

## **ASX Preliminary Final Report**

**Period ended 30 June 2007**

**Lodged with the ASX under Listing Rule 4.3A  
28 August 2007**

### **Highlights**

- Earnings Before Interest and Tax – up 18% to \$19.9 million
- Revenue – up 10% to \$298 million
- Net Profit After Tax – up 16% to \$13.6 million
- Operating Cash Flow – positive \$14.4 million
- Basic Earnings per share of 26 cents per share
- Final Dividend – 10.0 cents per share taking full year dividend to 19 cents per share fully franked

### **Content**

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Commentary on results for year ended 30 June 2007 compared to year ended 30 June 2006

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Results for announcement to the market

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Audited financial report (attachment)

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## Financial performance

Candle Australia Limited, Australia's leading white collar employment services company, announces 18% growth in earnings before interest and tax (EBIT) to \$19.9 million.

Net profit after tax (NPAT) grew 16% to \$13.6 million for the year ended June 2007.

Net profit was ahead of that announced as guidance on 15<sup>th</sup> August 2007 and is the company's 24th consecutive year of profit.

The profit increase was achieved on a 10% increase in revenues to \$298 million, a sales and profit record for the group.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was also a record at \$21.6 million, an increase of 16% on the corresponding period.

Basic Earnings Per Share (EPS) increased by 1.8 cents, or 7% on the previous year to a total of 26 cents per share, also a record for the group.

The Candle Board has declared a fully franked final dividend of 10c per share, taking the full year dividend to 19c per share, representing a payout ratio of 75%.

With an expectation of further acquisitions by the group, the Board has decided not to declare a special dividend at this time.

Operating cash flow was \$14.4 million with positive net cash at balance date of \$0.1 million.

## Zero net debt

The company finalised three acquisitions in the financial year. In addition, the company paid the deposit for the Asian business of E. L Consult in March. Despite this, as at 30 June 2007, the company had repaid all debt and had no borrowings.

## Management comments on record result

"This is another outstanding result for the group. Over the past 5 years, the company has achieved a compound annual growth rate (CAGR) in Net Profit after Tax of 35%. Looking at earnings per share, the CAGR has been 26%", says Robert Collins, the outgoing Managing Director.

"At last year's annual general meeting, we informed shareholders of our plans to focus on organic growth, internal systems improvements and business operating structure during the year. Not only have we achieved very good organic growth and created a solid platform for future growth, we have enhanced our balanced scorecard reporting and management information systems under 'project refresh'. Adding back the one off expense associated with project refresh, the EBIT growth would have been 19.5% to \$20.15 million", he added.

"We also streamlined our operating structure during the year, consolidating several businesses under the Alliance brand. Not only did we retain customers and staff, we now have a stronger more geographically spread business to penetrate the accounting, office support, banking and finance markets".

Succession planning was also a key focus for the year, with Paul Barbaro and Jane Bianchini being appointed as joint Chief Operating Officers. In July 2007, the Board appointed Diana Eilert as CEO to succeed Robert Collins. Diana has a strong track record in management and the Board regards Diana as ideally qualified to build on the Robert's excellent achievements who, after over 6 years, steps down as Managing Director effective 28<sup>th</sup> August 2007.

## **Success of acquisition and diversification strategy**

While most of the attention in 2007 was on organic expansion and establishment of the foundations for future accelerated growth, the company completed the acquisition of the Asian businesses of E. L Consult. With offices in Hong Kong, China, Malaysia and Singapore, and now branded Lloyd Morgan, this initiative not only leverages relationships with existing clients in Australasia but also brings new and exciting opportunities for further expansion in the region. Over time, we would expect that most brands will be represented in the region.

In addition, there was sound profit growth in New Zealand and this trend is expected to continue in the year ahead.

## **Strong climate for ICT, accounting, banking, finance, executive and records management recruitment services**

“Candle has always been a major supplier of resources to the ICT market. In what was its best year since the high demand years of 1998/9, the ICT business enjoyed solid organic expansion. Now with the addition of the ICT services business JAV IT Group, Candle via both the ICT brand and JAV IT is expected to continue to grow its client base and income over the next 12 months.

Similarly, the banking, finance and related markets are expected to experience increasing demand for talent and Candle’s Alliance and Lloyd Morgan brands are well positioned to benefit from this trend. In addition, there is increased attention on good governance and the records and management business of our One Umbrella division is also experiencing strong demand”.

## **Diana Eilert, the incoming Managing Director expects continued growth**

“Candle remains a very strong business with a proven business model that has operated during both ebb and flow markets. With its experienced management team and stable workforce, Candle is in a very sound position to take advantage of opportunities that lie ahead. It has benchmark productivity, no net debt and an operating model that generates profit growth ahead of revenue growth; we are confident of our ability to continue to grow in the years to come,” says Diana Eilert.

## **Dividend Reinvestment Plan (DRP)**

The DRP shall apply to the final dividend according to the rules of the Plan. The last date for receipt of election notices (the record date) is 7 September 2007. The company’s shares will go “ex div” on 3 September 2007. Details of the Plan including the application form are available at [www.candle.com.au](http://www.candle.com.au) or by request to the company.

## **Annual General Meeting**

The AGM will be held at 3pm on Thursday 29 November 2007, at Room II, Level 3, The Establishment, 252 George Street, Sydney 2000.

## **About Candle Australia Limited**

Candle Australia Limited (ASX: CND) is a specialist in the employment services market providing recruitment, contractor and staff services in information and communications technology, banking, finance, commercial accounting, library, records and senior management markets to government and corporations across the Asia Pacific region.

Established over twenty four years ago and listed on the Australian Stock Exchange in 1997, Candle Australia has a reputation for high quality delivery and remains one of the largest, longest standing and best performing recruitment suppliers in region.

Candle Australia Limited now operates through six divisions consisting of a number of quality brands: the information, communications and technology division represented by Candle ICT, the banking and finance, accounting and office support division represented by Alliance, the library and records management division represented by The One Umbrella; and the executive division represented by Lloyd Morgan. In addition, post June 30, 2007, the company announced the addition of the JAV IT Group, a company specialising in IT support services and Realty Check, a pre-employment screening service.

Candle Australia employs over 450 staff through a network of offices located in Sydney, Melbourne, Brisbane, Perth, Adelaide Canberra, Auckland, Wellington, Hong Kong, Singapore, Malaysia and China.

### **For further information**

Robert Collins - Tel: 0418 105 765 or Diana Eilert – Managing Director - Tel: 02 9250 8100

Mark Langan, Chief Financial Officer - Tel: 02 9250 8131

*For a copy of the Full Year Report, visit our website [www.candle.com.au](http://www.candle.com.au)*

## Results for announcement to the market

This announcement is to be read in conjunction with the attached audited financial report

### Year ended 30 June 2007

Previous corresponding period is year ended 30 June 2006

				\$'000
<b>Revenue</b> from ordinary activities	Up	10%	To	297,906
<b>Profit / (loss)</b> from ordinary activities after tax attributable to members	Up	16%	To	13,551
<b>Net profit / (loss)</b> for the period attributable to members	Up	16%	To	13,551

<b>Earnings</b> per security				Cents
Basic EPS (cents per share)	Up	7%	To	26.0
Diluted EPS (cents per share)	Up	7%	To	24.0

Operating cash flow	Up	218%	to	\$ 14.4 million
Net tangible assets per security	Up	33%	to	40.0 cents

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Final dividend	\$0.10	100%
Interim dividend	\$0.09	100%

<b>Record date</b> for determining entitlement to final dividend	7 September 2007
<b>Ex-dividend date</b>	3 September 2007
<b>Payment date</b> of final dividend	14 September 2007