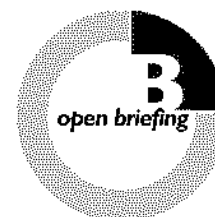


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Candle Australia Limited
Level 5, NAB House
255 George Street
Sydney NSW 2000

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Record of interview:

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Candle Australia Limited today reported 19 percent growth in net profit after tax to \$6.4 million in the six months ending December 2006 compared with the previous corresponding period. What were the key factors driving the growth?

MD Rob Collins

Profit growth is being driven by several factors including ongoing efficiencies in the business, higher transaction volumes, better yield per transaction and expansion of our client base. The underlying profit after tax was \$6.5 million when one-off items relating to Project Refresh are added back

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Revenue growth was 10 percent to \$145.2 million yet EBITDA rose 17 percent to \$10.1 million. What drove the higher EBITDA growth and the EBITDA margin expansion to 7.0 percent, up from 6.5 percent?

MD Rob Collins

Gross margin, or net disposable margin as the recruitment industry calls it, expanded on the back of improved transaction margins and the ongoing strength of permanent placement incomes. While interest costs were slightly higher compared with the previous corresponding period, depreciation and amortisation costs were lower. We also incurred an expense of \$123,000 relating to the AIFRS standards for expensing employee share options.

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Operating cash flow was \$6.3 million or 31 percent higher than in the previous December half year. What contributed to this outcome?

MD Rob Collins

We have improved our collections process over the past twelve months which has led to better cash flows.

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What are the current market conditions for your businesses in Australia and New Zealand?

MD Rob Collins

In both Australia and New Zealand, larger clients continue to use their purchasing power to drive better arrangements, including locking in the best suppliers. Clients understand the demand/supply cycle and many are entering into attractive preferred arrangements with key players like Candle to ensure ongoing supply of talent. The demand for permanent staff continues to be high, indicating an underlying confidence in the strength of the cycle.

Mid-sized companies are finding it difficult to source staff and many are using recruitment companies for the first time. This is an emerging opportunity for a company like Candle that has an expanding branch network.

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In your FY06 results you identified low staff turnover within Candle is a critical business driver. What was the trend in this metric in the latest half year?

MD Rob Collins

Talented staff are always being approached for new opportunities. During the year, we announced a range of new initiatives to keep us top of mind as an employer of choice. These initiatives include the provision of years of service leave, plus an innovative program to assist new parents to return to work, with financial incentives and flexible working arrangements. Our staff turnover remains relatively low even in this high demand market.

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At the AGM you announced Project Refresh, your two year programme to update business systems and processes. Have you quantified the financial benefits and the timeframe over which the benefits will be realised?

MD Rob Collins

We expect to receive a financial payback from these investments over the two years following the completion of the project. In addition, other non-financial benefits will flow, including the hiring of new talent who would be interested in working in a state-of-the-art environment.

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You have previously announced your intention to expand into Asia. What is the strategic rationale behind this and do you envisage a transaction soon?

MD Rob Collins

We have shared with stakeholders our intention to diversify into new geographies and Asia presents an immediate opportunity. We feel it prudent to expand into other economies in a considered way to balance the cycles in the Australasian economy. Additionally, many of our clients are requesting services on a regional basis. However, such investments are likely to be modest when compared with our overall enterprise value. For the foreseeable future the majority of our income will be derived from domestic markets.

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You have no debt, net cash of \$4.7 million and your cash generation is strong. What is your capital management strategy?

MD Rob Collins

The dividend of 9.0 cents per share for the first half represents an increase of 12.5 percent compared with the dividend paid in the previous corresponding period. This represents a payout ratio of 74 percent which is within our 70-80 percent range. Our cash flow forecasts are for a positive cash flow in the second half. We have demonstrated a preparedness to pay special dividends and/or increase the payout ratio when conditions permit.

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Thank you Rob.

For further information about Candle Australia, visit www.candle.com.au or call Rob Collins on +61 2 9250 8100.

For previous Candle Australia Open Briefings, or to receive future Open Briefings by email, visit www.corporatefile.com.au.

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