CANDLE AUSTRALIA LTD

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

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 15th 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 28th 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 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

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

Earnings 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

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	$0.10	100%
Interim dividend	$0.09	100%

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

CANDLE AUSTRALIA LIMITED
AND CONTROLLED ENTITIES
ABN 43 002 724 334

AUDITED FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

DIRECTORS' REPORT

Your directors present their report on Candle Australia Limited (the "Company") and its controlled entities (the "consolidated entity") for the financial year ended 30 June 2007.

Directors

The names of directors in office at any time during or since the end of the year are:

Geoffrey J Moles	Executive Chairman
Robert J Collins	Managing Director
Lawrence J Gibbs	Non-executive Director
Peter D Bunting	Non-executive Director
Penelope Morris	Non-executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated above.

Principal activities

The principal activities of the consolidated entity during the financial year were the delivery of recruitment services through four specialist brands providing technical, executive and office support personnel within Australia, New Zealand and Asia.

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

Operating results

The consolidated profit of the consolidated entity after providing for income tax for the financial year amounted to $13,551,000 (2006: $11,707,000).

Dividends paid or recommended

Dividends paid to members during the financial year were as follows:

	2007 $000	2006 $000
Fully franked final dividend of 9.0 cents per share and a fully franked special dividend of 2.0 cents per share was paid on 15 September 2006:	5,608	3,730
Fully franked interim dividend of 9.0 cents per share was paid on 16 March 2007	4,753	3,942

On 28 August 2007 the directors resolved to declare a fully franked final dividend of 10.0 cents per share to be paid on 14 September 2007 amounting to $5,344,000.

Review of operations

Profit from ordinary activities after tax was $13,551,000 up by 16% on 10% higher revenues compared to the prior year. In addition to the positive contribution from the current year acquisitions, there has been significant growth within the existing businesses. Further information is included in the executive chairman's and managing director's review sections of the annual report.

Financial position

The net assets of the consolidated entity have increased by $12,884,000 from 30 June 2006. This increase has been the result of the following:

- continuation of the company's acquisition strategy with the acquisition of the Asian operations of E L Consult; and
- strong profit growth from the business and from recent acquisitions.

Overall the consolidated entity is in a sound position with un-drawn financing facilities and the potential to raise further capital as and when required. The directors believe the consolidated entity is in a financial position to continue to grow both organically and through acquisition.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year, other than the acquisition of the businesses referred to above.

Future developments

The likely developments in the operations of the consolidated entity and the expected results of those operations in financial years subsequent to the year ended 30 June 2007 are included in greater detail in the executive chairman's and managing director's review section of the annual report.

These developments, together with the current strategy of continuous productivity improvement, are expected to assist in the achievement of the Company's long term goals.

After balance date events

On 12 July Candle Australia Limited entered into an agreement to acquire the IT services business and assets of the JAV IT Group. A deposit of $4 million was paid on 15 August 2007. The total purchase price subject to future performance will be approximately $8 million.

On 17 July 2007 Candle Australia Limited entered into an agreement to acquire all of the issued shares in Reality Check Pty Limited. The total purchase price subject to future performance will be approximately $1million.

On 28 August 2007 the Company resolved to pay a fully franked final dividend of 10.0 cents per share on 14 September 2007.

DIRECTORS' REPORT

On 19 July Diana Eilert was appointed as Chief Executive Officer to replace Robert Collins who will stand down on 28 August.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Environmental issues

The consolidated entity's operations are regulated by the relevant Commonwealth and State legislation. The nature of the Company's business does not give rise to any significant environmental issues.

Information on directors

Geoffrey J Moles

Executive Chairman

Geoffrey Moles has over thirty five years commercial experience in information technology (IT) and recruitment at senior management levels. In 1984, he established Candle Computer Services Pty Ltd which became Candle Australia Limited when listed on the ASX in 1997. Prior to Candle Geoff worked in the IT industry with Burroughs Limited and Datec Pty Limited (now DMR), one of Australia's leading systems integration companies.

He is chairman of the Board Remuneration and Nominations Committee.

Robert J Collins

Managing Director

Robert Collins is currently managing director of Candle Australia Limited. He was, until 30 June 2005, on the Board of Commissioners at the Health Insurance Commission, which administers government programs including Medicare and the PBS System. Previously, he was CEO of FreeOnLine Holdings Limited, prior to which he was also CEO of Icon Recruitment Pty Limited and Ajilon Australia Pty Limited, companies owned by the worldwide Adecco Group. He was managing director of Information Builders Pty Limited, the local subsidiary of the worldwide Information Builders Inc.

Robert is a Fellow of the Australian Institute of Management and Australian Institute of Company Directors and was founding president of the Information Technology Contracting and Recruiting Association. He holds a Bachelor of Science degree from Monash University.

Lawrence J Gibbs

Non-Executive Director

Lawrence Gibbs is currently managing director of BG Capital Corporation Limited, an independent investment banking firm. Lawrence was previously executive director and head of investment banking at Burdett Buckeridge & Young Limited, a well known Australian stockbroking and investment banking firm. He has 32 years experience in the financial services industry, including senior executive positions in funds management, corporate advisory, investment banking and stockbroking. Lawrence is a director of private investment companies. Lawrence holds a Bachelor of Economics degree.

He is also a member of the Board Audit, Risk and Compliance Committee and the Board Remuneration and Nominations Committee.

Peter D Bunting

Non-Executive Director

Peter Bunting LLB FCA, worked for 30 years in the accounting profession with 16 years as a partner in Deloittes. From 2000 to 2005 he was chairman of the Health Insurance Commission, a major Federal Government agency, delivering health programs including Medicare and the PBS. He is a director of several unlisted companies.

Peter is chairman of the Board Audit, Risk and Compliance Committee and is a member of the Board Remuneration and Nominations Committee.

Penelope Morris

Non-Executive Director

Penny Morris AM has been a professional company director since 1994 serving on a diverse range of public company and government enterprise boards. She is currently a director of Aristocrat Leisure Limited, Mirvac Limited, the NSW Institute of Teachers and the Bowel Cancer & Digestive Research Institute Australia. Prior to this period, Penny held senior executive positions with Lend Lease in Sydney, and the Commonwealth Government in Canberra. Penny has a Bachelor of Architecture (Hons.), a Masters of Environmental Science and Diplomas of Company Directorship and International Company Directorship.

Penny is also a member of the Board Audit, Risk and Compliance Committee.

Director's interests in shares and options

At the date of this report, the particulars of shares and options in which each director has a relevant interest either directly or indirectly are:

Geoffrey J Moles

- 1,796,825 ordinary shares

Robert J Collins

- 1,393,500 ordinary shares and options to acquire a further 1,800,000 ordinary shares.

Lawrence J Gibbs

- 45,275 ordinary shares

Peter D Bunting

- 7,500 ordinary shares

Company Secretary

Nicholas Geddes FCA FCIS was appointed company secretary on the 18 November 1996. Mr Geddes is the principal of Australian Company Secretaries, a company secretarial practice that he formed in 1993. Nicholas is a member of the National Council of Chartered

Secretaries Australia and Chairman of the NSW branch of that Institute. His previous experience, as a chartered accountant and company secretary, includes investment banking and development and venture capital in Europe, Africa, the Middle East and Asia. Nicholas is a Fellow of the Institute of Company Secretaries in Australia and a Fellow of the Institute of Chartered Accountants in England and Wales.

Remuneration report

The remuneration report is set out under the following headings:

- **(a)** Non-Executive Director remuneration
- **(b)** Principles used to determine the nature and amount of executive remuneration
- **(c)** Details of remuneration
- **(d)** Employment contracts
- **(e)** Share-based payments

The information provided under these headings includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures.* These disclosures have been transferred from the financial report and have been audited.

(a) Non-Executive Director remuneration

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration and Nominations Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity. Non-executive directors do not receive options.

(b) Principles used to determine the nature and amount of executive remuneration

Executive Remuneration Policy

The Executive Remuneration Policy, setting the terms and conditions for the chief executive and other senior executives (excluding the executive chairman), was developed by the Board Remuneration and Nominations Committee and approved by the Board after seeking professional advice from independent external consultants. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives. The Remuneration and Nominations Committee reviews executive remuneration annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Executive Remuneration Policy has been designed to align executive and shareholder interests and objectives. The Board believes the Executive Remuneration Policy to be appropriate and effective in attracting and retaining skilled executives to run and manage the business.

The performance of executives is measured against criteria agreed annually with each executive and the criteria are based predominantly on the forecast growth of the consolidated entity's profits and shareholder value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract skilled executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share option arrangements.

The non-executive directors and executives are entitled to a superannuation guarantee contribution required by the Government and do not receive any other retirement benefits.

All remuneration paid to executives is valued at cost to the Company and expensed. Options are valued using the American Call Option Pricing methodology.

Performance based remuneration

As part of the chief executive and senior executives' remuneration package there is a performance-based component, related to key performance indicators (KPIs). The intention of this program is to facilitate congruence of goals between executives and those of the business and shareholders. The KPIs are set annually, with a degree of consultation with executives to ensure their commitment. The measures are specifically tailored to the areas of each executives involvement and over which they have control.

The KPIs target areas the Board believes hold greater potential for the consolidated entity's expansion and profitability, covering financial and non-financial as well as short-term and long-term goals. The level set for each KPI is based on budgeted figures for the consolidated entity and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration and Nominations Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the consolidated entity's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures, however, where the KPI involves comparison of the consolidated entity or a division within the consolidated entity to the market, independent reports are obtained from organisations such as Standard & Poors.

Options issued as part of remuneration

Options are issued to the Managing Director and senior executives as part of their remuneration. The options are not issued based on performance criteria alone, as they are also issued to encourage staff retention within the consolidated entity. The key goal is to increase congruence of goals between executives, staff, directors and shareholders.

DIRECTORS' REPORT

(c) Details of directors' and key management personnel remuneration

The remuneration of each director is as follows:

Parent Entity		Short-term employee benefits Salary	Directors' Fees	Bonus	Post-employment benefits Super-annuation	Total remuneration paid	Share based payments Annualised value
		$	$	$	$	$	$
Geoffrey J Moles	2007	128,214	-	-	9,219	137,433	-
	2006	209,305	-	-	12,139	221,444	-
Robert J Collins	2007	490,984	-	235,699	15,858	742,541	28,757
	2006	466,985	-	185,000	12,139	664,124	79,054
Lawrence J Gibbs	2007	-	49,403	-	4,446	53,849	-
	2006	-	45,871	-	4,129	50,000	-
Peter D Bunting	2007	-	58,040	-	5,223	63,263	-
	2006	-	47,194	-	4,247	51,441	-
Penelope Morris	2007	-	51,349	-	-	51,349	-
	2006	-	40,546	-	-	40,546	-

The remuneration of key management personnel of the consolidated entity not included above is as follows:

Consolidated		Short-term employee benefits Salary	Bonus	Post-employment benefits Super-annuation	Total remuneration paid	Share based payments Annualised value
		$	$	$	$	$
Mark A Langan	2007	194,479	27,500	14,148	236,127	19,632
	2006	187,738	25,000	12,139	224,877	12,148
Kym L Quick	2007	216,999	50,000	11,821	278,820	45,799
	2006	199,998	40,000	12,139	252,137	7,537
Jane A Bianchini	2007	207,861	219,998	14,995	442,854	37,498
	2006	27,714	-	2,494	30,208	-
Paul A Barbaro	2007	204,064	150,000	13,138	367,202	37,498
	2006	-	-	-	-	-

Paul A Barbaro was appointed on 29 August 2006.
Jane A Bianchini was appointed on 15 May 2006.

The relative proportions of the remuneration that are linked to performance and those that are fixed are as follows:

		Short term incentives		Share
		Fixed	Performance	based
Directors		remuneration	based bonus	payments
Geoffrey J Moles	2007	100%		-
	2006	100%	-	
Robert J Collins	2007	66%	31%	4%
	2006	64%	25%	11%
Lawrence J Gibbs	2007	100%	-	-
	2006	100%	-	-
Peter D Bunting	2007	100%	-	-
	2006	100%	-	-
Penelope Morris	2007	100%	-	-
	2006	100%	-	-
Key management personnel				
Mark A Langan	2007	76%	11%	8%
	2006	79%	11%	5%
Kym L Quick	2007	67%	15%	14%
	2006	77%	15%	3%
Jane A Bianchini	2007	43%	46%	8%
	2006	92%	-	-
Paul A Barbaro	2007	50%	37%	9%
	2006	-	-	-

The basis of the performance based bonus is described in note (b) above. As the overall performance of the consolidated group exceeded the targets and KPIs within the financial year, 100% of the available bonus was achieved (2006: 100%).

(d) Employment contracts

Remuneration and other terms of employment for the managing director and other key management personnel are formalised in contracts of employment. Each of these agreements provide for the remuneration terms including the provision of performance-related cash bonuses and other benefits. There are no specified lengths of service included within the contract. The managing director's contract may be terminated by either party with six months notice. All other contracts with key management personnel may be terminated by either party with between two weeks and two months notice.

(e) Share-based payments

Non Cash Benefits include the annualised value of the options granted over unissued ordinary shares during the financial year valued using the American call option pricing model. Options vest over four financial years and only on the satisfaction of a performance hurdle.

Option holdings

	Balance 1/7/2006	Granted	Exercised	Other Change	Balance 30/6/2007	Vested 30/6/2007
Directors						
Geoffrey J Moles	-	-	-	-	-	-
Robert J Collins	2,400,000	-	600,000	-	1,800,000	600,000
Lawrence J Gibbs	-	-	-	-	-	-
Peter D Bunting	-	-	-	-	-	-
Penelope Morris	-	-	-	-	-	-
Key Management Personnel						
Mark A Langan	530,000	100,000	286,666	-	343,334	10,000
Kym L Quick	271,000	500,000	-	-	771,000	127,666
Jane A Bianchini	-	500,000	-	-	500,000	-
Paul A Barbaro	-	500,000	-	-	500,000	-
Total	3,201,000	1,600,000	886,666	-	3,914,334	737,666

Options that were granted over unissued ordinary shares pursuant to the rules of the Share Option Plan, during the financial year by the Company to key management personnel as part of their remuneration are as follows:

- 100,000 options at an exercise price of $3.30 expiring on 28 September 2010 were granted to Mark A Langan. The total value at the grant date was $22,333 and the options will vest over four years. Fair value of the options at grant date was 38 cents each.

- 500,000 options at an exercise price of $3.30 expiring on 28 September 2010 were granted to Kym L Quick. The total value at grant date was $111,666 and the options will vest over four years. Fair value of the options at grant date was 38 cents each.

- 500,000 options at an exercise price of $3.30 expiring on 28 September 2010 were granted to Jane A Bianchini. The total value at grant date was $111,666 and the options will vest over four years. Fair value of the options at grant date was 38 cents each.

- 200,000 options at an exercise price of $3.30 expiring on 28 September 2010 and 300,000 options at an exercise price of $3.30 expiring on 24 April 2011 were granted to Paul A Barbaro. The total value at grant date was $111,666 and the options will vest over four years. Fair value of the options at grant date was 38 cents and 44 cents respectively.

Shareholdings

	Balance 1/7/2006	Received as Remuneration	Options Exercised	Other Change	Balance 30/6/2007
Directors					
Geoffrey J Moles	2,757,212	-	-	(960,387)	1,796,825
Robert J Collins	793,500	-	600,000	-	1,393,500
Lawrence J Gibbs	42,681	-	-	2,594	45,275
Peter D Bunting	7,500	-	-	-	7,500
Penelope Morris	-	-	-	-	-
Key Management Personnel					
Mark A Langan	-	-	286,666	(286,666)	-
Kym L Quick	-	-	-	-	-
Jane A Bianchini	2,500	-	-	153	2,653
Paul A Barbaro	-	-	-	-	-
Total	3,603,393	-	886,666	(1,244,306)	3,245,753

Shares issued on exercise of options during the year

	No. of Shares Issued	Amount Paid per Share $	Amount Unpaid per share $
Directors			
Robert J Collins	600,000	1.00	-
Key Management Personnel			
Mark A Langan	200,000	0.76	-
	20,000	1.61	-
	66,666	2.08	-
Kym L Quick	-	-	-
Jane A Bianchini	-	-	-
Paul A Barbaro	-	-	-

Meetings of directors

During the financial year, thirteen meetings of directors were held. Attendances were:

Director	Number of meetings held while a Director	Number of meetings attended
Geoffrey J Moles	13	13
Robert J Collins	13	13
Lawrence J Gibbs	13	13
Peter D Bunting	13	13
Penelope Morris	13	13

Board Audit Risk and Compliance Committee meetings

During the financial year, five Committee meetings were held. Attendances were:

Director	Number of meetings held while a member	Number of meetings attended
Lawrence J Gibbs	5	5
Peter D Bunting	5	5
Penelope Morris	5	5

Board Remuneration and Nominations Committee meetings

During the financial year, three Committee meetings were held. Attendances were:

Director	Number of meetings held while a member	Number of meetings attended
Geoffrey J Moles	3	3
Lawrence J Gibbs	3	3
Peter D Bunting	3	3

Indemnifying officers or auditor

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs of expenses to defend legal proceedings;

with the exception of the following:

- during the year the Company paid a premium to insure the directors listed in this report against liabilities for the costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of directors of the Company. The terms of the policy prohibit disclosure of the premium paid; and

- the Company has entered into deeds of indemnity, insurance and access with each of the directors and the company secretary. These were approved by shareholders at the 2001 annual general meeting. The indemnity will only indemnify a director to the extent permitted by the law and the Company's constitution.

Directors' benefits

No director has received or become entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the Company, controlled entity or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest other than as disclosed in note 7 of the financial statements.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the Company's financial statements, or the fixed salary of a full-time employee of the Company, controlled entity or a related body corporate.

Proceedings on behalf of the Company

No person has applied for leave of Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The Board of Directors, in accordance with the advice from the Board Audit Risk and Compliance Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- the nature and scope of all non-audit services are reviewed and approved by the Board Audit Risk and Compliance Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2007:

	$
Taxation services	11,814
Business services	5,227
Total	17,041

Auditor's independence

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 14 of the directors' report.

Rounding of amounts

The Company has applied the relief available to it in ASIC Class Order 98/100, and, accordingly, amounts in the financial statements and the directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors

....
Geoffrey J Moles – Executive Chairman

....
Robert J Collins – Managing Director

Dated at Sydney this 28th day of August 2007.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Candle Australia Limited and controlled entities for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relations to the audit.

This declaration is in respect of Candle Australia Limited and the entities it controlled during the period.

....
WHK Horwath

....
B Hatchman

Dated at Sydney this 28th day of August 2007.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Parent Entity	
		2007	2006	2007	2006
	Note	$000	$000	$000	$000
Revenues from continuing operations	3	297,906	270,328	251,848	221,018
On hired labour costs		(225,055)	(207,348)	(197,962)	(178,866)
Employee benefits expense		(38,379)	(33,357)	(25,725)	(21,854)
Depreciation and amortisation expense	4	(1,648)	(1,766)	(1,022)	(1,152)
Operating rental expense		(2,543)	(2,162)	(1,424)	(1,332)
Borrowing costs expense	4	(426)	(95)	(402)	(101)
Other expenses		(10,232)	(8,520)	(9,380)	(5,983)
Profit before income tax		19,623	17,080	15,933	11,730
Income tax expense	5, 30	(6,072)	(5,373)	(4,778)	(3,868)
Profit for the year attributable to the members of Candle Australia Limited		13,551	11,707	11,155	7,862
Basic earnings per share (cents per share)	9, 30	26.0	24.2		
Diluted earnings per share (cents per share)	9, 30	24.0	22.4		

The above income statements should be read in conjunction with the accompanying notes.

CANDLE AUSTRALIA LIMITED
AND CONTROLLED ENTITIES
ABN 43 002 724 334

BALANCE SHEET
AS AT 30 JUNE 2007

		Consolidated		Parent Entity	
		2007	2006	2007	2006
	Note	$000	$000	$000	$000
CURRENT ASSETS					
Cash assets and cash equivalents	11	2,948	4,087	782	1,713
Trade and other receivables	12	50,753	49,085	50,198	41,564
Deferred tax assets	13	2,376	2,231	1,860	1,608
TOTAL CURRENT ASSETS		56,077	55,403	52,840	44,885
NON-CURRENT ASSETS					
Trade and other Receivables	12	-	-	5,190	4,758
Property, plant and equipment	14	2,723	3,249	1,679	1,967
Other financial assets	15	-	-	25,234	30,762
Intangible assets	17	62,477	56,711	23,618	23,523
TOTAL NON-CURRENT ASSETS		65,200	59,960	55,721	61,010
TOTAL ASSETS		121,277	115,363	108,561	105,895
CURRENT LIABILITIES					
Trade and other payables	18	29,409	38,809	25,522	34,909
Bank overdraft	10	2,847	-	2,847	-
Current tax liabilities	19	1,448	1,797	749	1,778
Provisions	20	2,002	1,953	1,079	796
TOTAL CURRENT LIABILITIES		35,706	42,559	30,197	37,483
NON-CURRENT LIABILITIES					
Trade and other Payables	18	24	22	-	-
Deferred tax liabilities	19	10	-	-	-
Provisions	20	956	1,085	713	704
TOTAL NON-CURRENT LIABILITIES		990	1,107	713	704
TOTAL LIABILITIES		36,696	43,666	30,910	38,187
NET ASSETS		84,581	71,697	77,651	67,708
EQUITY					
Contributed equity	21	62,921	54,072	62,921	54,072
Reserves	22, 30	1,000	155	664	364
Retained profits	23, 30	20,660	17,470	14,066	13,272
TOTAL EQUITY		84,581	71,697	77,651	67,708

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Parent Entity	
		2007	2006	2007	2006
	Note	$000	$000	$000	$000
Total equity at the beginning of the financial year		71,697	59,520	67,708	58,669
Exchange difference on translation of foreign operations	22	545	(707)	-	-
Net income recognised directly in equity		545	(707)	-	-
Profit for the year		13,551	11,707	11,155	7,862
Total recognised income and expense for the year		14,096	11,000	11,155	7,862
Dividends paid or provided for	6	(10,361)	(7,672)	(10,361)	(7,672)
Shares issued during the year	21	8,849	8,631	8,849	8,631
Share based payments	22	300	218	300	218
Total equity at the end of the financial year		84,581	71,697	77,651	67,708
Effect of amendment in previous year:					
Profit as reported in the 2006 financial report		13,551	11,809	11,155	7,964
Amendment	30	-	(102)	-	(102)
Restated profit		13,551	11,707	11,155	7,862

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Parent Entity	
		2007	2006	2007	2006
	Note	$000	$000	$000	$000
CASH FLOWS OPERATING ACTIVITIES					
Receipts from customers		327,163	316,802	277,245	260,009
Payments to suppliers and employees		(286,201)	(287,406)	(243,572)	(244,813)
Interest received		80	262	33	573
Interest and other borrowing costs paid		(426)	(95)	(402)	(101)
Income tax paid		(6,554)	(5,444)	(6,062)	(3,868)
GST paid		(19,678)	(17,520)	(16,670)	(8,233)
Net cash provided by operating activities	10	14,384	6,599	10,572	3,567
CASH FLOWS INVESTING ACTIVITIES					
Payment for purchase of business	29	(11,255)	(6,825)	(8,152)	(7,082)
Purchase of plant and equipment		(603)	(1,091)	(451)	(943)
Proceeds from disposal of non-current assets		27	-	27	-
Payments for software development and intangible assets		(458)	(193)	(380)	(185)
Net cash (used in)/ provided by investing activities		(12,289)	(8,109)	(8,956)	(8,210)
CASH FLOWS FINANCING ACTIVITIES					
Loan to vendor of business		-	(400)	-	(457)
Loan from related party		-	690	1,005	2,550
Repayment of loan from vendor of business		-	(495)	-	-
Repayment of loan to vendor of business		205	-	-	-
Dividends paid to shareholders		(8,288)	(5,880)	(8,288)	(3,031)
Proceeds from the issue of shares		1,889	4,492	1,889	1,642
Net cash (used in)/ provided by financing activities		(6,194)	(1,593)	(5,394)	704
Net increase / (decrease) in cash held		(4,099)	(3,103)	(3,778)	(3,939)
Cash at the beginning of the financial year		4,087	7,395	1,713	5,652
Effect of exchange rates on cash holdings in foreign currencies		113	(205)	-	-
Cash at the end of the financial year	11	101	4,087	(2,065)	1,713

The above cash flow statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), Urgent Issues consolidated entity Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

The financial report is compliant with the to the International Financial Reporting Standards (IFRS) in their entirety.

The financial report covers the consolidated entity of Candle Australia Limited and controlled entities and Candle Australia Limited as an individual entity. Candle Australia Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

BASIS OF PREPARATION

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Candle Australia Limited as at 30 June 2007 and the results of all subsidiaries for the year ended 30 June 2007. Candle Australia Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity. Minority interest in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively. Investments in subsidiaries are accounted for at cost in the individual financial statements of Candle Australia Limited.

Intercompany transactions, balances and unrealised gains on transactions between the consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(b) Revenue recognition

Contracting revenue is brought to account when the services are provided. Services provided but not yet billed are taken up as accrued revenue. Permanent recruitment revenue is brought to account on the following basis:

(i) Executive positions – on signing of the contract of employment by each party
(ii) Administration positions – on start date of the employee

Where the consolidated entity provides only payroll services to clients, only the fee derived is accounted for in revenue.

(c) Income tax

The charge for current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

Tax consolidation legislation

Candle Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime.

The head entity, Candle Australia Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Candle Australia Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the consolidated entity. Details about the tax funding agreement are disclosed in note 5.

(d) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured as the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

Share based payments

Share options granted before 7 November 2002 and/or vested before 1 January 2005:

No expense is recognised in respect of these options.

Share options granted after 7 November 2002 and vested after 1 January 2005:
The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the American option call pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

At each balance sheet date, the entity revises its estimate of the number options that are expected to become exercisable. The employee benefits expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Intangible assets

(i) Candidate databases and logos

Candidate databases and logos represent the consolidated entity's candidate databases that were acquired. These assets are recorded at their respective cost of acquisition, which were supported by independent valuations performed immediately prior to the respective acquisitions.

The candidate databases represent accumulated private and proprietary information regarding the technical resource base of the various businesses. They are amortised on a straight line basis over a period of two years from the date of acquisition.

The only candidate databases recorded in the balance sheet are those that were purchased. Therefore, the candidate databases for the ICT division in New South Wales and Australian Capital Territory, which were not purchased, have not been recorded.

The candidate databases are constantly updated as an integral part of the business and are the major basis for the generation of revenue and profit. All costs incurred in maintaining, upgrading and improving the candidate databases are expensed as incurred.

(ii) Goodwill

Goodwill is recorded initially at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses.

(iii) Software development costs

Software development costs are capitalised where future benefits are expected to contribute to future period financial benefit through revenue generation and/or cost reduction. Otherwise such costs are expensed in the period in which they are incurred. Capitalised software development costs include external direct cost of materials and services, direct payroll and payroll related costs of every employee's time spent on the project. These costs are amortised on the basis of the expected useful life of the software. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable. Any amount so identified is written off.

(g) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price at the date of exchange. Transactions costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the net assets acquired is recorded as goodwill.

(h) Property, plant and equipment

Plant and equipment is brought to account at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets, including capitalised leased assets is depreciated over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the consideration at the date of acquisition plus costs incidental to the acquisition.

The gain or loss on disposal of all fixed assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal and is included in operating profit before income tax of the consolidated entity in the year of disposal.

The depreciation rates and methods used for each class of depreciable assets are:

Class of Asset	Rate	Method
Plant & Equipment	9% - 37.5%	Diminishing value
Leasehold Improvements	20% - 50%	Straight line

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(i) Foreign currency transactions and balances

(i) Functional and presentation currency - Items included in the financial statements of each of the entities that make up the consolidated entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Candle Australia Limited's functional and presentation currency.

(ii) Transactions and balances – foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Candle Australia Limited group companies – the results and financial position of all the entities making up the consolidated entity (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average exchange rates unless this is not a reasonable approximation of the accumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
(c) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of a foreign entity and translated at the closing rate.

(j) Cash

For the purpose of the statement of cash flows, cash includes:
(i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
(ii) investments in money market instruments with less than 14 days to maturity.

(iii) bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Rounding of accounts

The Company has applied the relief available under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' report have been rounded to the nearest thousand dollars.

(l) Trade Receivables

Trade Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will become insolvent, and default or delinquency in payments outside the trading terms are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

(m) Financial instruments

(i) Loans and receivables – are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in the current assets, except for those with maturities greater than 12 months after balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(ii) Held-to-maturity investments – are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity.

Loans and receivables and held-to-maturity investments, where applicable, are carried at amortised cost using the effective interest method.

(n) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

(o) Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the Directors on or before the end of the year but not distributed at balance date.

(p) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The GST components of cashflows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as operating cashflows.

(r) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(s) Earnings per share

(i) Basic earnings per share – is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share – adjusts the figures used in the determination of basic earnings per share to take into account the dilutive effect of outstanding employee options. The adjustment takes account of the weighted average income tax effect of interest and other associated financing costs.

(t) Critical accounting estimates and judgements

Estimates and judgements incorporated in the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Estimated impairment of goodwill

The consolidated entity tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy in note 1(f). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 17 for details of these assumptions and the potential impact of changes in these assumptions.

(ii) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the Group provision for income taxes. The Group recognises liabilities for anticipated tax based on estimates of whether any additional taxes are due.

(u) Financial risk management

The consolidated entity's activities expose it to a variety of financial risks:

(i) Credit risk

The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

(ii) Liquidity risk

Due to the dynamic nature of the underlying business, the consolidated entity aims at maintaining flexibility in funding by ensuring sufficient cash and committed credit lines are available.

(iii) Cash flow and fair value interest rate risk

As the consolidated entity has no significant interest-bearing assets or liabilities, the income and operating cash flows are not materially exposed to changes in interest rates. The consolidated entity regularly reviews its financial position to ensure that there are no potential exposures.

(v) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 7 *Financial Instruments: Disclosures* and AASB 2005-10 *Amendments to Australian Accounting standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]*
AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The consolidated entity has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed.

(ii) AASB-I 10 *Interim financial reporting and impairment*
AASB-I 10 is applicable to reporting periods commencing on or after 1 November 2006. The Group has not incurred an impairment loss covered by this standard. Hence application of the interpretation will have no impact on the Group's or the parent entity's financial statements.

(iii) AASB 8 *Operating Sgments* replaces the presentation requirements of segment reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

2. Segment Reporting

a) Segments

GEOGRAPHIC SEGMENTS	Australia		New Zealand		Asia		Consolidated	
	2007 $000	2006 $000	2007 $000	2006 $000	2007 $000	2006 $000	2007 $000	2006 $000
REVENUE								
External sales	279,575	257,245	15,128	12,775	2,412	-	297,116	270,020
Other revenue	471	270	314	38	6	-	790	308
Total segment revenue	280,046	257,515	15,442	12,813	2,418	-	297,906	270,328
RESULT								
Segment result before tax and intercompany charges	17,952	16,055	1,324	1,025	347	-	19,623	17,080
Intercompany charges	485	510	(485)	(510)	-	-	-	-
Segment result before taxation	18,437	16,565	839	515	347	-	19,623	17,080
Income tax expenses							(6,072)	(5,373)
Net profit for the year							13,551	11,707
Segment assets	100,147	103,443	8,134	6,974	7,668	-	121,277	110,417
Segment liabilities	31,401	37,605	1,491	1,115	3,804	-	36,696	38,720
Intercompany balances	5,238	4,945	(5,053)	(4,945)	(3,596)	-	-	-
Net assets							84,581	71,697
Acquisitions of non current segment assets	709	1,230	19	85	2	-	730	1,315
Depreciation and amortisation	1,564	1,690	57	76	27	-	1,648	1,766

b) Segment accounting policies - segment information is prepared in accordance with the accounting policies of the entity as disclosed in note 1 and accounting standard *AASB 114: Segment Reporting*. During the year, there were no changes in segment accounting policies that had a material effect on the segment information other than the inclusion of the geographic segment Asia as a result of the acquisition of the Asian operations of EL Consult.

(c) The consolidated entity derived income from the provision of contract and temporary personnel to and recruitment services for business and Government in Australia and New Zealand and Asia.

(d) The pricing of inter-segment transactions is the same as prices charged on transactions with parties outside the consolidated entity. Such transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

3. Revenue

	Note	Consolidated 2007 $000	Consolidated 2006 $000	Parent Entity 2007 $000	Parent Entity 2006 $000
From continuing operations					
- sales revenue		297,405	270,020	245,251	220,399
- interest received	3(a)	80	262	394	573
- unrealised gain on loan to controlled entity		-	-	495	-
		297,485	270,282	246,140	220,972
Other revenue					
- software royalties		394	46	394	46
- Sale of fixed assets		27		27	-
- dividend from wholly-owned subsidiary		-	-	5,287	-
		421	46	5,708	46
Total revenue		297,906	270,328	251,848	221,018
3(a) Interest revenue from:					
- wholly owned subsidiaries		-	-	361	389
- other persons		80	262	33	184
Total interest revenue		80	262	394	573

4. Expenses

	Note	Consolidated 2007 $000	Consolidated 2006 $000	Parent Entity 2007 $000	Parent Entity 2006 $000
Profit before income tax includes the following specific expenses:					
Finance costs:					
- other persons		426	95	402	90
- wholly owned subsidiaries		-	-	-	11
Total borrowing costs & expenses		426	95	402	101
Depreciation of non-current assets					
- plant and equipment		888	789	593	471
Amortisation of non-current assets					
- leasehold improvements		242	215	144	139
- capitalised computer software		260	294	246	294
- candidate databases		258	468	39	248
Total amortisation		760	977	430	681
Total depreciation and amortisation expense		1,648	1,766	1,022	1,152
Bad and doubtful debts					
- trade debtors		(8)	10	(8)	10
Loss on sale of plant and equipment		-	78	-	24

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

5. Income tax expense

	Note	Consolidated 2007 $000	Consolidated 2006 $000	Parent Entity 2007 $000	Parent Entity 2006 $000
Current tax		6,207	6,083	5,030	4,091
Deferred tax		(135)	(710)	(252)	(223)
		6,072	5,373	4,778	3,868
Deferred income tax expense included in income tax expense comprises:					
Decrease/ (Increase) in deferred tax assets	13	(145)	(658)	(252)	(171)
(Decrease)/ Increase in deferred tax liabilities	19	10	(52)	-	(52)
		(135)	(710)	(252)	(223)
The prima facie tax on profit before income tax is reconciled to the income tax as follows:					
Prima facie tax payable on profit before income tax at 30%					
- consolidated		5,887	5,155	-	-
- parent entity		-	-	4,780	3,550
		5,887	5,155	4,780	3,550
Add tax effect of:					
- non-deductible amortisation		11	75	11	75
- other non-allowable items		183	121	135	75
- tax rate adjustment on wholly-owned foreign subsidiaries		(10)	15	-	-
Less tax effect of:					
- non-taxable unrealised exchange loss / (gain) on loan to controlled entity		-	-	(148)	158
Sundry items		1	7	-	10
Total income tax expense		6,072	5,373	4,778	3,868

Tax consolidation legislation

Candle Australia Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(c).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Candle Australia Limited.

The entities have also entered into a tax compensation deed and a deed of tax sharing under which the wholly-owned entities fully compensate Candle Australia Limited for any current tax payable assumed and are compensated by Candle Australia Limited for any current tax receivable that is transferred to Candle Australia Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon the receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

6. Dividends

		Consolidated		Parent Entity	
		2007	2006	2007	2006
	Note	$000	$000	$000	$000
2006 final fully franked dividend at 9.0 cents per share and a special fully franked dividend of 2.0 cents per share (2005 final: 6.0)		5,608	3,730	5,608	3,730
2007 interim fully franked dividend at 9.0 cents per share (2006 interim: 8.0)		4,753	3,942	4,753	3,942
Under-provision for prior year			-		-
		10,361	7,672	10,361	7,672
The balance of the franking account at period end adjusted for franking credits arising from payment of income tax payable and excludes payment of proposed dividends		13,465	13,530	9,708	10,807

7. Key management personnel disclosures

The names of the parent entity directors who have held office during the financial year are:

Geoffrey J Moles	Executive Chairman
Robert J Collins	Managing Director
Lawrence J Gibbs	Non-Executive Director
Peter D Bunting	Non-Executive Director
Penelope Morris	Non-Executive Director

The names of the persons who had authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly who held office during the financial year are:

Jane A Bianchini	Joint Chief Operating Officer
Paul A Barbaro	Joint Chief Operating Officer
Mark A Langan	Chief Financial Officer
Kym L Quick	Group Business Operations Manager

The Company has taken advantage of the relief provided by the Corporations Amendment Regulations 2006 (no 4) and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report on pages 5 to 10.

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Candle Australia Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below.

Share holdings

The number of shares in the Company held during the financial year by each director of Candle Australia Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

Option holdings

	Balance 1/7/2006	Granted	Exercised	Other change	Balance 30/6/2007	Vested 30/6/2007
Directors						
Geoffrey J Moles	-	-	-	-	-	-
Robert J Collins	2,400,000	-	600,000	-	1,800,000	600,000
Ian K Crow	-	-	-	-	-	-
Lawrence J Gibbs	-	-	-	-	-	-
Peter D Bunting	-	-	-	-	-	-
Penelope Morris	-	-	-	-	-	-
Key Management Personnel						
Jane A Bianchini	-	500,000	-	-	500,000	-
Mark A Langan	530,000	100,000	286,666	-	343,334	10,000
Kym L Quick	271,000	500,000	-	-	771,000	127,666
Paul A Barbaro	-	500,000	-	-	500,000	-
Total	3,201,000	1,600,000	886,666	-	3,914,334	737,666

Prior year

	Balance 1/7/2005	Granted	Exercised	Other change	Balance 30/6/2006	Vested 30/6/2006
Directors						
Geoffrey J Moles	-	-	-	-	-	-
Robert J Collins	1,333,334	1,800,000	733,334	-	2,400,000	-
Ian K Crow	-	-	-	-	-	-
Lawrence J Gibbs	-	-	-	-	-	-
Peter D Bunting	-	-	-	-	-	-
Penelope Morris	-	-	-	-	-	-
Key Management Personnel						
Trevor A Taylor	763,334	350,000	163,334	(950,000)	-	-
Mark A Langan	299,000	300,000	69,000	-	530,000	220,000
Kym L Quick	131,000	200,000	100,000	-	271,000	110,667
Jane A Bianchini	-	-	-	-	-	-
Total	2,526,668	2,650,000	1,065,668	(950,000)	3,201,000	330,667

Further information regarding the option plan is set out in note 26.

Share holdings

	Balance 1/7/2006	Received as remuneration	Options exercised	Other change	Balance 30/6/2007
Directors					
Geoffrey J Moles	2,757,212	-	-	(960,387)	1,796,825
Robert Collins	793,500	-	600,000	-	1,393,500
Lawrence J Gibbs	42,681	-	-	2,594	45,275
Peter D Bunting	7,500	-	-	-	7,500
Penelope Morris	-	-	-	-	-
Key Management Personnel					
Jane A Bianchini	2,500	-	-	153	2,653
Mark A Langan	-	-	286,666	(286,666)	-
Kym L Quick	-	-	-	-	-
Paul A Barbaro	-	-	-	-	-
Total	3,603,393	-	886,666	(1,244,306)	3,245,753

Prior year

	Balance 1/7/2005	Received as remuneration	Options exercised	Other change	Balance 30/6/2006
Directors					
Geoffrey J Moles	3,255,575	-	-	(498,363)	2,757,212
Robert Collins	1,860,167	-	733,333	(1,800,000)	793,500
Lawrence J Gibbs	40,273	-	-	2,408	42,681
Peter D Bunting	7,500	-	-	-	7,500
Penelope Morris	-	-	-	-	-
Key Management Personnel					
Trevor A Taylor	93,333	-	163,334	(256,667)	-
Mark A Langan	65,973	-	69,000	(134,973)	-
Kym L Quick	-	-	60,000	(60,000)	-
Jane A Bianchini	-	-	-	2,500	2,500
Total	5,322,821	-	1,025,667	(2,745,095)	3,603,393

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Other transaction with directors

During the financial year corporate advisory services were provided by B G Capital Corporation Limited, a company associated with Lawrence Gibbs for $60,000 (2006: $60,000) on normal commercial terms.

8. Remuneration of auditors

During the year, the following fees were paid or were payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent Entity	
Remuneration of the auditor of the parent entity for:	2007 $	2006 $	2007 $	2006 $
- auditing or reviewing the financial report	158,196	126,937	115,412	96,000
- taxation services	11,814	14,485	10,000	14,485
- business services	5,227	598	1,454	598
	175,237	142,020	126,866	111,083
Remuneration of other auditors of subsidiaries for:				
- auditing or reviewing the financial report of subsidiaries	24,410	15,721	-	-

9. Earnings per share

	Consolidated	
	2007 Cents	2006 Cents
Basic earnings per share	26.0	24.2
Diluted earnings per share	24.0	22.4

(a) Reconciliation of earnings used in calculating earnings per share

	$000	$000
Net profit after tax used in calculating basic earnings per share	13,551	11,707
Adjustments for calculation of diluted earnings per share		
Interest earned on conversion of options	695	500
Net profit used in calculating diluted earnings per share	14,246	12,207

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

(b) Weighted average number of shares used as the denominator

	Number '000	Number '000
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	52,193	48,360
Adjustment for calculation of diluted earnings per share:		
Weighted average number of options	7,078	6,164
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	59,271	54,524

(c) Classification of securities

Options granted to employees under the Employee Share Option Plan are considered to be potential ordinary securities and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 26.

10. Cash flow information

	Consolidated		Parent Entity	
	2007 $000	2006 $000	2007 $000	2006 $000
(a) Reconciliation of profit after tax to net cash flow from operating activities				
Profit for the year	13,551	11,707	11,155	7,862
Non-cash flows in operating profit:				
Depreciation and amortisation	1,648	1,766	1,023	1,152
Non-cash employee benefits expense – share based payments	300	218	300	218
Charges to provisions	(119)	1,197	255	53
(Gain)/ Loss on disposal of plant and equipment	(27)	78	(27)	24
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase) / Decrease in trade debtors and accrued income	(1,660)	(13,175)	(1,799)	(8,487)
(Increase) / Decrease in prepayments and accrued income	(171)	155	(115)	155
Increase / (Decrease) in trade creditors and accruals	1,345	5,292	1,063	2,970
Movement in income taxes payable	(349)	71	(1,031)	(740)
Movement in deferred taxes	(134)	(710)	(252)	(222)
Unrealised foreign exchange movements on loan	-	-	-	582
Net cash provided by operating activities	14,384	6,599	10,572	3,567

(b) Non-cash financing and investing activities

Share issue – during the year the parent company issued shares as set out in note 21.

(c) Credit standby arrangements with banks

Bank bill credit facility	15,000	12,600	15,000	12,600
Amount utilised	-	-	-	-
Unused credit facility	15,000	12,600	15,000	12,600

The major facilities are summarised as follows:

(d) Overdraft facilities

	Consolidated		Parent Entity	
	2007 $000	2006 $000	2007 $000	2006 $000
Overdraft facility	10,907	5,822	10,000	5,000
Amount utilised	(2,847)	-	(2,847)	-
Unused overdraft facility	8,060	5,822	7,153	5,000

Bank overdrafts

The current interest rate on the overdraft facility is 8.2%. Bank overdraft facilities are arranged with both Australian ($10,000,000) and New Zealand ($907,000) banks with the general terms and conditions being set out and agreed to on a regular basis. Interest rates are variable and subject to adjustment. Finance will be provided under all facilities provided the Company and the consolidated entity have not breached any borrowing requirements and the required financial ratios are met.

11. Cash and cash equivalents

	Consolidated		Parent Entity	
	2007 $000	2006 $000	2007 $000	2006 $000
Cash at bank and on hand	2,248	3,140	782	1,713
Deposits at call	700	947	-	-
	2,948	4,087	782	1,713

The deposits are bearing interest rates of 6.25% (2006: 5.45%). These deposits are at call.

Reconciliation of cash

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$000	$000	$000	$000
Balances as above	2,948	4,087	782	1,713
Bank overdrafts (note 10)	(2,847)	-	(2,847)	-
	101	4,087	(2,065)	1,713

12. Trade and other receivables

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$000	$000	$000	$000
Current				
Trade receivables	32,501	37,696	26,401	31,223
Allowance for doubtful debts	(224)	(221)	(137)	(153)
	32,277	37,475	26,264	31,070
Accrued income	17,675	11,064	15,900	9,398
Amounts receivable from:				
- wholly-owned subsidiaries	-	-	7,625	905
- related parties	42	205		-
Prepayments	427	256	294	179
Other debtors	332	85	115	12
	50,753	49,085	50,198	41,564
Non-current				
Amounts receivable from:				
- controlled entity *	-	-	5,190	4,758

* The parent company has agreed not to call upon this loan to the detriment of the company or its creditors for at least one year.

(a) Fair values

The fair value approximates to the carrying value of the non-current receivables.

(b) Interest rate risk

The trade and other receivables are non-interest bearing.

(c) Credit risk

Refer to the disclosure in note 1(l)

13. Deferred tax assets

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$000	$000	$000	$000
The balance comprises temporary differences attributable to:				
Doubtful debts	63	68	41	46
Employee benefits	412	418	334	302
Provision for make good on leased premises	57	41	20	20
Lease incentive	185	252	40	65
Accruals	1,659	1,452	1,424	1,175
	2,376	2,231	1,860	1,608

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$000	$000	$000	$000
Movements				
Balance at the beginning of the year	2,231	1,573	1,608	1,437
Credited/ (charged) to the income statement	145	658	252	171
Balance at the end of the year	2,376	2,231	1,860	1,608

14. Property, plant and equipment

	Consolidated		Parent Entity	
	2007 $000	2006 $000	2007 $000	2006 $000
Plant and equipment, at cost	7,676	6,827	5,093	4,963
Accumulated depreciation	(5,837)	(4,542)	(3,799)	(3,375)
	1,839	2,285	1,294	1,588
Leasehold improvements, at cost	3,512	3,147	2,400	2,134
Accumulated amortisation	(2,628)	(2,183)	(2,015)	(1,755)
	884	964	385	379
Total property, plant and equipment	2,723	3,249	1,679	1,967

Movements in carrying amounts

	Plant and equipment $000	Leasehold improvements $000	Total $000
Consolidated:			
Balance at the beginning of the year	2,285	964	3,249
Additions	442	162	604
Disposals	-	-	-
Depreciation expense	(888)	(242)	(1,130)
Carrying amount at the end of year	1,839	884	2,723
Parent entity:			
Balance at the beginning of year	1,588	379	1,967
Additions	299	151	450
Disposals	-	-	-
Depreciation expense	(593)	(145)	(738)
Carrying amount at the end of year	1,294	385	1,679

15. Other financial assets

	Consolidated		Parent Entity	
	2007 $000	2006 $000	2007 $000	2006 $000
Investments comprise:				
Shares in:				
- controlled entities at cost	-	-	25,234	30,762
	-	-	25,234	30,762

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

16. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1 (a):

	Country of incorporation	Class of shares	Equity holding* 2007	Equity holding* 2006
			%	%
Freeman Adams Pty Limited	Australia	Ordinary	100	100
Candle IT & T Recruitment Pty Limited	Australia	Ordinary	100	100
Alliance Recruitment Pty Limited	Australia	Ordinary	100	100
Workskills Professionals Pty Limited	Australia	Ordinary	100	100
Premier Personnel Pty Limited	Australia	Ordinary	100	100
Vitruvian Solutions Pty Limited	Australia	Ordinary	100	100
The One Umbrella Pty Ltd	Australia	Ordinary	100	100
Candle Holdings Limited	New Zealand	Ordinary	100	100
Candle New Zealand Limited	New Zealand	Ordinary	100	100
Doughty Contractors Limited	New Zealand	Ordinary	100	100
Candle IT & T Recruitment Limited	New Zealand	Ordinary	100	100
Choice IT Pty Limited	Australia	Ordinary	100	100
Lloyd Morgan Sydney Pty Limited	Australia	Ordinary	100	100
Lloyd Morgan International Pty Limited	Australia	Ordinary	100	100
Lloyd Morgan (Brisbane) Pty Limited	Australia	Ordinary	100	100
Lloyd Morgan Limited	Hong Kong	Ordinary	100	-
Lloyd Morgan Hong Kong Limited	Hong Kong	Ordinary	100	-
Lloyd Morgan Singapore Pte Limited	Singapore	Ordinary	100	-
Lloyd Morgan Malaysia Sdn Bhd	Malaysia	Ordinary	100	-
Executive Leasing China Limited	China	Ordinary	89	-

* The proportion of ownership interest is equal to the proportion of voting power held.

17. Intangible Assets

	Consolidated 2007 $000	Consolidated 2006 $000	Parent Entity 2007 $000	Parent Entity 2006 $000
Candidate databases	1,876	2,623	1,039	1,039
Accumulated amortisation	(1,874)	(2,363)	(1,037)	(998)
	2	260	2	41
Capitalised software development costs	2,276	2,115	2,191	2,065
Accumulated amortisation	(2,039)	(1,821)	(2,025)	(1,779)
	237	294	166	286
Goodwill at cost	61,984	56,157	23,196	23,196
Other intangibles	254	-	254	-
Total intangible assets	62,477	56,711	23,618	23,523

(a) Movements in carrying amounts	Candidate databases	Capitalised software costs	Goodwill	Other intangibles	Total
Consolidated					
Balance at the beginning of the year	260	294	56,157	-	56,711
Additions	-	203	6,670	254	7,127
Amortisation expense	(258)	(260)	-	-	(518)
Exchange differences	-	-	432	-	432
Adjustment to contingent purchase price	-	-	(1,275)		(1,275)
Carrying amount at the end of the year	2	237	61,984	254	62,477
Parent Entity					
Balance at the beginning of the year	41	286	23,196	-	23,523
Additions	-	126	-	254	380
Amortisation expense	(39)	(246)	-	-	(285)
Carrying amount at the end of the year	2	166	23,196	254	23,618

Other intangible represents product development costs and will be amortised over 3 years on implementation of the project.

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges in respect of intangible assets are included under depreciation and amortisation expense per the income statement.

Impairment tests

Goodwill is allocated to the consolidated entity's cash-generating units, which are based on the consolidated entity's individual brands.

	2007 $000	2006 $000
Candle ICT	12,092	12,092
Candle New Zealand	4,642	4,210
Freeman Adams	4,011	4,011
Alliance Recruitment	14,205	14,205
The One Umbrella	3,423	3,423
Parker Bridge	5,287	5,268
Choice IT	1,394	1,140
Lloyd Morgan International	9,544	10,819
Lloyd Morgan Brisbane	1,938	989
Lloyd Morgan Limited	5,448	-
Total	61,984	56,157

Impairment tests are carried out to ensure that assets are carried at amounts that are not in excess of their recoverable amount. Recoverable amount is assessed on the basis of value in use. Value in use is calculated using the present value of the future cash flows expected to be derived from each cash generating unit. The discounted cash flow (DCF) projections are based on current performance and financial forecasts extrapolated over a ten year period. Current estimated terminal values are in the range of 2.5 – 4.5 times. The cash flows are discounted in the range of 11% - 15%. Management derives its forecasts and input variables to the DCF model based on past performance and its expectations for the future.

18. Trade and other payables

	Consolidated		Parent Entity	
	2007 $000	2006 $000	2007 $000	2006 $000
Current				
Trade creditors	26,465	25,657	22,322	21,350
Amounts payable to:				
- controlled entities	-	-	3,076	449
- vendors of acquired businesses	2,944	13,152	124	13,110
	29,409	38,809	25,522	34,909
Non-current				
Trade creditors	24	22	-	-

(a) Interest rate exposure

All trade and other payables are non-interest bearing.

(b) Fair value

The fair value approximates to the carrying value of the non-current payables.

(c) Financial guarantees

There are the following unsecured guarantees within the consolidated entity:

(i) The parent entity has guaranteed the bank overdraft of Lloyd Morgan Hong Kong
(ii) The Australian subsidiaries have guaranteed the bank overdraft of the parent entity

There are no deficiencies of assets existing in any of these companies.

No liability was recognised by the parent entity or the consolidated entity in relation to these guarantees as the fair value of the guarantees is immaterial.

19. Tax liabilities

		Consolidated		Parent Entity	
		2007	2006	2007	2006
	Note	$000	$000	$000	$000
Current					
Income tax		1,448	1,797	749	1,778
Deferred tax liabilities		10	-	-	-
The balance comprises temporary differences attributable to:					
Depreciation		10	-	-	-
Movements					
Balance at the beginning of the year		-	52	-	52
Charged/ (credited) to the income statement		10	(52)	-	(52)
Balance at the end of the year		10	-	-	-

20. Provisions

	Note	Consolidated 2007 $000	Consolidated 2006 $000	Parent Entity 2007 $000	Parent Entity 2006 $000
Current					
Dividend cheques not presented		89	51	89	51
Employee benefits		1,227	1,040	803	530
Lease incentive		686	862	187	215
		2,002	1,953	1,079	796
Non-current					
Employee benefits		538	569	487	478
Make good on leased premises		418	516	226	226
		956	1,085	713	704
		2,958	3,038	1,792	1,500

Dividend

This provision recognises dividends that were paid by cheque but not presented.

Employee benefits

This provision represents annual leave and long service leave entitlements.

Lease incentive

This provision represents the liability associated with rent free periods given under current operating contracts. Management has calculated this amount based on the current rental contracts.

Make-good

This amount represents the cost which will be paid on completion of current tenancy under the applicable rental contracts. The amount has been calculated based on an estimate of the costs to fulfil each individual rental contract requirements.

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated

	Dividends $000	Lease incentive $000	Make-good $000	Total $000
Carrying amount at start of year	51	862	516	1,429
Additional provision recognised	38	-	-	38
Amounts utilised	-	(176)	(98)	(274)
Carrying amount at end of year	89	686	418	1,193

Parent Entity

	Dividends $000	Lease incentive $000	Make-good $000	Total $000
Carrying amount at start of year	51	215	226	492
Additional provision recognised	38	-	-	38
Amounts utilised	-	(28)	-	(28)
Carrying amount at end of year	89	187	226	502

21. Contributed equity

	Consolidated 2007 $000	Consolidated 2006 $000	Parent Entity 2007 $000	Parent Entity 2006 $000
53,392,527 (2006: 49,773,938) fully paid ordinary shares	62,921	54,072	62,921	54,072
Ordinary shares at the beginning of the year	54,072	45,441	54,072	45,441
Shares issued during the year:				
Purchase consideration for acquisitions	4,925	2,345	4,925	2,345
Dividend Reinvestment Plan	2,035	1,792	2,035	1,792
Exercise of Employee Options	1,889	1,643	1,889	1,643
Underwriting of the Dividend Re-investment Plan	-	2,880	-	2,880
Less transaction costs	-	(29)	-	(29)
At the end of the year	62,921	54,072	62,921	54,072

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each fully paid ordinary share is entitled to one vote.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

Ordinary shares	**Consolidated**		**Parent Entity**	
	2007	**2006**	**2007**	**2006**
	No.	**No.**	**No.**	**No.**
At the beginning of the year	49,773,938	45,389,002	49,773,938	45,389,002
Shares issued during year:				
Exercise of Employee Options	1,457,445	1,519,032	1,457,445	1,519,032
Dividend Re-investment Plan	609,441	657,711	609,441	657,711
Purchase consideration for acquisitions	1,551,703	1,070,022	1,551,703	1,070,022
Underwritten Dividend Re-investment Plan	-	1,138,171	-	1,138,171
At the end of the year	53,392,527	49,773,938	53,392,527	49,773,938

Share options

Further information relating to the Company share option plan is set out in note 26. Details of options granted to directors and executive officers are set out in the director's report. At the 30 June 2007 there were 7,130,929 (2006: 6,599,041) options outstanding.

22. Reserves

		Consolidated		**Parent Entity**	
		2007	**2006**	**2007**	**2006**
	Note	**$000**	**$000**	**$000**	**$000**
Share-based payments	22(a)	664	364	664	364
Foreign currency translation	22(a)	336	(209)	-	-
Total		1,000	155	664	364

(a) Movements

Share-based payments					
Movements during the year:					
At the beginning of the year		364	146	364	146
Option expense	30	300	218	300	218
At the end of the year		664	364	664	364
Foreign currency translation reserve					
Movements during the year					
At the beginning of the year		(209)	498	-	-
Adjustment arising from the translation of foreign controlled entities' financial statements		545	(707)	-	-
At the end of the year		336	(209)	-	-

Nature and purpose of reserves

(i) Share-based payments

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(ii) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities. The reserve is recognised in the profit and loss when the net investment is disposed.

23. Retained profits

		Consolidated		Parent Entity	
	Note	2007 $000	2006 $000	2007 $000	2006 $000
Retained profits at the beginning of the financial year		17,470	13,435	13,272	13,082
Net profit for the year	30	13,551	11,707	11,155	7,862
Dividends paid	6	(10,361)	(7,672)	(10,361)	(7,672)
Retained profits at the end of the Financial year		20,660	17,470	14,066	13,272

24. Capital commitments and leasing

Commitments for minimum lease payments in relation to non-cancellable operating leases payable are as follows:

	Consolidated		Parent Entity	
	2007 $000	2006 $000	2007 $000	2006 $000
- within one year	3,055	2,192	1,447	1,007
- later that one year but not later than five years	4,378	3,863	1,321	1,444
- later than five years	-	56	-	-
	7,433	6,111	2,769	2,451

Operating lease commitments refer to property leases for the 26 sites (2006: 21 sites) operating across Australia, New Zealand and Asia. In general leases are negotiated with fixed increases for the first three years and then a market review thereafter.

25. Contingent liabilities

There are no material contingent liabilities that need to be disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

26. Share based payments

Set out below are summaries of options granted under the share based payment plan:

Consolidated and parent entity – 2007

Grant Date	Date of Expiry	Exercise Price	Balance at the start of year No.	Granted during year No.	Exercised during year No.	Forfeited/ lapsed during year No.	Balance at end of year No.
30 Oct 02	30 Oct 06	$0.86	10,000	-	10,000	-	-
26 Feb 03	26 Feb 07	$0.76	200,000	-	200,000	-	-
1 July 03	1 July 09	$1.00	600,000	-	600,000	-	-
24 July 03	24 July 07	$1.06	160,006	-	136,670	-	23,336
30 June 04	30 June 08	$1.61	480,368	-	164,965	54,000	261,403
29 Nov 04	29 Nov 08	$2.05	256,667	-	53,332	60,000	143,335
1 July 05	1 July 09	$2.08	1,532,000	-	292,478	198,667	1,040,855
1 July 05	1 July 11	$2.08	1,800,000	-	-	-	1,800,000
23 Dec 05	23 Dec 09	$2.45	100,000	-	-	-	100,000
17 Mar 06	17 Mar 10	$2.97	1,460,000	-	-	810,000	650,000
28 Sept 07	28 Sept 10	$3.30	-	2,745,000	-	133,000	2,612,000
24 Apr 07	24 Apr 11	$3.30	-	300,000	-	-	300,000
28 June 07	28 June 11	$3.26	-	200,000	-	-	200,000
			6,599,041	3,245,000	1,457,445	1,255,667	7,130,929
Weighted average exercise price			$2.08	$3.30	$1.30	$2.41	$2.75

Consolidated and parent entity – 2006

Grant Date	Date of Expiry	Exercise Price	Balance at the start of year No.	Granted during year No.	Exercised during year No.	Forfeited/ lapsed during year No.	Balance at end of year No.
9 Nov 01	9 Nov 05	$0.95	67,000	-	67,000	-	-
30 April 02	30 Apr 06	$1.07	16,000	-	16,000	-	-
1 July 02	1 July 06	$0.82	146,736	-	146,736	-	-
1 July 02	1 July 08	$0.85	133,334	-	133,334	-	-
30 Oct 02	30 Oct 06	$0.86	63,334	-	53,334	-	10,000
26 Feb 03	26 Feb 07	$0.76	235,000	-	35,000	-	200,000
1 July 03	1 July 09	$1.00	1,200,000	-	600,000	-	600,000
24 July 03	24 July 07	$1.06	323,337	-	149,997	13,334	160,006
1 Dec 03	2 Dec 07	$1.29	300,000	-	100,000	200,000	-
30 June 04	30 June 08	$1.61	745,000	-	179,298	85,334	480,368
29 Nov 04	29 Nov 08	$2.05	660,000	-	38,333	365,000	256,667
1 July 05	1 July 09	$2.08	-	1,987,000	-	455,000	1,532,000
1 July 05	1 July 11	$2.08	-	1,800,000	-	-	1,800,000
23 Dec 05	23 Dec 09	$2.45	-	100,000	-	-	100,000
17 Mar 05	17 Mar 10	$2.97	-	1,460,000	-	-	1,460,000
		Total	3,889,741	5,347,000	1,519,032	1,118,668	6,599,041
Weighted average exercise price			$1.29	$2.33	$1.08	$1.88	$2.08

The weighted average share price at the date of exercise during the year ended 30 June 2007 was $3.39 (2006: $2.55)

The weighted average remaining contractual life of share options outstanding at the year end was 2.8 years (2006: 3.5 years).

Share option plan

A share option plan has been in place since the Company listed on the Australian Stock Exchange in 1997. The plan includes a performance hurdle for the exercise of options granted, whereby the Candle Australia Limited share price must outperform the relevant ASX Index on which the shares of Candle Australia Limited are listed.

The options hold no voting or dividend rights and are not transferable.

Fair value of options granted

The assessment of fair value of options is made at each grant date during the year. The range of fair values for options granted during the year was from $0.38 to $0.47 (2006: $0.20 to $0.26). The fair value at grant date is determined using, independently applied, the American option call pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk free interest rate for the term of the option. The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

27. Related party disclosures

a) Parent entity

The ultimate parent entity and ultimate controlling party within the consolidated entity is Candle Australia Limited.

b) Subsidiaries

Interests in subsidiaries are set out in note 16.

c) Directors and key management personnel

Disclosures relating to director and key management personnel are set out in note 7.

d) Transactions with related parties

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Sales of services				
Recruitment services to related parties	-	-	295,940	20,098
Purchases				
Recruitment services received from subsidiaries	-	-	245,405	209,153
Tax consolidation legislation				
Current tax payable assumed from wholly owned tax consolidated entities	-	-	595,668	787,171
Dividend revenue				
Subsidiaries	-	-	-	-

e) Loans

	Consolidated 2007	Consolidated 2006	Parent Entity 2007	Parent Entity 2006
Loans to subsidiaries		-	12,815,325	5,970,787
Loans to vendors of acquired business (secured)	-	204,605	-	-
Loans from subsidiaries		-	3,076,181	754,864

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

f) Terms and conditions

All transactions were made on normal commercial terms and conditions, except that there are no fixed terms for the repayment of loans between parties.

28. Events subsequent to the reporting date

On 12 July Candle Australia Limited entered into an agreement to acquire the IT services business and assets of the JAV IT Group. A deposit of $4million was paid on 15 August 2007. The total purchase price subject to future performance will be approximately $8 million.

On 17 July 2007 Candle Australia Limited entered into an agreement to acquire all of the issued shares in Reality Check Pty Limited. The total purchase price subject to future performance will be approximately $1million.

On the 28 August 2007 the Company resolved to pay a fully franked final dividend of 10.0 cents per share on 14 September 2007.
On 19 July Diana Eilert was appointed as Chief Executive Officer to replace Robert Collins who will stand down on 28 August.

29. Acquisition of subsidiaries

On 30 April 2007, Lloyd Morgan Limited (a subsidiary company) gained effective control of the following recruitment businesses:

Entity name	Nature of acquisition
Lloyd Morgan Hong Kong Limited*	100% issued share capital
Executive Leasing Hong Kong Limited	Business assets
Executive Leasing Malaysia Sdn BHD	Business assets
Executive Leasing Singapore PTE Limited	Business assets

* Formerly known as Executive Leasing China Limited

Details of the purchase consideration, fair value of assets and liabilities acquired and goodwill are as follows:

Purchase consideration	$000
Cash paid	2,352
Direct costs associated with the acquisition	265
Issue of 210,562 ordinary shares at market price	684
Balance of purchase price payable	2,291
	5,592

In the event that certain pre-determined targets are achieved by the subsidiary, contingent consideration becomes payable. At the date of this financial report, it is probable that some of these payments will be made, and hence have been brought to account as a component of goodwill. If it becomes probable that any element of the remaining consideration will be payable, it will be brought to account when the amount can be reliably measured.

Assets and liabilities acquired at acquisition date:	$000
Property, plant and equipment	144
Total net assets acquired	144
Goodwill on consolidation	5,448

The assets and liabilities arising from the acquisition are recognised at fair value which equals their carrying value at acquisition date. Goodwill is attributable to the future maintainable earnings of the acquired business.

Profit relating to the Asian operations totalling $347,000 are included in the consolidated income statement for the year ended 30 June 2007.

30. Amendment of prior year share based payments expense

Revised compliance with AASB 2 requires the basis of the share option expense calculation for the prior year to be amended to recognise grant date. This amendment has the following effects on the financial statements for the prior year period, and is reflected as such in these financial statements. :

Income statement for the year ended 30 June 2006:

	$000
Employee benefits expense	102
Profit for the year	(102)

Balance sheet as at 30 June 2006:

	$000
Share based payments reserve	248
Retained profits	(248)

There are no cash flow implications from this amendment.

Basic and diluted earnings per share for the prior year have also been restated. The amount of the amendment for both basic and diluted earnings per share was a reduction of 0.2 cents per share (restated EPS 24.2 cents per share; restated diluted EPS 22.4 cents per share).

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 19 to 55, are in accordance with the *Corporations Act 2001*:

   (a) comply with Accounting Standards,,the *Corporations Regulations 2001* and other madatory professional reporting requirements; and

   (b) give a true and fair view of the financial position as at 30 June 2007 and performance for the year ended on that date of the Company and the consolidated entity;

2. The managing director and chief financial officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

4. The audited remuneration disclosures set out on pages 5 to 10 of the directors' report comply with the Accounting Standards AASB 124 Related Party Disclosures and the *Corporations Regulations 2001.*

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

....
Geoffrey J Moles – Executive Chairman

....
Robert J Collins – Managing Director

Dated at Sydney this 28th day of August 2007

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CANDLE AUSTRALIA LIMITED

Report on the Financial Report

We have audited the financial report of Candle Australia Limited (the company) and Candle Australia Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cashflow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors declaration for the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures") , required by Accounting Standard AASB 124 Related Party Disclosures, under the heading "remuneration report" on pages 5 to 10 of the directors' report and not in the financial report..

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with the Accounting Standard AASB 101: Presentation of the Financial Statements, that compliance with the Australian equivalent to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors are also responsible for the remuneration disclosure contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CANDLE AUSTRALIA LIMITED

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report. Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Candle Australia Limited and Candle Australia Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- **(i)** giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

- **(ii)** complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CANDLE AUSTRALIA LIMITED

Auditors opinion on the remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in pages 5 to 10 of the directors' report comply with accounting standards AASB 124.

....
WHK Horwath

....
B Hatchman

Dated at Sydney this 28th day of August 2007

ADDITIONAL INFORMATION

The following information is required by the Australian Stock Exchange Limited.

1. Shareholding

(a) There is only one class of equity securities, being ordinary shares.

(b) Distribution of Shareholders Number

Category	Number of holders
1 – 1,000	837
1,001 – 5,000	2,285
5,001 – 10,000	818
10,001 – 100,000	476
100,001 and over	40
	4,456

(c) The number of shareholdings held in less then marketable parcels is 108.

(d) The names of the substantial shareholders listed in the holding Company's register as at 8 August 2007 are:

Shareholder	Number of ordinary shares
Perpetual Trustees Australia Limited	3,217,390
Commonwealth Bank of Australia	3,899,771
SAS Trustee Corporation	2,174,530

(e) The voting rights in respect of the ordinary shares are established by the Constitution, which reads as follows:

Clause 5.12: "one vote for every fully paid share"

(f) 20 largest shareholders as at 8 August 2007:

Shareholder's Name	Number of ordinary fully paid shares held	% held of issued ordinary capital
RBC Dexia Investor Services Australia Nominees	3,153,181	5.9
J P Morgan Nominees Australia Limited	3,033,863	5.7
HSBC Custody Nominees (Australia) Limited	2,703,945	5.1
Citicorp Nominees Pty Limited	2,519,063	4.7
National Nominees Limited	2,448,473	4.6
Cogent Nominees Pty Limited	2,130,831	4.0
Perman Investments Pty Ltd	1,442,137	2.7
Citicorp Nominees Pty Limited	1,349,661	2.5
Mr Robert Collins	1,342,500	2.5
Citicorp Nominees Pty Limited	1,213,491	2.3
Springhope Holdings Pty Limited	1,090,935	2.0
Bond Street Custodian Limited	860,382	1.6
Mr Ian Wallace & Mrs Josephine Edwards	718,927	1.3
MFPH Superannuation Management Pty Limited	657,286	1.3
Gracelite Pty Ltd	546,874	1.0
Engoordina Pty Ltd	428,262	0.8
JDV Limted	358,060	0.7
Equity Trustees Limited	335,374	0.6
Escrow Apps Pty Ltd	326,797	0.6
ANZ Nominees Ltd	312,801	0.6
	26,972,843	50.5

(g) There is currently no On-Market Buy-Back

2. The name of the Company secretary is Mr Nicholas J V Geddes.

3. The address of the registered office is:

Level 5
255 George Street
Sydney NSW 2000
Phone: (02) 9252 1933

Postal Address:
GPO Box 4231
Sydney, NSW 2001

4. The register of shares is held at the following address:

Registries Limited
Level 2
28 Margaret Street
Sydney NSW 2000
Phone: (02) 9290 9600 Fax: (02) 9279 0664

5. Stock Exchange

The Company is listed on the Australian Stock Exchange under the code CND.

CORPORATE DIRECTORY

Board of Directors

Geoffrey J Moles - Executive Chairman
Robert J Collins - Managing Director
Lawrence J Gibbs – Non-executive Director
Peter D Bunting – Non-executive Director
Penelope Morris – Non-executive Director

Company Secretary and Registered Office
Nicholas J V Geddes
Australian Company Secretaries Pty Limited
Level 5
255 George Street
Sydney, NSW 2000

Share Registry
Registries Limited
Level 2
28 Margaret Street
Sydney, NSW 2000

Auditors
WHK Horwath
Level 15
309 Kent Street
Sydney, NSW 2000

Solicitors
RBHM Commercial Lawyers
5/53 Berry Street, North Sydney, NSW, 2060, Australia

Bankers
Westpac Banking Corporation
273 George Street
Sydney, NSW 2000

Principal Places of Business
Candle Australia Head Office / Candle ICT
Sydney
Level 14, 1 York Street
Sydney, NSW 2000

Melbourne
Level 5
34 Queen Street
Melbourne, VIC 3000

Brisbane
50 McDougall Street
Milton, QLD 4065

Canberra
Suite 2G, 65 Canberra Avenue
Griffith, ACT 2603

Perth
Level 3, 191 St Georges Terrace
Perth, WA 6000

Candle New Zealand
Auckland
Level 16, 1 Queen Street,
Auckland

Wellington
Level 10, 3-11 Hunter Street, Wellington

Alliance Recruitment

Adelaide
Level 2, 74 Pirie Street,
Adelaide, SA 5000

Brisbane
Suite 14, 320 Adelaide Street,
Brisbane, QLD 4000

Melbourne
Level 9, 50 Queen Street,
Melbourne, VIC 3000

Mount Waverley
The Central,
Building 2, Suite 32,
1 Ricketts Road, Mount Waverley
VIC 3149

Perth
Suite 4/1 Scarborough Beach Road
North Perth WA 6006

Sydney
Level 13, 55 Clarence St.
Sydney NSW 2000

Level 3, 815 Pacific Highway
Chatswood NSW 2067

Level 1, 45-47 Smart Street
Fairfield NSW 1860

Suite 106, Level 1,
20-22 Macquarie Street
Parramatta NSW 2150

Suite 28, Level 5,
33 MacMahon Street
Hurstville NSW 2220

Lloyd Morgan

Melbourne
Level 14, 333 Collins Street,
Melbourne, VIC 3000

Sydney
Level 5, 1 York Street
Sydney, NSW 2000

Brisbane
Level 14, 500 Queen Street,
Brisbane, QLD 4000

Hong Kong
2403 World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

Singapore
10 Hoe Chiang Road
14-02 Keppel Towers
Singapore 089315

China
2W Guomen Building
No 1 Zuojiazhuang
Chayang District
Beijing PRC 10028

Nanjing West Road No 555, Room501
Shanghai PRC

1507 Office Tower, Shun Hing Square
Di Wang Commercial Centre
5002 Shen Nan Dong Road
Shenzhen PRC 518008

Malaysia
16-3 Jalan Sri Hartamas 8 (8/70A)
Taman Sri Hartamas
50480 Kuala Lumpur

The One Umbrella

Sydney
Level 9, 162 Goulburn Street
Surry Hills NSW 2010

Brisbane
Suite 24. Level 2
149 Wickham Terrace
Spring Hill QLD 4000

Canberra
Suite 2G, 65 Canberra Avenue
Griffith ACT 2603

Melbourne
Level 9, 50 Queen Street,
Melbourne, VIC 3000