

First Quarter & Letter to Shareholders

January 11, 2007

Dear Fellow Shareholders:

I am pleased to report that our new business activity was strong during the first quarter and carrying into the second quarter of fiscal 2007. In the first four months of this fiscal year, new bookings for engagements were up more than 30 percent compared with the same period a year ago. Due to the timing of these new engagements, this increase was only minimally reflected in our first-quarter operating revenue and will have a greater positive impact on the second-quarter revenue. We believe that this increase in engagements is the result of the marketing investments that we made in the previous year and the growing demand for talent.

Strategic Business Initiatives to Generate Growth and Value for Shareholders

At our Annual General Meeting on January 11, we reviewed our new strategic business initiatives, many of which were discussed in my shareholders' letter in our 2006 annual report as we began to launch a number of these programs in 2006. We intend to continue investing in areas that will drive long-term business growth, including the expansion of our professional staff and the addition of complementary services.

The implementation of our new strategies follows a lengthy analysis of our business, the heritage and strong brand that we have created over more than 35 years, and market opportunities. We are confident that the execution of these initiatives will enable us to create significant, sustainable value over the long term for all of our shareholders and become Canada's premier, diversified human capital services organization.

Our strategic objectives are to leverage our brand to: add complementary services, enter new markets, and double the size of our business by 2010.

The initiatives to be carried out through 2010 in support of these objectives include:

- The recruitment and development of a significant number of additional professionals;
- Strengthening of the company's sales and marketing programs for business development;
- An "on boarding" program, also called "the first 90 days", intended to shorten the time generally needed for chief executive, chief financial, and other senior-level officers to become fully productive in their new organizations;
- Revitalizing our focus on our Interim Executive Program;
- Launching of a new web site;
- The Cornerstone Program, whereby The Caldwell Partners will work with our broad client base to offer a greater breadth of services to meet their human resource requirements across all divisions and subsidiaries at many levels;
- Continuing pursuit of accretive acquisitions and other initiatives, including forging strategic alliances, the company is confident that it can build on our reputation to enter other geographic markets on its own or with partners.

To carry out this comprehensive program, we will need to make significant investments and incur additional costs for at least the next two or three years. The implementation of these initiatives will have an adverse affect on our margins, operating, and net earnings. The Caldwell Partners financial strength of no debt and healthy cash reserves enables us to introduce these new services.

First-Quarter Results

The 2007 fiscal first-quarter financial results reflect a somewhat slower period of new engagements that we experienced the previous summer. The timing of being awarded engagements, particularly larger ones, from clients that we have served in the past and new ones can be very uneven in our industry. This may result in significant swings in our operating revenue from quarter to quarter. For example, in fiscal 2006, we enjoyed a very strong quarter reflecting the fact that we had received several large engagements in the latter months of the prior year. Our accounting policy is to realize revenues over a three-month period or the life of the engagement.

First-quarter 2007 operating revenue was \$3,109,181, compared with the blockbuster \$3,946,266 in the comparable period in the prior year. Total expenses, including executive compensation, general and administrative, and amortization, declined \$339,426 or 9 percent from the prior year period as a result of lower variable partner compensation, advertising expense, and interim candidate salaries.

We incurred an operating loss for the 2007 first quarter of \$236,443, reflecting not only the cost of new professionals and new initiatives but also lower revenues, compared with operating income of \$261,216 in the first quarter of fiscal 2006. Operating revenue and operating income are non-GAAP measures, however, the company believes that they provide a useful understanding of the performance of its core human capital services operations as they exclude income or loss from investments and taxes.

Investment income for the first quarter of 2007 decreased slightly to \$132,804 compared with \$171,007 in the first quarter of 2006. The decline is attributable to a number of factors, in particular that during the quarter The Caldwell Partners shifted \$6 million, about one-third of its investable funds, from internal management to investment funds managed by two external advisors. As the result, 2007 first-quarter investment income does not include any dividends or interest income from these funds.

Net loss for the period was \$47,255 or \$0.003 cents per share, compared with net earnings of \$327,309 or \$0.019 cents per share in the comparable period a year ago.

Dividend Declared

The Board of Directors declared a dividend for the first quarter of 2 cents per Class A non-voting and Class B voting share payable on February 16, 2007 to holders of record on February 7, 2007. Based on the closing price of the company's Class A shares on January 10, 2007, this dividend represents an annualized yield of approximately 5.2 percent.

Our vision is to expand our leadership position from Canada's largest executive search firm to Canada's premier, diversified human capital services organization, with industry leading expertise and an expanded suite of complementary services.

We believe that the widely reported global shortage of talent, particularly at the senior- and mid-level ranks, indicates that the opportunities for The Caldwell Partners to profitably grow our business have never been greater. We appreciate the continuing support of our shareholders, clients, and everyone across our organization, and I look forward to reporting to you following future quarters on the progress that we are making in the execution of our strategies to grow our business.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Douglas Caldwell". The signature is fluid and cursive, with a long horizontal stroke at the end.

C. Douglas Caldwell
Founder and Chief Executive Officer

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENT OF EARNINGS

(unaudited)

	<i>Three months ended November 30</i>	
	<i>2006</i>	<i>2005</i>
Operating revenue	\$3,109,181	\$3,946,266
Expenses		
Employee compensation, general and administration	3,267,301	3,600,339
Amortization	78,323	84,711
	3,345,624	3,685,050
	(236,443)	261,216
Investment income	132,804	171,007
Net income before tax	(103,639)	432,223
Provision for income taxes		
Current	(56,384)	104,738
Future	0	176
	(56,384)	104,914
Net earnings for the period	(\$47,255)	\$327,309
Earnings per share	(\$0.003)	\$0.019

CONSOLIDATED BALANCE SHEET

(unaudited)

	<i>As at November 30</i>		<i>As at August 31</i>
	<i>2006</i>	<i>2005</i>	<i>2006</i>
Assets			
Cash and short-term deposits	\$6,107,972	\$6,267,503	\$10,005,443
Accounts receivable	2,947,703	3,269,990	2,963,787
Income taxes receivable	622,904	1,030,574	269,562
Prepaid expenses	244,361	153,728	146,590
	9,922,940	10,721,795	13,385,382
Marketable securities (market value at November 30, 2006 = \$13,165,233)	12,749,142	13,261,336	9,569,342
Loans receivable	912,973	808,212	808,317
Property and equipment	2,262,068	2,269,753	2,235,574
Future income taxes	24,041	72,642	24,041
	\$25,871,164	\$27,124,738	\$26,022,656
Liabilities			
Accounts payable and accrued liabilities	\$3,177,160	\$3,639,653	\$2,951,041
Deferred revenue	260,771	381,167	250,112
	3,437,931	4,040,820	3,201,153
Future income taxes	314,968	369,330	314,968
Shareholders' equity	22,118,265	22,714,588	22,506,535
	\$25,871,164	\$27,124,738	\$26,022,656

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

	<i>Three months ended November 30</i>	
	<i>2006</i>	<i>2005</i>
Operating Activities		
Net earnings for the period	(847,255)	\$327,309
Items not affecting cash		
Amortization	78,323	84,711
Loss (gain) on sale of investments	10,300	(9,704)
Provision for impairment of investments	0	30,000
Future income taxes	0	1,761
	41,368	434,077
Net increase in working capital balances related to operations	(302,907)	(74,562)
	(261,539)	359,515
Investment Activities		
Proceeds on sale of marketable securities	250,000	297,205
Additions to marketable securities	(3,446,109)	(511,030)
Additions to property and equipment	(104,817)	(29,764)
	(3,294,917)	(243,589)
Financing Activities		
Dividends on Class A and Class B Shares	(341,015)	(339,797)
Net decrease in cash and cash equivalents during the period	(3,897,471)	(223,871)
Cash and cash equivalents, beginning of period	10,005,443	6,491,374
Cash and cash equivalents, end of period	\$6,107,972	\$6,267,503

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(unaudited)

	<i>Three months ended November 30</i>	
	<i>2006</i>	<i>2005</i>
Balance, beginning of period	\$22,506,535	\$22,727,076
Net earnings for the period	(47,255)	327,309
Dividends on Class A and Class B shares	(341,015)	(339,797)
	\$22,118,265	\$22,714,588