

Candle lights way to expansion plans

Mark Jones

Candle Australia foreshadowed offshore expansion plans as sustained demand for technology recruitment drove net profit up 19 per cent to \$6.4 million.

The listed technology recruitment company posted moderate revenue gains of 9 per cent to \$144.6 million for the six months to December 31 and said it would consider more acquisitions to expand its operations.

Shareholders will receive a 9¢ dividend, up 1¢ on the corresponding period last year.

Candle indicated it was looking to expand in Singapore, Hong Kong and China to drive revenue growth.

"We are looking at those regions, but nothing to announce as yet," a Candle spokeswoman said.

Candle's result and expansion plans did little to excite the market and the company's stock slid 2¢ to close at \$3.45 yesterday. Candle stock has edged up 7.8 per cent in the past 12 months and is currently trading below a high of \$3.80 on January 31.

Candle managing director Robert Collins said recruitment demand had driven up transaction volumes.

The company also experienced growth in its long-term contracting and short-term permanent business.

Mr Collins said he was focused on improving business processes. Much of his plan for that was encompassed by Candle's Project

CANDLE

Half year	2007	2006
Sales (\$m)	144.6	132.2
Pretax (\$m)	9.2	7.8
Net (\$m)	6.4	5.4
EPS	12.5¢	11.4¢
Interim div*	9.0¢ ff	8.0¢ ff
Shares (last)	\$3.45	(-2¢)
*Payable	Mar 16	

Refresh, a technology improvement program slated to cost up to \$2 million over two years.

Candle reported it spent approximately \$238,000 on the program during the first half, and would spend \$600,000 by June 30. Its aim is providing a competitive buffer against new entrants into the market.

Candle is upgrading its internal recruitment software and implementing systems that allow it to offer employment services, payroll processing and human resources outsourcing plans.

Mr Collins said he had witnessed increased demand from mid-sized companies that were seeking recruitment services to find candidates for the first time.

"They need to get the talent quickly through the door," he said. Wilson HTM analyst Brett

Devenish said the result was slightly above expectations. He added that the market expected Candle to announce another acquisition soon,



Candle has room to grow in technology recruitment.

Photo: JESSICA SHAPIRO

because it had been quiet since buying Lloyd Morgan in January 2006. Mr Devenish said Candle's strong temporary recruitment

business provided a buffer against new market entrants. "Candidates are coming to them because of the brand," he said.