116	-	13
Credits attached to dividends paid	(933)	(838)	(836)	(746)
Credits attached to dividends received	-	-	1,363	749
	<b>1,208</b>	<b>1,267</b>	<b>544</b>	<b>17</b>

**7. Dividends**

	2009		2008	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Prior year final dividend	3.0	784	3.0	784
Interim dividend	3.5	914	2.8	731
		<b>1,698</b>		<b>1,515</b>
Unrecognised amounts				
<b>Final dividend</b>	<b>3.0</b>	<b>784</b>	<b>3.0</b>	<b>784</b>

On 21 May 2009 the directors approved the payment of a fully imputed final dividend of 3.0 cents per share (total dividend \$783,765) to be paid on 24 July 2009 to all shareholders registered on 10 July 2009.

**8. Earnings per share**

	GROUP	
	Year Ended 31/03/2009	Year Ended 31/03/2008
Basic and diluted earnings per share:		
<b>Total basic and diluted earnings per share</b>	<b>8.2</b>	<b>7.2</b>
The earnings and number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Earnings	2,147	1,890
<b>Number of ordinary shares</b>	<b>26,125,503</b>	<b>26,125,503</b>

## 9. Property, plant and equipment

	Motor vehicles \$'000	Fixtures and equipment \$'000	Leasehold improvements \$'000	Total \$'000
<b>Cost</b>				
At 1 April 2007	1,416	1,175	774	3,365
Additions	352	294	84	730
Disposals	401	12	38	451
<b>At 1 April 2008</b>	<b>1,367</b>	<b>1,457</b>	<b>820</b>	<b>3,644</b>
Additions	16	121	98	235
Disposals	182	35	108	325
<b>At 31 March 2009</b>	<b>1,201</b>	<b>1,543</b>	<b>810</b>	<b>3,554</b>
<b>Accumulated depreciation</b>				
At 1 April 2007	513	633	183	1,329
Depreciation charge for the year	281	222	81	584
Eliminated on disposals	233	4	18	255
<b>At 1 April 2008</b>	<b>561</b>	<b>851</b>	<b>246</b>	<b>1,658</b>
Depreciation charge for the year	239	256	70	565
Eliminated on disposals	129	31	44	204
<b>At 31 March 2009</b>	<b>671</b>	<b>1,076</b>	<b>272</b>	<b>2,019</b>
<b>Carrying amount</b>				
<b>At 31 March 2009</b>	<b>529</b>	<b>468</b>	<b>539</b>	<b>1,535</b>
<b>At 31 March 2008</b>	<b>806</b>	<b>606</b>	<b>573</b>	<b>1,986</b>

The following diminishing value rates are used for the depreciation of property plant and equipment:

Motor vehicles	25 to 36%
Fixtures and equipment	10 to 60%
Leasehold improvements	4 to 14%

The carrying amount of the Group's fixtures and equipment includes an amount of \$47,548 in respect of assets held under finance leases.

## 10. Investments

The Company has an investment in Allied Work Force Regional Limited (100%). Allied Work Force Regional Limited is incorporated in New Zealand and provides labour hire services and has a balance date of 31 March.

The Company assesses, at each reporting date, whether there is any indication that investments in subsidiaries may be impaired. The recoverable amounts of subsidiaries are determined from value in use calculations using the same assumptions and approach as that described for determining the recoverable amount of Goodwill in note 11. As at 31 March 2009, the recoverable amount exceeds the carrying amount by \$3,381 thousand. An increase in the discount rate by 80 basis points would cause the recoverable amount to be equal to the carrying amount of investments in subsidiaries.

**11. Goodwill**

	GROUP	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
At 31 March 2009	8,767	8,767

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of subsidiaries are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assumptions of the time value of money and risk specific to the subsidiaries. The growth rates are based on management's best estimate. Changes in selling price and direct costs are based on past practices and expectations of future changes in the market.

For the purpose of testing for impairment, goodwill is allocated to a group of cash-generating units which includes all cash generating units in the Group.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following nineteen years based on an estimated growth rate of 3%. This rate does not exceed the average long-term growth rate for the relevant markets.

The pre-tax rate used to discount the forecast cash flows is 11.8% (2008: 11.5%).

**12. Subsidiaries**

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest - %	Proportion of voting power held - %	Principal activity
Allied Work Force Regional Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Christchurch Limited <sup>1</sup> (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Dunedin Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Far North Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Hamilton Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Hawkes Bay Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Nelson Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Palmerston North Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Taranaki Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Tauranga Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Wellington Limited (2009/2008)	NZ	100	100	Labour hire
Allied Work Force Whangarei Limited (2009/2008)	NZ	100	100	Labour hire
Quin Workforce Limited (2009/2008)	NZ	100	100	Labour hire
Allied Technical Training Limited (2009/2008)	NZ	100	100	Training

<sup>1</sup> The company has "B shares" on issue equating to 12.5% of the total shares in the company. These shares are held by an employee and are entitled to distributions. Under accounting standards these shares, which have no voting rights, are classified as a liability of the company and not as an ownership interest.

**13. Other financial assets****Trade and other receivables**

	GROUP	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Trade receivables	9,637	12,069
Allowance for doubtful debts	(321)	(228)
<b>Amounts receivable from the sale of services</b>	<b>9,316</b>	<b>11,841</b>

**Trade receivables**

The credit period on sale of services is 30 days. No interest is charged on trade receivables for the first 30 days from the date of invoice. Thereafter, interest is charged at 1.5 per cent per month on the outstanding balance.

Before accepting a new customer, the Group conducts reference checks using external sources. Customer checks and approval of credit limits are performed independently of the sales function, and are reviewed on an ongoing basis. There are no customers who represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$1.198 million (2008: \$1.988 million) which are past due at the reporting date for which the Group has not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	GROUP	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
30-60 days	906	1,644
60+ days	292	344
<b>Total</b>	<b>1,198</b>	<b>1,988</b>

**Movement in provision for doubtful debts**

	GROUP	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Opening balance	228	104
Impairment losses recognised	320	188
Amounts written off as uncollectable	(141)	(38)
Impairment losses reversed	(86)	(26)
<b>Closing balance</b>	<b>321</b>	<b>228</b>

The Group's management has reviewed outstanding debtors on a branch-by-branch basis and the doubtful debt provision at 31 March 2009 represents the best estimate of amounts that will not be collected. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for doubtful debts.

**Ageing of impaired trade receivables**

	GROUP	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
30-60 days	-	9
60+ days	321	219
<b>Total</b>	<b>321</b>	<b>228</b>

**Cash and cash equivalents**

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of less than three months. The carrying amount of these assets approximates their fair value.

Interest is earned at 0.8% (2008:6.25%) on bank balances.

**Advances to subsidiaries**

Advances to subsidiaries are non-interest bearing and repayable on demand. The directors consider that the carrying amount of advances to subsidiaries approximates their fair value.

**Fair Value of Financial Instruments**

The carrying amounts of financial instruments at balance date approximate the fair value at that date.

**Financial Risk Management Objectives**

The Group monitors and manages the financial risks relating to the operations of the Group. These risks include market risk, credit risk and liquidity risk.

**Credit Risk**

The Group's principal financial assets are cash and cash equivalents, trade and other receivables and advances to subsidiaries.

The credit risk on liquid funds is limited because the counterparty is a bank with a high credit-rating assigned by international credit-rating agencies. The maximum credit risk on other balances is limited to their carrying values without taking into account any collateral held.

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk as exposure is spread over a large number of customers.

#### Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial and liabilities.

#### Currency Risk

The Group does not undertake transactions in foreign currencies and therefore has no currency risk.

#### Interest Rate Risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

### 14. Share capital

The share capital reflected in the following note represents the share capital of Allied Work Force Group Limited. This differs from the share capital reflected in the Group balance sheet as a result of the reverse acquisition accounting applied (refer note 2).

	COMPANY	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Issued and fully paid:		
At the beginning and end of the year	39,198	39,198
<b>Number of fully paid ordinary shares</b>	<b>26,125,503</b>	<b>26,125,503</b>

The Company has one class of ordinary shares which carry no right to fixed income.

Changes to the Companies Act 1993 abolished the authorised capital and par value concept in relation to share capital from 1 July 1994. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value. All ordinary shares rank equally with one vote attached to each fully paid ordinary share, and rights and windup.

#### Capital Risk Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2008.

The capital structure of the Group consists of debt, which includes the obligations under finance leases disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital and retained earnings as disclosed in notes 14 and 15 respectively.

**15. Retained earnings**

	GROUP		COMPANY	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Balance at 1 April 2008	2,768	2,393	(720)	(731)
Dividends paid	(1,698)	(1,515)	(1,698)	(1,515)
Profit for the year attributable to equity holders of the parent	2,147	1,890	2,769	1,526
<b>Balance at 31 March 2009</b>	<b>3,217</b>	<b>2,768</b>	<b>351</b>	<b>(720)</b>

**16. Deferred tax**

The following are the major deferred tax assets recognised by the Group, and the movements thereon, during the current reporting period. With effect from 1 April 2008, the corporate tax rate has changed to 30%. The deferred tax assets have been adjusted to reflect the reduction in the tax rate.

	ACC levies \$'000	Staff leave pay accruals \$'000	Bad debt provisions \$'000	Total \$'000
At 1 April 2007	143	150	32	325
Charge (credit) to profit or loss for the year	32	(7)	41	66
Effect of change in corporate tax rate	(16)	(13)	(7)	(35)
<b>At 1 April 2008</b>	<b>159</b>	<b>130</b>	<b>66</b>	<b>355</b>
Charge (credit) to profit or loss for the year	16	(17)	28	27
<b>At 31 March 2009</b>	<b>175</b>	<b>113</b>	<b>94</b>	<b>382</b>

**17. Obligations under finance leases**

	GROUP			
	31/03/2009 \$'000	Future minimum lease payments 31/03/2008 \$'000	31/03/2009 \$'000	Present value of future minimum lease payments 31/03/2008 \$'000
Amounts payable under finance lease:				
Within one year	33	52	29	44
In the second to fifth years inclusive	16	49	16	45
	49	101	45	89
Less: future finance charges	4	12		
<b>Present value of lease obligations</b>	<b>45</b>	<b>89</b>	<b>45</b>	<b>89</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)			29	44
<b>Amount due for settlement after 12 months</b>			<b>16</b>	<b>45</b>

It is the Group's policy to lease certain computer equipment under finance lease. The average lease term is 3 years. For the year ended 31 March 2009, the average effective borrowing rate was 11.5 per cent. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

## 18. Trade and other payables

	GROUP		COMPANY	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Trade creditors and accruals	6,153	6,893	109	95

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates their fair value.

## 19. Provisions

	GROUP	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
At 1 April 2008	55	45
Expenses incurred	(144)	-
Increase in provisions	230	10
Reversal of prior overprovision	(5)	-
<b>At 31 March 2009</b>	<b>136</b>	<b>55</b>

Provisions represent management's best estimate of the Group's liability for ongoing medical and rehabilitation costs for open claims in terms of the partnership agreement with Accident Compensation Corporation, based on past experience and the nature of the open claims.

**20. Notes to the cash flow statement****Reconciliation of operating cash flow**

	GROUP		COMPANY	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Reported surplus after tax	2,147	1,890	2,769	1,526
Non cash items				
Depreciation	565	584	-	-
Loss on disposal of property, plant and equipment	61	36	-	-
Movement in deferred tax	(27)	(30)	-	-
	599	590	-	-
Movements in working capital excluding movements relating to purchase of subsidiaries				
(Decrease)/increase in trade and other receivables	2,525	(162)	-	-
Increase in trade and other payables	(740)	897	14	25
Increase in provisions	81	10	-	-
Increase in taxation payable	429	(815)	-	1
(Decrease)/increase in related party advances				
	2,295	(70)	14	26
<b>Net cash inflows from operating activities</b>	<b>5,041</b>	<b>2,410</b>	<b>2,783</b>	<b>1,552</b>

**21. Non-cash transactions**

There were no non-cash transactions during the current year. In the previous year, additions to fixtures and equipment amounting to \$66,693 were financed by new finance leases.

**22. Capital commitments and contingent liabilities**

The Group has no capital commitments or contingent liabilities at 31 March 2009 (2008: \$Nil).

**23. Operating lease arrangements**

	GROUP	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Minimum lease payments under operating leases recognised as an expense in the year	1,229	1,209

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Within one year	1,138	996
In the second to fifth years inclusive	2,724	3,011
After five years	995	1,285
	<b>4,857</b>	<b>5,292</b>

Operating lease payments represent rentals payable by the Group for certain of its operational properties and motor vehicles. Property leases are negotiated for an average term of nine years and rentals are fixed for an average of three years. Motor vehicles are negotiated for a period of five years and are fixed.

#### 24. Events after the balance sheet date

On 21 May 2009 the directors approved the payment of a fully imputed final dividend of \$783,765 (3.0 cents per share) to be paid on 24 July 2009.

#### 25. Related party transactions

##### Controlling entity

The SA Hull Family Trust No. 2, which holds 17,458,836 shares or 66.8% in the company, is the ultimate controlling entity of the Group.

##### Trading transactions

During the year, group entities entered into the following trading transactions with a related party that is not a member of the Group:

	PROPERTY LEASES	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
<b>Hull Properties Limited</b>	<b>103</b>	<b>103</b>

Simon Hull is a shareholder of Hull Properties Limited.

Allied Work Force Group Limited received the following amounts from its subsidiary Allied Work Force Regional Limited:

	COMPANY	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Management fees	205	246
Dividends	2,768	1,520
	<b>2,973</b>	<b>1,766</b>

#### Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	GROUP		COMPANY	
	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2008 \$'000
Short-term benefits	1,107	719	75	62

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

#### 26. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 21 May 2009.



**Ross B Keenan**  
Chairman  
21 May 2009



**Simon Hull**  
Managing Director  
21 May 2009

# Shareholder and Statutory Information.

## Companies Act 1933 disclosures

The Directors of Allied Work Force Group Limited submit herewith the annual financial report of the company for the financial year ended 31 March 2009. In order to comply with the Companies Act 1993, the Directors report as follows:

The names and particulars of the Directors of the company during or since the end of the financial year are:

Directors Name	Particulars
Mr Ross Keenan	Chairman, joined the board in 2005 in a non-executive capacity. Mr Keenan is a member of the finance and audit committee and the remuneration committee.
Mr Simon Hull	Managing Director, founding shareholder and director. Mr Hull is an executive director and member of the finance and audit committee.
Mr Eduard van Arkel	Director, joined the board in 2005 in a non-executive capacity. Mr Van Arkel is chairman of the finance and audit committee and a member of the remuneration committee.

## Entries recorded in the Interests Register

Entries in the Interest Register made during the year and disclosed pursuant to sections 211(1)(e) and 140(1) of the Companies Act 1993 are as follows:

### (a) Directors Interests in transactions

1. The directors had no interests in transactions in the current year.

### (b) Share dealings by Directors

The following table sets out each Directors relevant interest in shares of the company as at the date of this report.

Director	Number
Ross B Keenan	75,000
Eduard K van Arkel	50,000
Simon A Hull	17,794,170

## Disclosure of interests by Directors

### ROSS B. KEENAN

Allied Work Force Group Ltd	Chairman
Metrowater Ltd	Chairman
Ngai Tahu Seafood Ltd	Chairman
Ngai Tahu Tourism Ltd	Chairman
Auckland regional Transport Network Ltd	Director
Ngai Tahu Holdings Corporation	Director
Ngai Tahu Property Ltd	Director
Oceania Attractions Ltd	Director
Touchdown Ltd	Director

### SIMON HULL

Allied Technical Training Ltd	Director
Allied Work Force Dunedin Ltd	Director
Allied Work Force Far North Ltd	Director
Allied Work Force Group Ltd	Director
Allied Work Force Hamilton Ltd	Director
Allied Work Force Hawkes Bay Ltd	Director
Allied Work Force Ltd	Director
Allied Work Force Nelson Ltd	Director
Allied Work Force Palmerston North Ltd	Director
Allied Work Force Regional Ltd	Director
Allied Work Force Taranaki Ltd	Director
Allied Work Force Tauranga Ltd	Director
Allied Work Force Wellington Ltd	Director
Allied Work Force Whangarei Ltd	Director
Bonus Investments Ltd	Director
Cattle Mountain Run Ltd	Director
Employee Investments Ltd	Director
Falls Road Properties Ltd	Director
Hull Group Ltd	Director
Hull Properties Ltd	Director
Makiri Lands Ltd	Director
Nano Imports Ltd	Director
On Hire NZ Ltd	Director
Quin Workforce Ltd	Director
Wayby Station Ltd	Director

### EDUARD KOERT VAN ARKEL

Charlies Group Ltd	Chairman
Restaurant Brands NZ Ltd	Chairman
Unitec New Zealand	Chairman
Allied Work Force Group Ltd	Director
Auckland Regional Chamber of Commerce	Director
Danske Mobler Ltd	Director
La Grouw Corporation Ltd	Director
Lockwood Group Ltd	Director
NPT Ltd (National Property Trust)	Director
Paper Plus Group	Director
Youthtown Inc.	Director
Lang Properties Ltd	Director
Van Arkel & Co Ltd	Director

**Changes in state of affairs**

During the year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

**Director Remuneration**

The following table discloses the remuneration of the Directors of the company:

Director	Fees \$'000	Salary \$'000	Total \$'000
Ross Keenan	45	-	45
Eduard van Arkel	30	-	30
Simon Hull	-	27	27
	<b>75</b>	<b>27</b>	<b>102</b>

**Additional stock exchange information**

As at 8 May 2009

**Share registry**

Link Market Services  
138 Tancred Street  
Ashburton  
New Zealand  
PO Box 384  
Ashburton 8300  
New Zealand

Telephone: +64 3 308 8887

**Employee Remuneration**

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of employees or former employees of the company, excluding Directors of the company, who received remuneration and other benefits in their capacity as employees, totalling \$100,000 or more, during the year:

Remuneration	Number of Employees 2009	Number of Employees 2008
\$100,000 - 109,999	5	4
\$110,000 - 119,999	3	1
\$120,000 - 129,999	1	4
\$130,000 - 139,999	1	-
\$140,000 - 149,999	1	1
\$150,000 - 159,999	-	2
\$160,000 - 169,999	2	-
\$170,000 - 179,999	-	-
\$180,000 - 189,999	-	-
\$190,000 - 199,999	1	-
\$200,000 - 209,999	1	-

**Distribution of holders of quoted shares**

Size of holding	Number of fully paid ordinary shareholders	Percentage	Number of fully paid share	Percentage
1 - 1000	36	8.11%	26,035	0.10%
1001 - 5000	222	50.00%	747,333	2.86%
5001 - 10000	102	22.97%	810,551	3.10%
10001 - 50000	62	13.96%	1,400,481	5.36%
50001 - 100000	8	1.80%	543,167	2.08%
100001 and Over	14	3.15%	22,597,936	86.50%
<b>TOTAL</b>	<b>444</b>	<b>100.00%</b>	<b>26,125,503</b>	<b>100.00%</b>

**Substantial security holders**

Pursuant to sub-part 3 of part two of the Securities Markets Act 1988, the following person has given notice as at 8 May 2009 that they were a substantial security holder in the company and held a “relevant interest” in the number of fully paid ordinary shares shown below:

Substantial security holder	Fully paid shares in which relevant interest is held		Date of notice
	Number	Percentage	
SA Hull	17,458,836	66.83%	06/06/2005

**Twenty largest holders of quoted equity securities**

Investor	Total units	Percentage
Simon Hull & David Cox as Trustees of the SA Hull Family Trust No.2	17,458,836	66.83%
James Ian Urquhart	1,074,000	4.11%
Peter Abe Hull	1,000,000	3.83%
New Zealand Central Securities Depository Limited	587,000	2.25%
Walter Frederick Holland	577,261	2.21%
Estate Gregory Allan Webster	436,000	1.67%
Simon Hull	335,334	1.28%
Custodial Services Limited Number 3 Account	204,590	0.78%
Joanna Hickman and John Anthony Callaghan and Kevin James Hickman	194,936	0.75%
Custodial Services Limited Number 2 Account	124,979	0.48%
Roger Dixon Armstrong	150,000	0.57%
Leigh Frances St C Rodgers	150,000	0.57%
Philip John Talacek	180,000	0.69%
Philip Julian Eriksen & Julian Hans Eriksen	125,000	0.48%
Susette Marie Roberts	93,750	0.36%
Blair Richard Watson Tallott	86,000	0.33%
Ross Barry Keenan	75,000	0.29%
Beverly Anne Hull	66,667	0.26%
David Peter Sutherland	63,750	0.24%
Craig Henwood	53,500	0.20%
	<b>23,036,603</b>	<b>88.18%</b>

# Directory.

**DIRECTORS**

Ross Keenan (Chairman)  
Eduard van Arkel (Independent Director)  
Simon Hull (Managing Director)

**AUDITOR**

Deloitte  
Deloitte House  
8 Nelson Street  
PO Box 33  
AUCKLAND  
Ph: 09 309 4944  
Fax: 09 309 4947

**SOLICITORS**

Russell McVeagh  
Vero Centre  
48 Shortland Street  
PO Box 8  
AUCKLAND  
Ph: 09 367 8000  
Fax: 09 367 8163

**SHARE REGISTRY**

Link Market Services  
138 Tancred Street  
PO Box 384  
ASHBURTON  
Ph: 03 308 8887  
or: 0800 377 388  
Fax: 03 308 1311

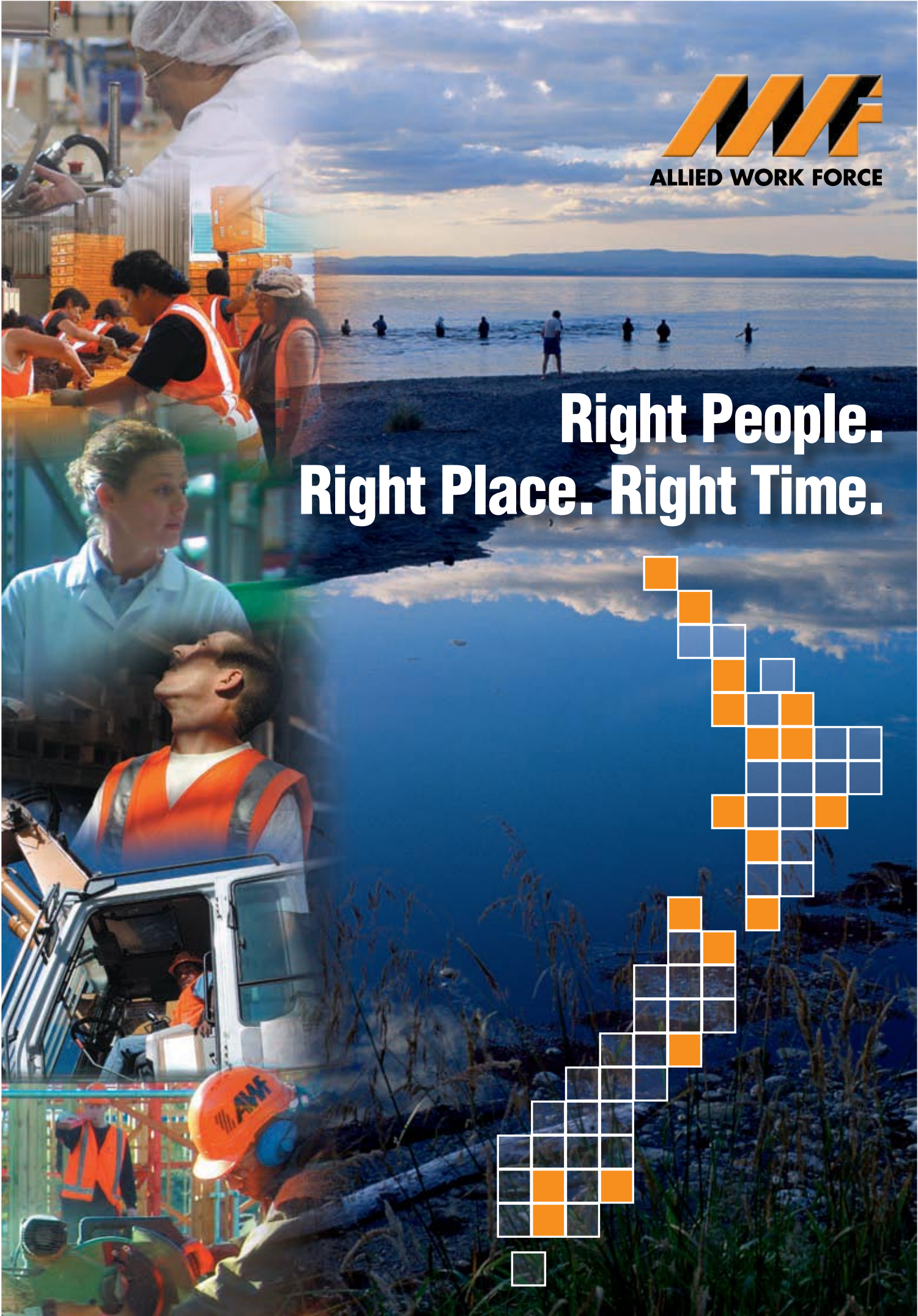
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AWF GROUP LIMITED**

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Right Place. Right Time.**

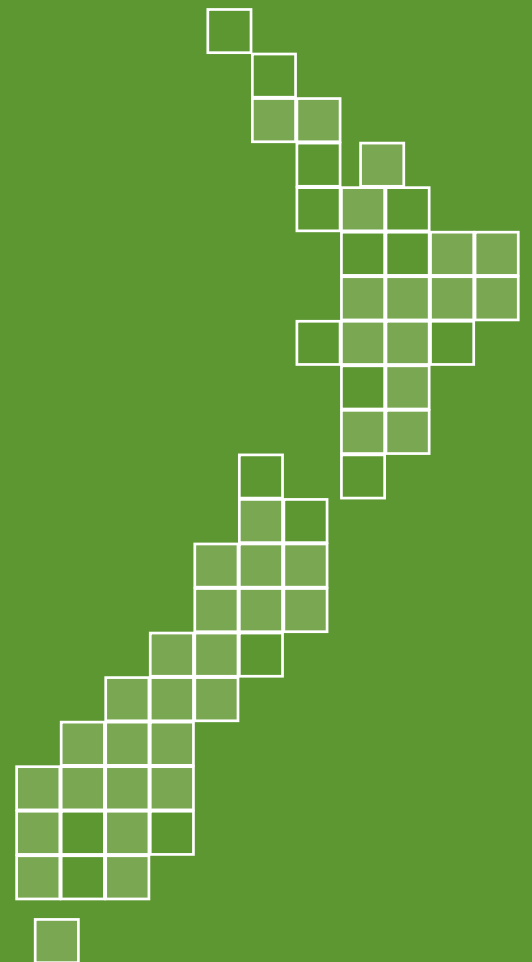




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