

AWFGROUP

Allied Work Force Group Limited
2010 Annual Report.



Great staff for great clients

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.

2010 has been a satisfactory year in a difficult and challenging economy. We have continued to expand our focus of delivering flexible staffing solutions to New Zealand business.



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Letter from the Board.

Dear Shareholders,

On behalf of your Board and Management we are pleased to be able to report on a year characterised by a very difficult first six months; followed by a second half during which we saw steady growth month on month – concluding with a record March month – with sales of over \$10 million for the first time.

The key factors for the year included:

- An incredibly challenging six months to 30th September where activity at all levels slowed dramatically, necessitating a significant restructure of the Group's costs and business model objectives.
- The upside to this was that we entered the period October to March in excellent shape, well positioned to maximise growth opportunities.
- An excellent October/March performance with sales growth and profitability improving month on month – which, with the benefit of cost efficiencies achieved earlier, led to a significant lift in bottom line profitability.
- Net Profit After Tax achieved for the second six months (October to March) was an impressive two and a half times higher than the first six months (April to September) and at a level 50% higher than the equivalent period (October to March) for the previous year.
- The excellent second half delivered a net profit after tax for the year of \$2.002 million and enabled an increase in final dividend to 4.5 cents (last year 3.0 cents) to be declared.

- The overall dividend for the year at 6.0 cents represented just under 80% of tax paid profit. It remains our goal to steadily lift profitability and maintain distributions in accord with our guidelines.
- Business growth was achieved across our expanding base of manufacturing, food processing, logistics, construction, infrastructure and horticultural services; with further broadening of the business base across the 27 branch structure well advanced.
- The Group closed the financial year with zero debt and over \$4 million cash at bank. It is worth reflecting that for a company our size, month and year end balances are subject to timing differences (of the particular day/month/year) against which cash flow and cash balances vary greatly – for example: cash at bank end April was over \$6 million.

We continued to evaluate expansion opportunities within the labour contracting sector, however, we did not finalise a suitable acquisition.

The possibility which did not eventuate (referred to in the interim announcement) was typical of the complexity of a listed entity acquiring a privately held company, where we will not proceed to final stages until the interests of all parties to the proposed transaction are completely aligned. With our financial position continuing to strengthen, we continue to examine opportunities.

Excellent credit management within this high transaction business resulted in maintenance of a very current debtors' book. Like many entities we experienced our share of customer credit difficulty and took prudent action in provisions and write offs.

For the financial year to March 2011 we are targeting growth based on the strong momentum evident at the moment. However, our governance and management practice remains conservative, with attention to costs and efficiency high on our list of key achievables.

We take this opportunity to acknowledge with thanks, the contribution made by all of the AWF team.

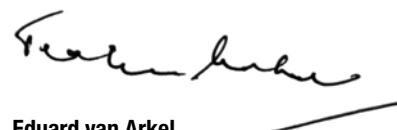
For the Board.



Ross B Keenan
Chairman



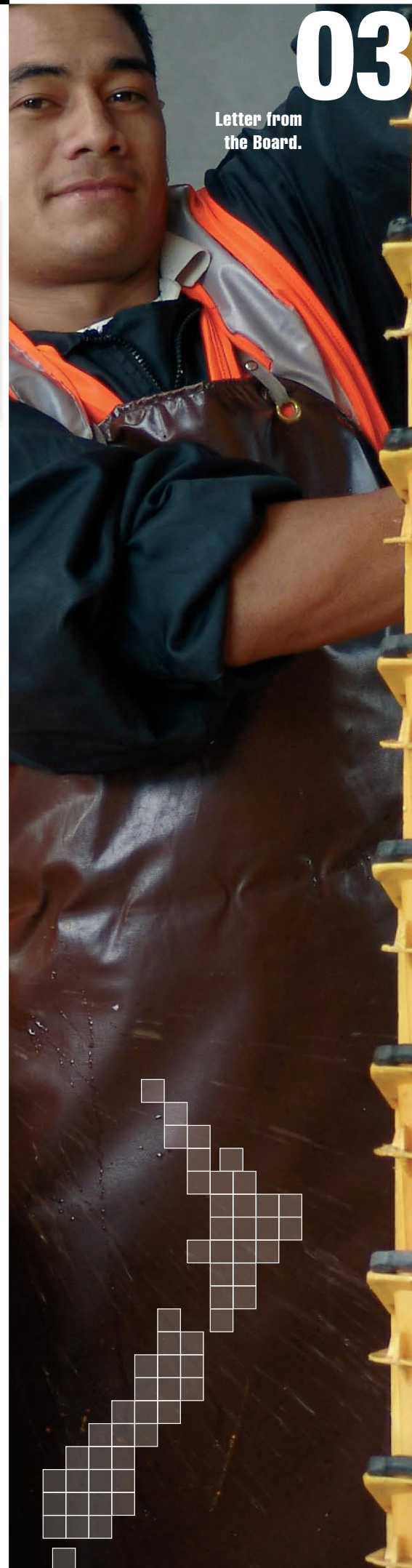
Simon A Hull
Managing Director



Eduard van Arkel
Director



For the financial year to March 2011 we are targeting growth based on the strong momentum evident at the moment. However, our governance and management practice remains conservative, with attention to costs and efficiency high on our list of key achievables.



Chief Executive's Report.

To use the so often quoted cliché "it was certainly a year of two halves."

The year commenced at an all time low for the Group as many of our customers reduced staffing levels in the difficult economic climate. No sector of our business was immune although as the Government support for the country's infrastructure development kicked in, we did experience some strength in our roading infrastructure sector.

July/August 2009 was the low point of the year, however the slow climb out of winter picked up speed by November 2009. As we have always predicted, our industry proved to be a bellwether for employment growth across the country as employers introduced temporary labour whilst looking for certainty of market stability. This positive trend culminated in our finishing the year with an all time record in the month of March 2010. This market strength has continued into the new financial year.

Our Strengthening Brands.



ALLIED WORK FORCE

A Division of Allied Work Force Group Ltd

Our traditional 0800labour brand is now synonymous with our supply of outdoor tradespeople, machinery operators, drivers and labourers to Construction, Roothing and Infrastructure and Waste Management. This sector experienced mixed results in the year. Construction

across the entire country was weak but for some larger projects aligned to Rugby World Cup or to Government initiatives. Conversely, Roothing and Infrastructure was strong as mild winter weather and a long hot summer provided perfect conditions. Waste Management is a sector not harshly affected in a recession and remained a strength.



Manufacturing & Logistics

A Division of Allied Work Force Group Ltd

Developing the new AWF Manufacturing and Logistics division in the midst of a recession was challenging however this division has gone from strength to strength. We have been successful in the year in gaining supplier agreements with some of the country's top manufacturers and we are very clearly recognised as a quality deliverer of temporary labour to this sector.

In fact, we lead the industry in the introduction of initiatives to improve the calibre and skills of temporary staff available. We have introduced new security, reference checking and drug testing procedures second to none and our competitors are struggling to follow.

This financial year we are taking our Manufacturing and Logistics division offering to the next level by introducing new training initiatives. Allied Technical Training, our group training provider is now approved to train the National Certificate in Food and Related Products Processing. Coupled with our existing training in National Certificate in Building

and Construction and our approved Construction Apprenticeship provider status, we are fast becoming recognised for developing our young people ready for permanent employment.

Our Nationwide Performance.

Northern Region

Our branches north of Auckland experienced an outstanding year and showed no impact from the economic climate. A mixture of substantial one-off construction projects in Whangarei, an extremely buoyant roading maintenance and construction sector across the region and the resurgence of the timber industry were the main reasons for this strong performance.

Auckland Region

Our seven Auckland branches gained strength in 2009 and have diversified well in the face of less building and construction work. The introduction of AWF Manufacturing and Logistics provided new direction and whilst this region remained depressed it is certainly showing signs of strong future potential.

The new financial year shows signs of improved activity in the building and construction sector and we are developing new strategies for growth in this important and substantial sector of our business.

Central Region

Whilst not repeating the exceptional performance of 2008 the Central Region showed good resilience in 2009. Our 10 branches in this region have strength



in food processing, transport, and manufacturing and this combined with the traditional road maintenance and construction work stood the region in good stead.

Late in the year we cemented some excellent new and substantial business in food processing in this region and we are confident going forward.

South Island Region

Excellent performances in Nelson/Marlborough and Otago/Southland countered a slow down in Christchurch during the year and resulted in this region performing very satisfactorily in 2009.

Whilst the affects of the difficult economy took some time to reach Christchurch, when they did so, they did have an impact. Our business in this city is, however, resilient and is returning to strength as the market improves.

The rest of the South gives us every reason to be confident in this region.

Quin Workforce

Quin, as a leading supplier of tradespeople to the building and construction sector experienced a continuation of difficult conditions. Whilst it maintained a stream of work from its many leading New Zealand constructors the level of activity was lower. Very little Government building activity was evident in the capital and regrettably this remains the case.

The good news from Quin is that it is gaining strength significantly in the provision of higher skilled workers to engineering and manufacturing with the result that we are optimistic for growth in 2010.

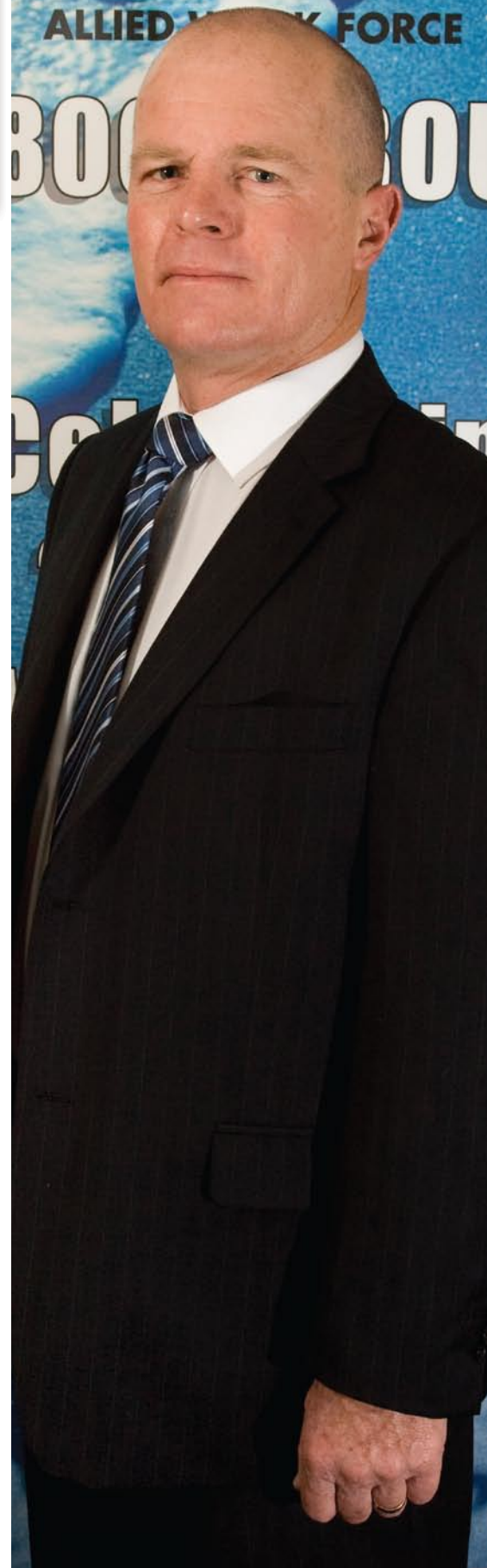
Our Expectations for the Next Year

Excitement with a touch of caution is how I would describe our entry into the new financial year. As mentioned by the Chairman, the month of March 2010 was an all time record for the company and this strength has continued through April and May, assisted greatly by the good weather.

We are cautious of the business climate as we move into winter and expect that the buoyant conditions may soften a little until spring. We are however confident that we are in an excellent position to take advantage of a rising economy in the second half of the new financial year.

Across the industry, many of our competitors have found the going tough over the past 18 months and opportunities for both new client development and possible acquisition are frequent. We will continue to tread cautiously but growth is clearly our ultimate target 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 Ltd and Ngai Tahu Tourism Ltd. He is a Director of Touchdown Ltd, Ngai Tahu Holdings Group and Ngai Tahu Seafood Ltd, and Deputy Chairman of Watercare Services Ltd.

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 22 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.

While Simon continues to work with Mike Huddleston on developing and improving operational performance he is also focussed on identification of strategic growth opportunities for the Group.

Before founding Allied Work Force, Simon was involved in farming, horticulture and small business management.



EDUARD VAN ARKEL, FNZIM
Independent Director

Eduard (Ted) is a director of a number of public and private companies. His Appointments include being the Chair of UNITEC New Zealand and NZX listed Restaurant Brands (NZ) Ltd, as well as Charlies Group Ltd. He is also the Chair of Colorite Group Ltd a private company.

Other directorships held by Ted are NZX Listed Postie Plus Group Ltd and the private companies Lockwood, Danske Mobler and Paper Plus Group Ltd. Ted is a director of the Auckland Regional Chamber of Commerce, Youthtown NZ and is on the advisory board of Nestle NZ. His own private companies are Lang Properties Ltd and van Arkel and Co. Ltd.

In November 2004 Ted 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 2010. This information is stated in accordance with the accounting policies set out on page 14 to 18.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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 2010 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 2010 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 19 May 2010 and our unqualified opinion is expressed as at that date.



Chartered Accountants
AUCKLAND, NEW ZEALAND

This audit report relates to the financial statements of Allied Work Force Group Limited and group for the year ended 31 March 2010 included on Allied Work Force Group Limited website. The board is responsible for the maintenance and integrity of Allied Work Force Group Limited website. We have not been engaged to report on the integrity of Allied Work Force Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 19 May 2010 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Financial Information.

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Financial Statements.

Allied Work Force Group Limited

Statement of Comprehensive Income.

for the year ended 31 March 2010

	Notes	GROUP		COMPANY	
		Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Revenue	4	70,360	77,333	1,070	2,973
Direct costs		(1,575)	(2,196)	-	-
Employee benefits expense	4	(59,857)	(65,039)	(75)	(70)
Depreciation expense	4	(416)	(565)	-	-
Other operating expenses	4	(5,539)	(6,422)	(125)	(129)
Finance costs	4	(33)	(45)	-	(5)
Impairment of investment in subsidiaries	4	-	-	(15,000)	-
Profit before tax		2,940	3,066	(14,130)	2,769
Income tax expense	5	(938)	(919)	(12)	-
Profit for the year		2,002	2,147	(14,142)	2,769
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		2,002	2,147	(14,142)	2,769
Total comprehensive income is attributable to:					
Equity holders of the parent		2,002	2,147		
		2,002	2,147		
Earnings per share					
Total basic and diluted earnings per share	8	7.7	8.2		

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

Allied Work Force Group Limited

Statement of Financial Position.

at 31 March 2010

	Notes	GROUP		COMPANY	
		31/03/2010 \$'000	31/03/2009 \$'000	31/03/2010 \$'000	31/03/2009 \$'000
Assets					
Non-current assets					
Property, plant and equipment	9	1,282	1,535	-	-
Investment in subsidiaries	10	-	-	13,328	28,328
Goodwill	11	8,767	8,767	-	-
Deferred tax assets	16	427	382	-	-
		10,476	10,684	13,328	28,328
Current assets					
Trade and other receivables	13	11,219	9,316	-	-
Cash and cash equivalents		4,055	4,532	22	-
Advances to subsidiaries		-	-	10,981	12,182
		15,274	13,848	11,003	12,182
Total assets		25,750	24,532	24,331	40,510
Equity and liabilities					
Capital and reserves					
Share capital	14	14,545	14,545	39,198	39,198
Retained earnings	15	4,043	3,217	(14,967)	351
Total equity		18,588	17,762	24,231	39,549
Non-current liabilities					
Obligations under finance leases	17	-	16	-	-
		-	16	-	-
Current liabilities					
Trade and other payables	18	6,452	6,153	88	109
Obligations under finance leases	17	16	29	-	-
Taxation payable		647	436	12	14
Provisions	19	47	136	-	-
Bank overdraft		-	-	-	838
		7,162	6,754	100	961
Total liabilities		7,162	6,770	100	961
Total equity and liabilities		25,750	24,532	24,331	40,510

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

Allied Work Force Group Limited

Cash Flow Statement.

for the year ended 31 March 2010

	Notes	GROUP		COMPANY	
		Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Operating activities					
Cash receipts from customers		68,082	79,727	240	205
Interest received		31	131	-	-
Dividends received		-	-	830	2,768
Cash paid to suppliers and employees		(66,372)	(74,254)	(220)	(185)
Cash generated from operations		1,741	5,604	850	2,788
Income taxes paid		(771)	(518)	(14)	-
Interest paid		(33)	(45)	-	(5)
Net cash from operating activities	20	937	5,041	836	2,783
Investing activities					
Proceeds on disposal of property, plant and equipment		55	59	-	-
Purchase of property, plant and equipment		(264)	(234)	-	-
Net cash used in investing activities		(209)	(175)	-	-
Financing activities					
Dividends paid		(1,176)	(1,698)	(1,176)	(1,698)
Advances to subsidiaries		-	-	1,200	(1,924)
Repayment of obligations under finance lease		(29)	(44)	-	-
Net cash from financing activities		(1,205)	(1,742)	24	(3,622)
Net increase in cash and cash equivalents		(477)	3,124	860	(839)
Cash and cash equivalents at the beginning of the year		4,532	1,408	(838)	1
Cash and cash equivalents at the end of the year					
Bank balances and cash		4,055	4,532	22	(838)

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

Allied Work Force Group Limited

Statement of Changes in Equity.

for the year ended 31 March 2010

	GROUP			COMPANY		
	Share capital \$'000	Retained earnings \$'000	Total \$'000	Share capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 April 2008	14,545	2,768	17,313	39,198	(720)	38,478
Total comprehensive income for the year	-	2,147	2,147	-	2,769	2,769
Dividends paid	-	(1,698)	(1,698)	-	(1,698)	(1,698)
Balance at 31 March 2009	14,545	3,217	17,762	39,198	351	39,549
Total comprehensive income/(loss) for the year	-	2,002	2,002	-	(14,142)	(14,142)
Dividends paid	-	(1,176)	(1,176)	-	(1,176)	(1,176)
Balance at 31 March 2010	14,545	4,043	18,588	39,198	(14,967)	24,231

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 2010

1. General information

Allied Work Force Group Limited (the Company) is a profit oriented entity 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.

Accounting judgements and major sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgements in applying accounting policies

The following are the judgements, apart from those involving estimations that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in these financial statements:

Operating segments

Determining whether operating segments can be aggregated together as a reportable segment requires the directors to consider whether the operating segments are similar in the nature of their services, the nature of the production processes, the types of class of customer for their services, the methods used to provide their services and the nature of the regulatory environment.

Major sources of estimation uncertainty

The following are the key assumptions concerning the future, and other major sources of estimation uncertainty at 31 March 2010, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of subsidiaries

Determining whether investment in subsidiaries is impaired requires an estimation of the value in use of investment in subsidiaries. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the investment in subsidiaries and a suitable discount rate in order to calculate present value.

The carrying amount of investment in subsidiaries at 31 March 2010 was \$13.3 million (2009: \$28.3 million) after an impairment loss of \$15 million was recognised during 2010 (2009: \$Nil). Details of the impairment loss calculation are provided in note 10.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the group of cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from those cash-generating units and a suitable discount rate in order to calculate present value.

Details of the value in use calculation are provided in note 11.

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 profit and loss 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 statement of comprehensive income 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 on initial recognition at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and 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.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

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 effective in the current period

In the current year, the Group has adopted NZ IAS 1 Presentation of Financial Statements (revised 2007) and NZ IFRS 8 Operating Segments.

Initial application of NZ IAS 1 did not affect any of the amounts recognised in the financial statements, but changed the presentation of the statement of comprehensive income and statement of changes in equity. There was no change in accounting policy relating to recognition or measurement due to the initial adoption of this standard.

IFRS 8 has resulted in a re-designation of the Group's reporting segments (refer note 3).

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 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 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);
 - Amendments to NZ IAS 39 'Financial Instruments: Recognition and Measurement' – Eligible Hedged Items (effective for annual reporting periods on or after 1 July 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*;
 - Amendments to NZ IFRS 2 'Share-Based Payment' – Group Cash-Settled Share-Based Payment Transactions (effective for annual reporting periods on or after 1 January 2010);
 - Amendment to NZ IAS 32 'Financial Instruments: Presentation' – Classification of Rights Issues (effective for annual reporting periods on or after 1 February 2010);
 - Amendments to NZ IAS 24 'Related Party Disclosures' (effective for annual reporting periods on or after 1 January 2011);
 - NZ IFRS 9 'Financial Instruments' (effective for annual reporting periods on or after 1 January 2013);
 - NZ IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual reporting periods on or after 1 July 2010);
 - Amendments to NZ IFRIC 14 'Prepayments of a Minimum Funding Requirement' (effective for annual reporting periods on or after 1 January 2011);
- * 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 or 1 January 2010, with earlier adoption permitted, and they are to be applied retrospectively.

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. Operating segments

The Group operates branches in major towns and regions throughout New Zealand. Each branch is considered to be an operating segment and for which discrete financial information is available and whose operating results are regularly reviewed by the Group's chief operating decision maker. All branches derive their revenues from on-hire labour services. All operating segments have been aggregated into a single reportable segment on the basis that the nature of the services, the nature of the operating processes, the types of class of customer for the services, the methods used to provide their services and the nature of the regulatory environment are the same for all branches.

All revenues from external customers, and non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts are attributed to the Group's country of domicile. The Group has no debtors individually making up 10% of its revenue and therefore we don't have a large reliance on its major customers.

4. Profit from operations

	GROUP		COMPANY	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Revenue				
Revenue consisted of the following items:				
Labour hire	70,329	77,202	-	-
Interest received	31	131	-	-
Management fees	-	-	240	205
Dividends received	-	-	830	2,768
	70,360	77,333	1,070	2,973
Profit before income tax				
Profit before income tax has been arrived at after charging the following losses from continuing and discontinued operations:				
Other operating expenses				
Administration expenses	1,077	1,197	108	108
Advertising	774	1,018	-	-
Communications	801	923	-	-
Computer expenses	148	170	-	-
Insurance	199	209	7	7
Office expenses	1,509	1,507	10	14
Motor vehicle expenses	984	1,337	-	-
Loss on disposal of property, plant and equipment	47	61	-	-
	5,539	6,422	125	129
Finance costs				
Interest on bank overdrafts and loans	-	27	-	-
Interest on obligations under finance leases	4	8	-	-
Other interest expense	29	-	-	-
Use of money interest	-	10	-	-
Total finance costs	33	45	-	5
Impairment of investments in subsidiaries (note 10)	-	-	15,000	-
Bad and doubtful debts	379	413	-	-
Depreciation of non-current assets	416	565	-	-
Employee benefits	59,857	65,039	75	70
Remuneration of auditors				
Audit of financial statements	70	70	70	70
Donations	6	3	-	-

5. Income tax expense

	GROUP		COMPANY	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Current tax	983	1,022	12	-
Prior period adjustment	-	(76)	-	-
Deferred tax	16 (45)	(27)	-	-
Income tax expense for the year	938	919	12	-

Income tax is calculated at 30% of the estimated assessable profit for the year.

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

	GROUP		COMPANY	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Profit before tax	2,940	3,066	(14,130)	2,769
Tax at the income tax rate of 30%	882	920	(4,239)	831
Prior period adjustment	-	(76)	-	-
Tax effect of income that is exempt from taxation	-	-	(249)	(831)
Tax effect of expenses that are not deductible in determining taxable profit	56	75	4,500	-
Tax expense and effective rate for the year	938	919	12	-
	31.9%	30.0%	-	-

6. Imputation balances

	GROUP		COMPANY	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Imputation credit account				
Balance at beginning of period	1,208	1,267	544	17
Tax payments, net of refunds	735	874	5	-
Credits attached to dividends paid	(579)	(933)	(579)	(836)
Credits attached to dividends received	-	-	374	1,363
	1,364	1,208	344	544

7. Dividends

	2010		2009	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Prior year final dividend	3.0	784	3.0	784
Interim dividend	1.5	392	3.5	914
		1,176		1,698
Unrecognised amounts				
Final dividend	4.5	1,176	3.0	784

On 19 May 2010 the directors approved the payment of a fully imputed final dividend of 4.5 cents per share (total dividend \$1,175,648) to be paid on 25 June 2010 to all shareholders registered on 18 June 2010.

8. Earnings per share

	GROUP	
	Year Ended 31/03/2010	Year Ended 31/03/2009
Basic and diluted earnings per share:		
Total basic and diluted earnings per share	7.7	8.2
The earnings and number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Earnings	2,002	2,147
Number of ordinary shares	26,125,503	26,125,503

9. Property, plant and equipment

	Motor vehicles \$'000	Fixtures and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Cost				
At 1 April 2008	1,528	1,476	830	3,834
Additions	15	121	98	234
Disposals	148	23	90	261
At 1 April 2009	1,395	1,574	838	3,807
Additions	153	77	34	264
Disposals	192	5	70	267
At 31 March 2010	1,356	1,646	802	3,804
Accumulated depreciation				
At 1 April 2008	720	870	257	1,847
Depreciation charge for the year	240	254	71	565
Eliminated on disposals	95	15	31	141
At 1 April 2009	865	1,109	297	2,271
Depreciation charge for the year	155	194	67	416
Eliminated on disposals	132	4	29	165
At 31 March 2010	888	1,299	335	2,522
Carrying amount				
At 31 March 2010	468	347	467	1,282
At 31 March 2009	530	465	540	1,535

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 Groups' fixtures and equipment includes an amount of \$9,529 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. At 31 March 2010, it was determined that the investments in subsidiaries were impaired by \$15 million (2009: \$nil).

	COMPANY	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Balance at 1 April 2009	28,328	28,328
Impairment losses charged to profit or loss	15,000	-
Balance at 31 March 2010	13,328	28,328

The factors contributing to the impairment are based around interest rates and earnings and the fact that earnings are not at the level which supported the original valuation of Allied Work Force Regional Limited. This non-cash impairment will be tested annually to determine whether there is any indication that the impairment loss recognised may no longer exist or may have decreased and shall be reversed accordingly.

11. Goodwill

	GROUP	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
At 31 March 2010	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 discount 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 2%. This rate does not exceed the average long-term growth rate for the relevant markets.

The discount rate used to discount the forecast cash flows is 13.3% (2009: 11.8%).

The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the group of cash generating units.

12. Subsidiaries

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest - %	GROUP	
			Proportion of voting power held - %	Principal activity
Allied Work Force Regional Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Christchurch Limited ¹ (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Dunedin Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Far North Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Hamilton Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Hawkes Bay Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Nelson Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Palmerston North Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Taranaki Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Tauranga Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Wellington Limited (2010/2009)	NZ	100	100	Labour hire
Allied Work Force Whangarei Limited (2010/2009)	NZ	100	100	Labour hire
Quin Workforce Limited (2010/2009)	NZ	100	100	Labour hire
Allied Technical Training Limited (2010/2009)	NZ	100	100	Training

¹ 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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Trade receivables	11,676	9,637
Allowance for doubtful debts	(457)	(321)
Amounts receivable from the sale of services	11,219	9,316

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.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$1.185 million (2009: \$1.198 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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
30-60 days	1,089	906
60+ days	96	292
Total	1,185	1,198

Movement in provision for doubtful debts

	GROUP	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Opening balance	321	228
Impairment losses recognised	446	320
Amounts written off as uncollectable	(217)	(141)
Impairment losses reversed	(93)	(86)
Closing balance	457	321

The Group's management has reviewed outstanding debtors on a branch-by-branch basis and the doubtful debt provision at 31 March 2010 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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
30-60 days	86	-
60+ days	371	321
Total	457	321

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 1.5% (2009:0.8%) 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 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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Issued and fully paid:		
At the beginning and end of the year	39,198	39,198
Number of fully paid ordinary shares	26,125,503	26,125,503

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 2009.

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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Balance at 1 April 2009	3,217	2,768	351	(720)
Dividends paid	(1,176)	(1,698)	(1,176)	(1,698)
Comprehensive income/(loss) for the year attributable to equity holders of the parent	2,002	2,147	(14,142)	2,769
Balance at 31 March 2010	4,043	3,217	(14,967)	351

16. Deferred tax

The following are the major deferred tax assets recognised by the Group, and the movements thereon, during the current reporting period.

	ACC levies \$'000	Staff leave pay accruals \$'000	Bad debt provisions \$'000	Total \$'000
At 1 April 2008	159	130	66	355
Charge (credit) to profit or loss for the year	16	(17)	28	27
At 1 April 2009	175	113	94	382
Charge (credit) to profit or loss for the year	(52)	53	44	45
At 31 March 2010	123	166	138	427

17. Obligations under finance leases

	GROUP			
	31/03/2010 \$'000	Future minimum lease payments 31/03/2009 \$'000	31/03/2010 \$'000	Present value of future minimum lease payments 31/03/2009 \$'000
Amounts payable under finance lease:				
Within one year	16	33	16	29
In the second to fifth years inclusive	-	16	-	16
	16	49	16	45
Less: future finance charges	-	4		
Present value of lease obligations	16	45	16	45
Less: Amount due for settlement within 12 months (shown under current liabilities)			16	29
Amount due for settlement after 12 months			0	16

It is the Group's policy to lease computer equipment under finance lease. The average lease term is 3 years. For the year ended 31 March 2010, 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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Trade creditors and accruals	6,452	6,153	88	109

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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
At 1 April 2009	136	55
Expenses incurred	(167)	(144)
Increase in provisions	93	230
Reversal of prior overprovisions	(15)	(5)
At 31 March 2010	47	136

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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Reported surplus after tax	2,002	2,147	(14,142)	2,769
Non cash items				
Depreciation	416	565	-	-
Loss on disposal of property, plant and equipment	47	61	-	-
Movement in deferred tax	(45)	(27)	-	-
Impairment of investments in subsidiaries			15,000	
Movements in bad debt provision plus bad debt write off in current year	353			
	771	599	15,000	
Movements in working capital excluding movements relating to purchase of subsidiaries				
(Increase)/decrease in trade and other receivables	(2,258)	2,525	-	-
Increase/(decrease) in trade and other payables	299	(740)	(20)	14
(Decrease)/increase in provisions	(89)	81	-	-
(Increase)/decrease in taxation payable	212	429	(2)	-
	(1,836)	2,295	(22)	14
Net cash inflows from operating activities	937	5,041	836	2,783

21. Non-cash transactions

There were no non-cash transactions during the current year.

22. Capital commitments and contingent liabilities

The Group has no capital commitments or contingent liabilities at 31 March 2010 (2009: \$Nil).

23. Operating lease arrangements

	GROUP	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Minimum lease payments under operating leases recognised as an expense in the year	1,255	1,229

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

	GROUP	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Within one year	1,142	1,138
In the second to fifth years inclusive	2,240	2,724
After five years	1,224	995
	4,606	4,857

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 19 May 2010 the directors approved the payment of a fully imputed final dividend of \$1.176 million (4.5 cents per share) to be paid on 25 June 2010.

On 1 April 2010, all subsidiary companies, except Allied Work Force Christchurch Limited, were amalgamated into one company, Allied Work Force Regional Limited. Allied Work Force Regional Limited subsequently changed its name to Allied Work Force Limited. From 1 April 2010 Allied Work Force Group Limited has two subsidiaries, Allied Work Force Limited and Allied Work Force Christchurch Limited.

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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Hull Properties Limited	103	103

Simon Hull is a shareholder of Hull Properties Limited. The lease expires on 31 March 2011 and is renewable for a further three years. Lease payments are on commercial terms.

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

	COMPANY	
	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Management fees	240	205
Dividends	830	2,768
	1,070	2,973

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 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000	Year Ended 31/03/2010 \$'000	Year Ended 31/03/2009 \$'000
Short-term benefits	808	1,107	75	70

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 19 May 2010.



Ross B Keenan
Chairman
19 May 2010



Simon Hull
Managing Director
19 May 2010

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 2010. 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

- 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

EDUARD KOERT VAN ARKEL

Restaurant Brands NZ Ltd	Chairman
Lockwood Group	Director
Auckland Regional Chamber of Commerce	Director
Lang Properties Ltd	Director
Van Arkel & Co Ltd	Director
Charlies Group Ltd	Chairman
Danske Mobler Ltd	Director
Unitec New Zealand	Chairman
Paper Plus Group	Director
Youthtown Inc.	Director
Postie Plus	Director
Nestle	Director
Colorite Group	Chairman

ROSS B. KEENAN

Allied Work Force Group Ltd	Chairman
Metrowater Ltd	Chairman
Ngai Tahu Holdings Corporation	Director
Ngai Tahu Tourism Ltd	Chairman
Ngai Tahu Seafood Ltd	Director
Touchdown Ltd	Director
Watercare Services Ltd	Director
Auckland Regional Transport Network Ltd	Director

SIMON HULL

Allied Work Force Group Ltd	Director
Allied Work Force Ltd	Director
Allied Work Force Christchurch Ltd	Director
Employee Investments Ltd	Director
Bonus Investments Ltd	Director
Falls Road Properties Ltd	Director
Makiri Lands Ltd	Director
Wayby Station Ltd	Director
Hull Group Ltd	Director
Hull Properties Ltd	Director
On Hire NZ Ltd	Director
Cattle Mountain Run Ltd	Director
Nano Imports Ltd	Director
Multihull Ventures Ltd	Director
Marlborough Developments 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	-	-	-
	75		75

Additional stock exchange information

As at 29 April 2010

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 2010	Number of Employees 2009
\$100,000 - 109,999	1	5
\$110,000 - 119,999	3	3
\$120,000 - 129,999	3	1
\$130,000 - 139,999	-	1
\$140,000 - 149,999	1	1
\$150,000 - 159,999	-	-
\$160,000 - 169,999	-	2
\$170,000 - 179,999	-	-
\$180,000 - 189,999	-	-
\$190,000 - 199,999	2	1
\$200,000 - 209,999	-	1
\$340,000 - 349,999	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	30	7.08%	22,045	0.08%
1001 - 5000	210	49.53%	711,167	2.72%
5001 - 10000	94	22.17%	738,119	2.83%
10001 - 50000	67	15.80%	1,530,872	5.86%
50001 - 100000	10	2.36%	696,074	2.66%
100001 and Over	13	3.07%	22,427,226	85.84%
TOTAL	424	100.00%	26,125,503	100.00%

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 29 April 2010 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	1,080,000	4.13
Peter Abe Hull	1,000,000	3.83
Walter Frederick Holland	727,000	2.78
New Zealand Central Securities Depository Limited	482,500	1.85
Estate Gregory Allan Webster	426,750	1.63
Simon Hull	335,334	1.28
Joanna Hickman and John Anthony Callaghan and Kevin James Hickman	194,936	0.75
Philip John Talacek	188,500	0.72
Custodial Services Limited Number 3 Account	183,370	0.70
Philip Julian Eriksen & Julian Hans Eriksen	125,000	0.48
Roger Dixon Armstrong	112,500	0.43
Leigh Frances St C Rodgers	112,500	0.43
James Ainsworth Horrocks and Suzanne Eileen Horrocks	100,000	0.38
Susette Marie Roberts	93,750	0.36
Ross Barry Keenan	75,000	0.29
Sally Elizabeth Dunbier	68,407	0.26
Beverly Anne Hull	66,667	0.26
David Peter Sutherland	63,750	0.24
Blair Richard Watson Tallott	61,000	0.23
	22,955,800	87.87

Directory.

DIRECTORS

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

AUDITOR

Deloitte
Deloitte Centre
80 Queen 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

REGISTERED OFFICE OF AWF GROUP LIMITED

41 Station Road
PO Box 12832
Penrose
AUCKLAND
Tel: 09 526 8770
Fax: 09 579 0224



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Right Place. Right Time.**

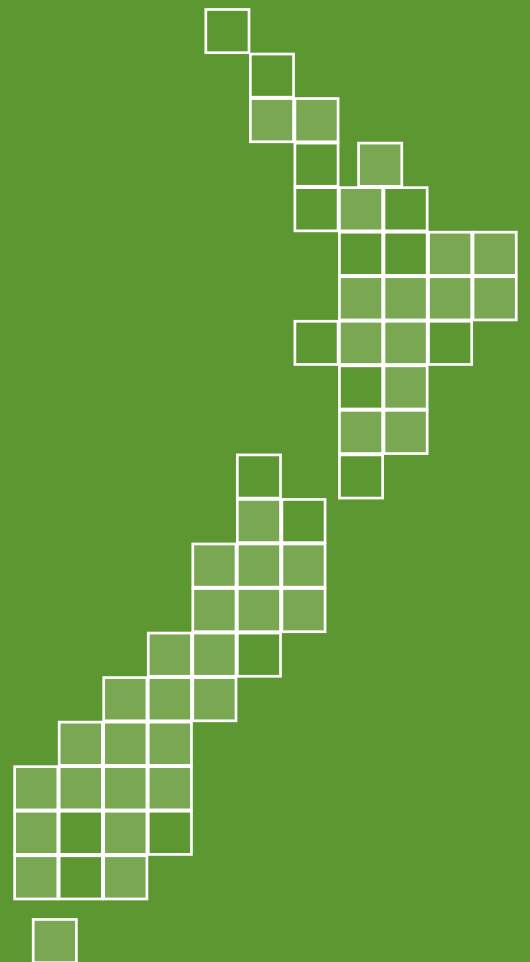




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