

CANDLE AUSTRALIA ENTERS ON DEMAND IT SERVICES MARKET

**ACQUIRES MANAGED IT SERVICES AND IT PROFESSIONAL STAFFING
COMPANY THE JAV IT GROUP**

Candle Australia Limited today announces its expansion into the information technology (IT) on demand services market with the acquisition of the managed IT services and IT professional staffing businesses of the Jav IT Group.

Established in 1980, the Jav IT Group is one of Australia and New Zealand's emerging specialist IT services companies. Its services include IT vendor management, IT professional staffing, IT "resources on demand", media logistics, data centre management and infrastructure services. It has also made major investments in the Data Configuration Facility, facilitating PC and server configuration, deployment and maintenance services. Jav IT is also known for its asset management, PC technical and on-site engineering support services. The group has a history of financial success, a strong blue chip client base across the Asia Pacific region and a large IT professional staffing and candidate pool.

The acquisition heralds the introduction of a new line of services for Candle Australia designed to leverage its existing infrastructure, assets and business knowledge of the IT services market.

Robert Collins, Candle Australia managing director says: "While we plan to preserve our core services in recruitment, the acquisition of the Jav IT Group is a natural next step in our strategy of diversification and growth via acquisition. Since Candle Australia's inception over 23 years ago, we have been a provider in the IT services market. Over the last five years, tremendous growth opportunities have emerged in this sector, not only in Australia but also in Asia Pacific. Whilst our interests lie primarily in servicing lower risk areas of the market, there will be further opportunities for growth."

"The Jav IT Group has demonstrated through its commitment to quality, successful business model, management expertise and passion for customer service, an ability to grow profitably in this sector and we are delighted to welcome them on board."

With turnover approaching \$16 million, the Jav IT Group has offices in Melbourne, Sydney, Brisbane, Auckland, Wellington, Kuala Lumpur and Beijing. It has a core of 22 permanent staff and regularly engages over 300 professional IT staff on fixed contracts to service major corporations in the region."

"There is a clear strategic rationale for the expansion into this market. We have the management knowledge and expertise, the financial resources, the physical footprint, the candidate and client base and now, with the Jav IT Group, the facilities and disciplines to be successful," says Collins.

"Our existing client relationships will not be impacted by this initiative and indeed, many of our existing clients will become beneficiaries of this move," he adds.

Joseph Vella, founder and managing director of the Jav IT Group says: "We're extremely pleased about this new relationship with Candle Australia. Our growth over the last few years has been outstanding and with Candle Australia's capital support, geographic footprint and existing client base, the potential exists for us to be a major IT services player in the Asia Pacific region." Mr. Joseph Vella will retain his position as managing director of Jav IT Group and will drive new business opportunities, innovation and growth.

The contract is subject to a number of 'conditions precedent' which are expected to be satisfied over the next few weeks. Candle, via a newly formed subsidiary, will make an initial payment of \$4 million with incentives for profit growth over the next few years. The acquisition will be funded by a combination of cash and scrip. As with previous acquisitions, the acquisition will be EPS accretive in the first year. Synergies from back office consolidation and asset leveraging will flow in the second year and beyond.

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For further information

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About Candle Australia Limited - www.candle.com.au

Candle Australia Limited (ASX: CND) is a company providing specialist technical, executive and office support personnel in the areas of information and communications technology, banking, finance, insurance, commercial accounting, library, records management, sales and marketing.

Established twenty three years ago and listed on the Australian Stock Exchange in 1997, Candle Australia has a reputation for high quality delivery and ethical business practices within the industry, and remains one of the largest and longest standing recruitment suppliers in the region.

Candle Australia operates through a number of quality brands: information and communications technology recruitment agency Candle ICT; accounting, business support and financial services recruitment agency Alliance; library and records management recruitment agency The One Umbrella; and executive recruitment agency Lloyd Morgan. Candle Australia's recent acquisition of managed IT services and professional IT staffing group, Jav IT is the latest brand to come under the Candle Australia banner.

Candle Australia employs over 500 staff through a network of 40 offices located in Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra in Australia; Auckland and Wellington in New Zealand; Beijing, Shanghai, Shenzhen in China; Hong Kong; Kuala Lumpur in Malaysia; and Singapore.

About the Jav IT Group - www.jav.com.au

Founded in Australia in 1980, the JAV IT Group is a specialist group of companies delivering IT vendor management, strategic IT operations (24x7), IT professional staffing, on demand services and outsourcing management.

The JAV IT Group has developed a reputation for delivering quality solutions based on a commitment to understanding clients' business needs. The Group's quality operational services are delivered in a flexible and cooperative manner in a partnership arrangement, and all of its client contracts are based upon service level agreements and contracted deliverable arrangements.

During the past three years, the JAV IT Group has experienced outstanding growth and it is expected that this will continue for the period ahead. Head officed in Melbourne, the Group has capacity for support in all capital and regional locations throughout Australia, as well as in the Asia-Pacific region.

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