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InterQuest returns to the acquisition trail with Contract Connections deal

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IT recruitment group [Interquest](#) (LON:ITQ) has acquired Contract Connections Ltd (CCL), a technology staffing business specialising in the provision of contract and permanent IT personnel to the legal sector. The company is paying a total consideration of up to £4.6 million for CCL, which is expected to be earnings enhancing in the first full year of ownership. The deal marks InterQuest's first acquisition since 2007 and the company said it was an indication of its growing confidence of a return to

growth within the technology recruitment sector.

CCL was founded in 1997 and has offices in London and Dublin. The acquisition is expected to strengthen InterQuest's offering to the legal sector, while providing additional geographical reach for the group. CCL generated revenues of £10 million in the year ended 31 May 2011 and a normalised pre-tax profit of approximately £750,000. The acquisition is expected to add 170 contractors to the InterQuest business, which counted 1,091 at the end of 2010. CCL also has a strong Managed Services Division, which is an area of the recruitment market identified by InterQuest as high growth.

Gary Ashworth, the executive chairman of InterQuest, said: "We are delighted to welcome the CCL team into the InterQuest Group. CCL's successful growth in recent years as a provider of technology professionals to leading law firms has been impressive and we believe that the company will prosper yet further as part of the enlarged InterQuest Group. This acquisition is very much in line with our acquisitive growth strategy, in which we are seeking to add profitable IT recruitment businesses with expertise in specialist areas. CCL's reputation in the legal industry is outstanding and will bolster our offering in this area."

Under the terms of the acquisition, InterQuest will pay an initial £3.70 million in cash and £296,000 in InterQuest shares on completion and up to a further £600,000 in cash over the next two years, contingent upon an average of the first and second year's earnings. The acquisition will be financed by the group's existing bank resources. [The InterQuest share price closed last night at 62.5p.](#)