

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED BALANCE SHEET

(unaudited)

	<i>As at</i> <i>February 28</i> <i>2010</i>	<i>As at</i> <i>August 31</i> <i>2009</i>
<b>Assets</b>		
Current Assets		
Cash and short-term deposits	\$2,834,289	\$4,718,014
Marketable securities	4,583,200	5,325,160
Accounts receivable	3,440,237	3,097,334
Income taxes receivable	432,850	320,578
Prepaid expenses and other assets	1,433,149	1,020,029
	12,723,725	14,481,115
Loans receivable, long-term	463,543	418,937
Property and equipment	1,692,217	1,721,900
Intangible assets	1,012,356	1,181,392
Goodwill	419,654	415,896
	\$16,311,495	\$18,219,240
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$4,140,152	\$3,938,743
Deferred revenue	412,912	326,209
Current portion of incentive accrual	530,250	530,250
	5,083,314	4,795,202
Long-term incentive accrual	1,480,733	1,721,256
Shareholders' equity		
Capital stock	16,064,078	16,064,078
Contributed surplus	4,123,710	4,098,998
Deficit	(10,857,473)	(8,635,678)
Accumulated other comprehensive income	417,133	175,384
	9,747,448	11,702,782
	\$16,311,495	\$18,219,240

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENT OF LOSS

(unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>February 28 2010</i>	<i>February 28 2009</i>	<i>February 28 2010</i>	<i>February 28 2009</i>
Operating revenue	\$5,690,408	\$3,311,794	\$10,086,624	\$7,447,996
Direct cost of revenue	4,253,494	2,744,151	8,007,955	6,369,001
Gross operating profit	1,436,914	567,643	2,078,669	1,078,995
Other expenses				
Other employee compensation, general and administration	1,416,380	973,468	3,086,928	2,354,556
Depreciation	74,539	69,820	151,681	132,985
Amortization of intangibles	84,507	18,546	169,942	37,093
Foreign exchange loss (gain)	7,432	(20,483)	12,043	(18,622)
	1,582,858	1,041,351	3,420,594	2,506,012
Loss before the following	(145,944)	(473,708)	(1,341,925)	(1,427,017)
Restructuring costs	(1,001,055)	0	(1,001,055)	0
Investment income	96,454	48,091	121,185	143,962
Net loss before tax	(1,050,545)	(425,617)	(2,221,795)	(1,283,055)
Recovery of income taxes	0	(139,376)	0	(464,962)
Net loss for the period	(\$1,050,545)	(\$286,241)	(\$2,221,795)	(\$818,093)
Loss per share	(\$0.064)	(\$0.017)	(\$0.135)	(\$0.050)

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>February 28 2010</i>	<i>February 28 2009</i>	<i>February 28 2010</i>	<i>February 28 2009</i>
Net loss for the period	(\$1,050,545)	(\$286,241)	(\$2,221,795)	(\$818,093)
Other comprehensive income:				
Unrealized gain (loss) on marketable securities	193,758	(339,264)	261,107	(3,725,289)
Reclassification of gains included in net loss	(19,358)	0	(19,358)	0
	174,400	(339,264)	241,749	(3,725,289)
Comprehensive loss	(\$876,145)	(\$625,505)	(\$1,980,046)	(\$4,543,382)

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(unaudited)

	Deficit	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	
		Class A Non-Voting Shares	Class B Voting Shares			
<b>Balance - August 31, 2008</b>	<b>(\$1,066,075)</b>	<b>\$19,582,200</b>	<b>\$20,950</b>	<b>\$488,693</b>	<b>(\$561,295)</b>	<b>\$18,464,473</b>
Net loss for the year ended August 31, 2009	(7,569,603)	0	0	0	0	(7,569,603)
Repurchase and cancellation of Class A Non-voting Shares	0	(12,811)	0	5,416	0	(7,395)
Stock compensation	0	0	0	78,628	0	78,628
Reduction of stated capital	0	(3,522,490)	(3,771)	3,526,261	0	0
Change in unrealized gains and losses on marketable securities available for sale	0	0	0	0	736,679	736,679
<b>Balance - August 31, 2009</b>	<b>(\$8,635,678)</b>	<b>\$16,046,899</b>	<b>\$17,179</b>	<b>\$4,098,998</b>	<b>\$175,384</b>	<b>\$11,702,782</b>
Net loss for the period ended February 28, 2010	(2,221,795)	0	0	0	0	(2,221,795)
Stock compensation	0	0	0	24,712	0	24,712
Change in unrealized gains and losses on marketable securities available for sale	0	0	0	0	241,749	241,749
<b>Balance - February 28, 2010</b>	<b>(\$10,857,473)</b>	<b>\$16,046,899</b>	<b>\$17,179</b>	<b>\$4,123,710</b>	<b>\$417,133</b>	<b>\$9,747,449</b>

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

	Three months ended		Six months ended	
	February 28 2010	February 28 2009	February 28 2010	February 28 2009
<b>Operating Activities</b>				
Net loss for the period	(\$1,050,545)	(\$286,241)	(\$2,221,795)	(\$818,093)
Items not affecting cash				
Depreciation	74,539	69,820	151,681	132,985
Amortization of intangibles	84,507	18,546	169,942	37,093
Gain on sale of marketable securities	(64,826)	0	(64,826)	0
Stock compensation expense	13,753	20,511	24,712	37,604
Loss on disposition of fixed assets	6,354	0	6,354	0
Non-cash incentive compensation	(365,800)	(367,190)	(240,523)	(128,564)
	(1,302,019)	(544,554)	(2,174,455)	(738,975)
<b>Net changes in working capital balances related to operations</b>				
(Increase) decrease in accounts receivable	(891,083)	(413,863)	(342,903)	612,088
(Increase) in income taxes receivable	(73,188)	(159,349)	(112,272)	(315,587)
(Increase) decrease in prepaid expenses and other assets	(549,689)	(159,106)	(413,120)	(111,511)
Increase (decrease) in accounts payable and accrued liabilities	483,714	(1,310,159)	201,409	(2,408,693)
Increase (decrease) in deferred revenue	146,407	(92,196)	86,703	(66,362)
	(2,185,858)	(2,679,227)	(2,754,638)	(3,029,040)
<b>Investment Activities</b>				
Proceeds on sale of marketable securities	1,048,535	0	1,048,535	0
Increase in loans receivable, long-term	(50,289)	(121,192)	(44,606)	(140,206)
Additions to property and equipment	(19,381)	(144,235)	(128,352)	(194,356)
Acquisition of business costs	0	0	(3,758)	0
Acquisition of intangible assets	0	0	(906)	0
	978,865	(265,427)	870,913	(334,562)
<b>Financing Activities</b>				
Cancellation of Class A Shares	0	0	0	(7,437)
	0	0	0	(7,437)
Net decrease in cash and cash equivalents during the period	(1,206,992)	(2,944,654)	(1,883,725)	(3,371,039)
Cash and cash equivalents, beginning of period	4,041,281	7,581,578	4,718,014	8,007,963
Cash and cash equivalents, end of period	\$2,834,289	\$4,636,924	\$2,834,289	\$4,636,924