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ASX ANNOUNCEMENT

Candle Australia Acquires SouthTech Personnel

Australia's leading ASX listed recruitment company, Candle Australia today announced the acquisition of engineering contracting and recruitment business SouthTech Personnel. The business was established in 1980.

SouthTech Personnel's founder Steve McNaughton will remain on as General Manager under a one year agreement, with the opportunity for extension of a further 12 month period, focusing on continued growth

Candle's newly articulated strategy focuses on high growth high margin sectors, one of which is Property and Construction. The acquisition of Southtec will increase our presence in this sector. The acquisition also satisfies all of Candle Australia's acquisition criteria, including a large and stable contractor base, strong margins, longevity of staff and solid customer relationships.

Candle Australia expects the performance based purchase price to be approximately \$5 million with incentives for over achievement of agreed profit targets. The purchase price will be funded by a combination of cash and the issue of scrip. It is anticipated to be EPS positive in the first year. The company expects SouthTech Personnel to make a positive contribution to the current financial year and continue with the full profit benefit to be evident in the 07/08 year.

The purchase agreement is subject to a number of "conditions precedent" which are expected to be completed and satisfied over the next few weeks.

By order of the Board

Nick Geddes
Company Secretary

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