

**For Immediate Release**

**The Caldwell Partners International  
Issues Fiscal 2011 First-Quarter Results**

*Company achieves year-over-year quarterly revenue increase of 69%*

- Quarterly revenue up 69% over comparable period last year
- Growth of US operations continues – US accounts for more than half of consolidated quarterly revenues
- Expenses associated with growing the business continue to strain earnings, with the company reporting a quarterly loss of \$1.093 million

**Toronto, Ontario– January 13, 2011** – Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2011 first quarter ended November 30, 2010. All references to quarters or years are for the fiscal periods unless otherwise noted and all currency amounts are in thousands of Canadian dollars. Certain comparative account balances have been reclassified to achieve comparability to current year balances

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

	<b>Three Months Ended November 30</b>	
	<b>2010</b>	<b>2009</b>
Operating revenue	\$ 6,454	\$ 3,830
Expenses	7,563	5,026
Operating profit	(1,109)	(1,196)
Investment income, net	16	25
Net earnings before and after tax	(1,093)	(1,171)
Net earnings per share	\$ (0.064)	(\$ 0.071)

“Once again we are seeing solid year-over-year growth in our quarterly revenues,” said John N. Wallace, Chief Executive Officer. “On the whole, we are pleased with the growth we have achieved and look forward to continuing to make targeted, strategic additions to the team.”

“Given our exceptional fiscal 2010 fourth quarter, a softening in our first quarter revenues was anticipated. We are optimistic that bookings will remain on plan for the balance of the year, but given our relatively small size, our sector focus, and market variability, we can expect to see further fluctuations in our quarterly revenues.”

“Although we showed an operating loss, the investments we have made in growing our business have broadened our footprint, deepened our industry and functional expertise and extended our

brand across North America. We will continue to make these selective investments and reap the benefits of the expanded team and improved infrastructure in the quarters and years to come.”

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

- Operating revenue:
  - 2011 first quarter revenue, up 69% over first quarter 2010 results to \$6,454, the result of strategic investments in new partners and new offices, and general improvement in economic conditions
  - However as anticipated, in relation to exceptionally strong performance in the fourth quarter of fiscal 2010, first quarter revenues are lower
  - Given company’s current size, sector focus and market variability, sequential quarterly revenues may continue to be somewhat variable in fiscal 2011
- Operating profit:
  - Given very significant investments made in the Company’s expansion over the past 12 months, the Company reported a \$1,109 operating loss for its first quarter, as compared to a loss of \$1,196 in the comparable 2010 period
  - In addition to increased variable compensation costs on higher revenue levels in the fiscal 2011 first quarter, investments made in growing the business have also resulted in higher infrastructure and other costs as compared to the first quarter of fiscal 2010
  - Since the end of the first quarter of fiscal 2010, the Company has increased its search staff by 24%, currently employing 77 search professionals, including 32 partners.
- Net earnings:
  - Including modest investment income, the Company reported a net loss for the fiscal 2011 first quarter of \$1,093 (\$0.064 per share) as compared to a loss of \$1,171 (\$0.071) in the comparable period last year

The company continues to take advantage of its financial strength and market opportunities to strategically expand its organization and business, and to build a solid platform for sustainable revenue growth and profitable future returns. These initiatives will continue to require some investment of the company’s capital reserves over a period of time. Management believes that the company has sufficient liquidity and cash resources to fund both its ongoing operations and its strategic growth initiatives.

Operating revenue, gross profit/loss and operating income/loss are non-GAAP (generally accepted accounting principles) measures. The company believes, however, 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.

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

## **About The Caldwell Partners**

The Caldwell Partners International is one of North America's premier providers of executive search and has been for 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, Chicago, Atlanta, Toronto, Stamford, New York City, and a strategic presence in London, the firm takes pride in delivering an unmatched level of service and expertise to its clients.

The 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.

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# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED BALANCE SHEET

(unaudited)

	As at	
	November 30	August 31
	2010	2010
Assets		
Cash and cash equivalents	\$4,795,301	\$6,456,274
Marketable securities	4,216,657	4,124,785
Accounts receivable	4,756,632	5,875,065
Income taxes receivable	97,799	87,377
Prepaid expenses and other assets	1,474,992	1,693,133
	15,341,381	18,236,634
Loans receivable, long-term	493,134	471,020
Property and equipment	1,679,712	1,655,907
Intangible assets	968,243	1,015,728
Goodwill	723,390	723,390
	\$19,205,860	\$22,102,679
Liabilities		
Accounts payable and accrued liabilities	\$8,037,293	\$9,174,008
Deferred revenue	200,831	207,346
Current portion of incentive accrual	833,250	1,639,818
	9,071,374	11,021,172
Long-term incentive accrual	514,212	466,614
Shareholders' equity		
Capital stock	16,064,078	16,064,078
Contributed surplus	4,160,505	4,154,196
Deficit	(10,981,238)	(9,888,438)
Accumulated other comprehensive income	376,929	285,057
	9,620,274	10,614,893
	\$19,205,860	\$22,102,679

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENTS OF LOSS

(unaudited)

	<i>Three months ended</i>	
	<i>November 30</i>	
	<i>2010</i>	<i>2009</i>
Operating revenue	\$6,454,300	\$3,830,061
Direct cost of revenue	5,620,821	3,188,302
Gross operating profit	833,479	641,759
Expenses		
Other employee compensation, general and administration	1,646,805	1,670,552
Depreciation of property and equipment	85,952	77,142
Amortization of intangibles	47,486	85,435
Foreign exchange loss	162,679	4,611
	1,942,922	1,837,740
Operating loss	(1,109,443)	(1,195,981)
Investment income	16,643	24,731
Net loss before tax	(1,092,800)	(1,171,250)
Provision for taxes	0	0
Net loss for the period	(\$1,092,800)	(\$1,171,250)
Loss per share	(\$0.064)	(\$0.071)

# THE CALDWELL PARTNERS INTERNATIONAL INC.

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

(unaudited)

	Deficit	Capital Stock			Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
		Common Shares	Class A Non-Voting Shares	Class B Voting Shares			
<b>Balance - August 31, 2009</b>	<b>(\$8,635,678)</b>	<b>\$0</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 year ended August 31, 2010	(1,252,760)	-	-	-	-	-	(1,252,760)
Conversion of Class B to Class A shares, and reclassification to Common shares	-	16,064,078	(16,046,899)	(17,179)	-	-	0
Stock compensation	-	-	-	-	55,198	-	55,198
Change in unrealized gains and losses on marketable securities available for sale	-	-	-	-	-	109,673	109,673
<b>Balance - August 31, 2010</b>	<b>(\$9,888,438)</b>	<b>\$16,064,078</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,154,196</b>	<b>\$285,057</b>	<b>\$10,614,893</b>
Net loss for the period ended November 30, 2010	(1,092,800)	-	-	-	-	-	(1,092,800)
Stock compensation	-	-	-	-	6,309	-	6,309
Change in unrealized gains and losses on marketable securities available for sale	-	-	-	-	-	91,872	91,872
<b>Balance - November 30, 2010</b>	<b>(\$10,981,238)</b>	<b>\$16,064,078</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,160,505</b>	<b>\$376,929</b>	<b>\$9,620,274</b>

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

	<i>Three months ended</i>	
	<i>November 30</i>	
	<i>2010</i>	<i>2009</i>
<b>Operating Activities</b>		
Net loss for the period	(\$1,092,800)	(\$1,171,250)
Items not affecting cash		
Depreciation	85,952	77,142
Amortization of intangibles	47,486	85,435
Stock compensation expense	6,309	10,917
Non-cash incentive compensation	47,598	125,277
	<u>(905,455)</u>	<u>(872,479)</u>
<b>Net changes in working capital balances related to operations</b>		
Decrease in accounts receivable	1,118,433	548,178
Increase in income taxes receivable	(10,423)	(39,040)
Decrease in prepaid expenses and other assets	218,141	136,569
Decrease in accounts payable and accrued liabilities	(1,136,715)	(282,305)
Decrease in short-term liabilities	(806,568)	0
Decrease in deferred revenue	(6,515)	(59,704)
	<u>(1,529,102)</u>	<u>(568,781)</u>
<b>Investment Activities</b>		
(Increase) decrease in loans receivable, long-term	(22,114)	5,683
Additions to property and equipment	(109,757)	(108,971)
Acquisition of business costs	0	(3,758)
Acquisition of intangible assets	0	(906)
	<u>(131,871)</u>	<u>(107,952)</u>
Net decrease in cash and cash equivalents during the period	(1,660,973)	(676,733)
Cash and cash equivalents, beginning of period	6,456,274	4,718,014
Cash and cash equivalents, end of period	<u>\$4,795,301</u>	<u>\$4,041,281</u>