



## The Caldwell Partners International Issues Fiscal 2012 Fourth Quarter and Full Year Financial Results

- Company posts annual operating profit of \$1.0 million
- Board declares quarterly dividend at 1.5 cents per share

**Toronto, Ontario– November 15, 2012** – Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2012 fourth quarter and year ended August 31, 2012. All references to quarters or years are for the fiscal periods unless otherwise noted and all currency amounts are in Canadian dollars.

### Financial Highlights (in \$000s)

	Three Months Ended August 31		Year Ended August 31	
	2012	2011	2012	2011
Operating revenue	\$8,856	\$9,377	\$32,704	\$34,238
Expenses	7,909	8,904	31,693	34,127
Operating profit	948	473	\$1,011	111
Investment income	5	195	15	246
Net earnings before tax	953	667	\$1,026	357
Net earnings after tax	956	\$ 498	981	187
Net earnings per share	\$ 0.056	\$ 0.029	\$0.058	\$ 0.011

“While the overall business climate remains challenging, our ongoing commitment to the management of our cost structure has resulted in a substantial year over year increase in profit,” said John Wallace, chief executive officer. “Clients have been cautious in making human capital investments, given the economic uncertainty, yet we remain confident regarding the long term prospects for executive search in North America and will continue to invest in the growth of our firm.”

Wallace continued: “Our primary objectives are - and always have been - to keep improving our service to our clients and creating value for our shareholders. To that end, we remain focused on improving our overall market presence and competitiveness. Our current partner team is a cohesive group of experienced professionals with a remarkable esprit de corps, representing a solid platform from which we can grow. We will make targeted, strategic additions to this team to continue to add to the depth and breadth of our sector and functional experience.”

The Board of Directors today also declared the payment of a quarterly dividend of 1.5 cents per Common Share payable December 14, 2012 to shareholders of record on November 26, 2012.

**Financial Highlights (all numbers expressed in \$000s)**

- Operating revenue:
  - Fourth quarter revenue decreased by 6% over the comparable period last year to \$8,856.
  - Revenues from US operations represent 66% or \$5,841 of the fourth quarter total, decreasing 5% from \$6,147 in the comparable period of 2011.
  - Revenues from Canadian operations decreased 7% to \$3,015 in the current period from \$3,230 in the comparable period of 2011.
  - Sequentially, 2012 fourth quarter revenues were 5% lower than those of the third quarter.
  - Annual 2012 operating revenues decreased 4% over 2011 levels to \$32,704. The decrease is attributable to weakness in Canadian search revenues (down 20%) more than offsetting the growth in US search revenue (up 5%)
  - For the full year US revenues represent 69% of consolidated revenues.
  
- Operating profit:
  - The 2012 annual operating profit of \$1,011 represents a \$900 improvement over the \$111 earned last year.
  - Lower direct costs and a higher gross profit margin, as compared to the fourth quarter of 2011 resulted in an operating profit of \$948 for the quarter, double the \$473 earned in the previous year.
  
- Net earnings:
  - Fourth quarter net earnings after tax was \$956 in 2012 representing a 93% improvement over net earnings of \$498 in the comparable period a year earlier.
  - The 2012 annual net earnings after tax was \$981, a \$794 improvement over the \$187 earned last year.

Over the past three years, Caldwell Partners has evolved from a respected Canadian brand to a firm with a strong North American presence. In that time, revenues have increased more than two and a half times, the company has returned to profitability, and a regular quarterly dividend to shareholders has been reinstated. At the end of the 2012, the firm now has three offices in Canada, six offices in the United States, and has established strategic alliances with executive search firms based in London and Hong Kong.

For a complete discussion of the quarterly and annual financial results, please see the company's Audited Financial Statements and Management Discussion and Analysis which will be posted on SEDAR at [www.sedar.com](http://www.sedar.com)

## **About Caldwell Partners**

Caldwell Partners is one of North America's premier providers of executive search and has been for more than 40 years. As one of the region's most trusted advisors in executive search, the firm has a sterling reputation built on successful searches for boards, chief and senior executives, and selected functional experts.

With offices and partners in Vancouver, San Francisco, Los Angeles, Dallas, Calgary, Atlanta, Toronto, Stamford, New York City, and a strategic presence in London and Hong Kong, the firm takes pride in delivering an unmatched level of service and expertise to its clients.

Caldwell Partners' Common shares are listed on The Toronto Stock Exchange (TSX: CWL). Please visit our website at [www.caldwellpartners.com](http://www.caldwellpartners.com) for further information.

## **Forward-Looking Statements**

Forward-looking statements in this document are based on current expectations that are subject to significant risks and uncertainties. Actual results might differ materially due to various factors such as the competitive nature of the executive search industry, the ability of the company to execute its growth strategies, the performance of the Canadian domestic and international economies, and the company's ability to retain key personnel. The Caldwell Partners assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

For further information, please contact:

### **Investors & Analysts:**

Karen Richards, CA, Chief Financial Officer  
The Caldwell Partners International  
[krichards@caldwellpartners.com](mailto:krichards@caldwellpartners.com)  
+1.416.934.2228

### **Media:**

Caroline Lomot, Director of Marketing  
The Caldwell Partners International  
[clomot@caldwellpartners.com](mailto:clomot@caldwellpartners.com)  
+1.416.934.2239

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENT OF EARNINGS

(in \$Canadian)

	Three months ended		Twelve months ended	
	August 31		August 31	
	2012	2011	2012	2011
Revenues	8,856,361	9,376,749	32,703,717	34,237,803
Cost of sales	6,235,823	6,911,543	24,582,103	26,696,894
Gross profit	2,620,538	2,465,206	8,121,614	7,540,909
Expenses				
General and administrative	1,560,099	1,877,582	6,534,699	6,686,344
Sales & marketing	103,665	98,785	616,726	577,872
Foreign exchange loss (gain)	9,161	16,220	(40,696)	166,036
	1,672,925	1,992,587	7,110,729	7,430,252
Operating profit	947,613	472,619	1,010,885	110,657
Investment income	5,034	194,800	14,941	246,261
Earnings before income tax	952,647	667,419	1,025,826	356,918
Income tax	(3,257)	169,465	44,818	169,465
Net earnings for the period	955,904	497,954	981,008	187,453
Earnings per share				
Basic and diluted	\$0.056	\$0.029	\$0.058	\$0.011

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(in \$Canadian)

	Three months ended		Twelve months ended	
	August 31		August 31	
	2012	2011	2012	2011
Net earnings for the period	955,904	497,954	981,008	187,453
Other comprehensive income:				
Unrealized gain (loss) on marketable securities (net of tax - \$0)	79,021	(282,811)	176,217	(54,459)
Cumulative translation adjustment (net of tax - \$0)	(154,927)	62,559	31,002	(315,525)
Comprehensive earnings (loss) for the period	879,998	277,702	1,188,227	(182,531)

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in \$Canadian)

	<i>As at</i> <i>August 31</i> <i>2012</i>	<i>As at</i> <i>August 31</i> <i>2011</i>	<i>As at</i> <i>September 1</i> <i>2010</i>
<b>Assets</b>			
Current assets			
Cash and cash-equivalents	6,494,246	6,944,084	\$6,456,274
Marketable securities	3,303,044	3,126,827	4,124,785
Accounts receivable	6,122,577	6,537,347	5,875,065
Income taxes receivable	49,501	80,053	87,377
Prepaid expenses and other assets	775,572	1,178,793	1,693,133
	16,744,940	17,867,104	18,236,634
Non-current assets			
Restricted cash	252,966	250,000	0
Advances	92,023	162,543	471,020
Property and equipment	1,504,015	1,700,721	1,609,306
Intangible assets	488,647	597,322	995,769
Goodwill	973,458	967,236	1,053,255
Deferred income taxes	73,302	72,834	0
	20,129,351	21,617,760	22,365,984
<b>Liabilities</b>			
Current liabilities			
Accounts payable	2,338,238	2,768,994	2,536,838
Compensation payable	6,343,417	7,445,147	6,326,109
Contingent consideration	0	510,286	722,338
Dividends payable	254,782	0	0
Deferred revenue	0	0	207,346
Current portion of incentive accrual	0	530,250	1,639,818
	8,936,437	11,254,677	11,432,449
Non-current liabilities			
Long-term incentive accrual	186,267	53,490	466,614
	9,122,704	11,308,167	11,899,063
Equity attributable to owners of the Company			
Share capital	4,016,020	16,064,078	16,064,078
Contributed surplus	16,245,848	4,179,399	4,154,196
Accumulated other comprehensive income (loss)	122,292	(84,927)	285,057
Deficit	(9,377,513)	(9,848,957)	(10,036,410)
	11,006,647	10,309,593	10,466,921
<b>Total equity</b>	<b>11,006,647</b>	<b>10,309,593</b>	<b>10,466,921</b>
<b>Total liabilities and equity</b>	<b>20,129,351</b>	<b>21,617,760</b>	<b>22,365,984</b>

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENT OF CASH FLOW

(in \$Canadian)

	Three months ended		Twelve months ended	
	August 31		August 31	
	2012	2011	2012	2011
Cash flow provided by (used in)				
Operating activities				
Net earnings for the period	955,904	497,954	981,008	187,453
Adjustments for:				
Depreciation	93,721	93,419	390,406	381,070
Amortization of intangibles	36,096	198,823	115,016	336,259
Gain on sale of marketable securities	0	(176,206)	0	(176,206)
Stock compensation expense	7,085	6,276	18,391	25,203
Unrealized foreign exchange on subsidiary loans	87,779	(976)	(75,067)	60,529
Non-cash incentive compensation	42,906	21,396	132,777	117,122
Deferred income taxes	0	153,462	0	(69,005)
Taxes paid	0	(27,345)	(44,418)	(249,760)
Net changes in working capital				
Decrease (increase) in accounts receivable	1,085,096	(316,620)	484,368	(929,176)
Decrease (increase) in income taxes receivable	330	(17,537)	74,473	257,185
Decrease in prepaid expenses and other assets	256,350	127,034	409,015	489,870
Increase (decrease) in accounts payable	76,412	(127,121)	(455,849)	309,187
(Decrease) increase in compensation payable	903,932	318,396	(1,169,804)	1,326,157
(Decrease) increase in contingent consideration	0	507,208	(510,286)	(197,856)
Decrease in incentive accrual	0	(605,870)	(530,250)	(1,639,814)
Decrease in deferred revenue	0	(200,831)	0	(201,154)
Net cash generated by (used in) operating activities	3,545,612	451,462	(180,220)	27,064
Investment activities				
Proceeds on sale of marketable securities	0	2,119,703	0	2,119,703
Purchase of marketable securities	0	(1,000,000)	0	(1,000,000)
Decrease in advances	50,748	122,285	79,855	208,647
Additions to property and equipment	(8,528)	(41,506)	(187,202)	(508,735)
Additions to intangible assets	0	0	0	(1,679)
Increase in restricted cash	(2,966)	(250,000)	(2,966)	(250,000)
Net cash generated by (used in) investing activities	39,254	950,482	(110,313)	567,936
Financing activities				
Dividend payments	(254,782)	0	(254,782)	0
Net cash used in financing activities	(254,782)	0	(254,782)	0
Effect of exchange rate changes on cash and cash equivalents	(131,973)	39,871	95,477	(107,190)
Net increase (decrease) in cash and cash equivalents	3,198,111	1,441,815	(449,838)	487,810
Cash and cash equivalents, beginning of period	3,296,135	5,502,269	6,944,084	6,456,274
Cash and cash equivalents, end of period	6,494,246	6,944,084	6,494,246	6,944,084