



## The Caldwell Partners International Issues Fiscal 2011 Third Quarter Financial Results

- Company achieves 5% operating margin, with third quarter net income of \$528,000 -

- Year-to-date revenues up 51%, quarterly revenue up 30% over comparable periods last year
- Growth of US operations continues – percentage of consolidated quarterly revenues grows to 67%

**Toronto, Ontario- July 13, 2011** – Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2011 third quarter ended May 31, 2011. 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 May 31		Nine Months Ended May 31	
	2011	2010	2011	2010
Operating revenue	\$ 9,562	\$ 7,365	\$24,861	\$16,478
Expenses	9,054	7,414	25,428	17,868
Operating profit (loss)	508	(49)	(568)	(1,390)
Investment income	20	158	51	279
Net earnings (loss) before restructuring costs	528	109	(516)	(1,111)
Restructuring costs	0	0	0	1,001
Net earnings (loss)	\$ 528	\$ 109	(\$516)	(\$2,112)
Net earnings (loss) per share	\$ 0.032	\$ 0.007	(\$0.030)	(\$0.128)

"We have achieved solid results this past quarter, with consistent year over year growth in our quarterly revenues" said John N. Wallace, chief executive officer. "We continue to focus on improving our overall market presence and competitiveness, and look forward to making targeted, strategic additions to the team when and where it makes sense. We are optimistic that bookings and revenues will remain on pace for the balance of the fiscal year, but, as we have stated in past communications, given the relative size of our client-facing team, our sector focus and market variability, we do expect to experience further fluctuations in our quarterly revenues."

Wallace continued: "Over the last two years, we have made significant investments in a number of areas of our business. It has been an exciting undertaking to transform this business from a well respected, but local Canadian brand to a strong North American player."

"We are seeing increased efficiency and productivity as a result of the operational investments we've made, and the entire team is focused on the goals at hand – delivering superior service to our clients and improved profitability and sustainable value to our shareholders."

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

- Operating revenue:
  - Fiscal 2011 third quarter operating revenue increased by 30% over the comparable period last year to \$9,562.
  - Revenues generated in the United States of America (US) represent 67% or \$6,367 of the third quarter total, increasing 53% year over year from \$4,172.
  - Revenues from Canadian operations were flat at \$3,195 in the current period from \$3,194 in the comparable period of 2010.
  - Nine month operating revenues increased 51% over the same period a year earlier to \$24,861. The increase is attributable to strong year over year growth in search revenues in both Canada (up 19%) and the US (up 81%).
- Operating profit:
  - Due largely to the significant increase in revenue over last year, the Company generated operating income of \$508 in the third quarter of 2011 (2010: loss of \$49).
  - The Company achieved an operating margin of 5%, due largely to the increased revenue.
  - Given strong third quarter, year-to-date operating loss significantly reduced to \$568 from \$1.1 after the first quarter.
- Net earnings:
  - Third quarter net earnings after tax was \$528 or \$0.032 per share in fiscal 2011 as compared to \$109 (\$0.007 per share) in the comparable period last year.
  - For the nine months, the fiscal 2011 net loss after tax was \$568 as compared to a net loss of \$2,112 in fiscal 2010. The fiscal 2010 loss includes a one-time restructuring charge of \$1.0 million incurred in the second quarter. While the Company carries forward tax losses to offset future taxable income, management has provided a full valuation allowance against these tax losses and has not reflected any benefit of possible future tax recoveries in the Company's consolidated financial statements.

While focussed on bottom-line returns, the company will continue 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 Caldwell Partners**

Caldwell Partners 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, 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.

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 May 31 2011	As at August 31 2010
<b>Assets</b>		
Current Assets		
Cash and short-term deposits	\$5,502,269	\$6,456,274
Marketable securities	4,353,137	4,124,785
Accounts receivable	6,172,380	5,875,065
Income taxes receivable	35,070	87,377
Prepaid expenses and other assets	1,300,565	1,693,133
	<hr/> 17,363,421	<hr/> 18,236,634
Long-term assets		
Loans receivable, long-term	277,799	471,020
Property and equipment	1,835,484	1,655,907
Intangible assets	879,973	1,015,728
Goodwill	723,390	723,390
Future income taxes	222,611	0
	<hr/> \$21,302,678	<hr/> \$22,102,679
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$9,587,740	\$9,174,008
Deferred revenue	200,831	207,346
Current portion of incentive accrual	1,136,120	1,639,818
	<hr/> 10,924,691	<hr/> 11,021,172
Long-term incentive accrual	32,094	466,614
Shareholders' equity		
Capital stock	16,064,078	16,064,078
Contributed surplus	4,173,122	4,154,196
Deficit	(10,404,716)	(9,888,438)
Accumulated other comprehensive income	513,409	285,057
	<hr/> 10,345,893	<hr/> 10,614,893
	<hr/> \$21,302,678	<hr/> \$22,102,679

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENT OF EARNINGS (LOSS)

(unaudited)

	Three months ended May 31		Nine months ended May 31	
	2011	2010	2011	2010
Operating revenue	\$9,562,394	\$7,365,501	\$24,861,054	\$16,477,963
Direct cost of revenue	7,240,249	5,718,490	19,785,351	12,751,993
Gross operating profit	2,322,145	1,647,011	5,075,703	3,725,970
Expenses				
Other employee compensation, general and administration	1,632,170	1,522,570	4,864,453	4,609,498
Depreciation	107,458	86,737	285,961	238,418
Amortization of intangibles	43,332	37,173	137,435	207,115
Foreign exchange loss	30,726	49,308	355,593	61,351
	1,813,686	1,695,788	5,643,442	5,116,382
Earnings (loss) before the following	508,459	(48,777)	(567,739)	(1,390,412)
Restructuring costs	0	0	0	(1,001,055)
Investment income, net	20,019	158,079	51,461	279,264
Net earnings (loss) before tax	528,478	109,302	(516,278)	(2,112,203)
Provision for (recovery of) income taxes:				
Current	222,611	0	222,611	0
Future	(222,611)	0	(222,611)	0
	0	0	0	0
Net earnings (loss) for the period	\$528,478	\$109,302	(\$516,278)	(\$2,112,203)
Earnings (loss) per share	\$0.032	\$0.007	(\$0.030)	(\$0.128)

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(unaudited)

	Three months ended May 31		Nine months ended May 31	
	2011	2010	2011	2010
Net earnings (loss) for the period	\$528,478	\$109,302	(\$516,278)	(\$2,112,203)
Other comprehensive income:				
Unrealized gain (loss) on marketable securities	49,075	(127,847)	228,352	133,259
Reclassification of (gains) losses included in the consolidate statement of earnings (loss)	0	(120,684)	0	(140,042)
	49,075	(248,531)	228,352	(6,783)
Comprehensive earnings (loss)	\$577,553	(\$139,229)	(\$287,926)	(\$2,118,986)

# 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	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>
Net loss for the year ended August 31, 2010	(1,252,760)		0	0	0	0
Conversion of Class B to Class A shares, and reclassification to Common shares	0	16,064,078	(16,046,899)	(17,179)	0	0
Stock compensation	0	0	0	0	55,198	0
Change in unrealized gains and losses on marketable securities available for sale	0	0	0	0	109,673	109,673
<b>Balance - August 31, 2010</b>	<b>(\$9,888,438)</b>	<b>\$16,064,078</b>		<b>\$0</b>	<b>\$4,154,196</b>	<b>\$285,057</b>
Net loss for the period ended May 31, 2011	(516,278)		0	0	0	0
Stock compensation	0	0	0	0	18,926	0
Change in unrealized gains and losses on marketable securities available for sale	0	0	0	0	228,352	228,352
<b>Balance - May 31, 2011</b>	<b>(\$10,404,716)</b>	<b>\$16,064,078</b>		<b>\$0</b>	<b>\$4,173,122</b>	<b>\$513,409</b>
						<b>\$10,345,893</b>

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

	Three months ended May 31		Nine months ended May 31	
	2011	2010	2011	2010
<b>Operating Activities</b>				
Net earnings (loss) for the period	\$528,478	\$109,302	(\$516,278)	(\$2,112,203)
Items not affecting cash				
Depreciation of property and equipment	107,458	86,737	285,961	238,418
Amortization of intangibles	43,332	37,173	137,435	207,115
Gain on sale of marketable securities	0	(133,739)	0	(198,567)
Stock compensation expense	6,309	15,940	18,926	40,651
Loss on disposal of fixed assets	0	0	0	4,615
Non-cash incentive compensation	32,094	47,724	95,726	246,576
Future income taxes	(222,611)	0	(222,611)	0
	495,060	163,137	(200,841)	(1,573,395)
Net changes in working capital balances related to operations				
Increase (decrease) in accounts receivable	356,701	(1,701,218)	(297,315)	(2,044,408)
Decrease in income taxes receivable	68,079	433,182	52,307	320,910
Decrease (increase) in prepaid expenses and other assets	70,484	(215,093)	392,568	(628,213)
Increase in accounts payable and accrued liabilities	2,839,691	680,798	413,732	882,207
Decrease in incentive accrual	0	0	(1,033,943)	(439,375)
Increase (decrease) in deferred revenue	0	303,962	(6,515)	390,665
	3,830,015	(335,232)	(680,007)	(3,091,609)
<b>Investment Activities</b>				
Proceeds on sale of marketable securities	0	460,079	0	1,508,615
Decrease (increase) in loans receivable, long-term	47,641	(174,349)	193,221	(218,955)
Additions to property and equipment	(288,429)	(90,788)	(465,538)	(217,401)
Acquisition of business costs	0	0	0	(3,758)
Acquisition of intangible assets	(1,680)	(663)	(1,680)	(1,570)
	(242,468)	194,279	(273,997)	1,066,931
Net increase (decrease) in cash and cash equivalents during the period	3,587,547	(140,953)	(954,005)	(2,024,678)
Cash and cash equivalents, beginning of period	1,914,722	2,834,289	6,456,274	4,718,014
Cash and cash equivalents, end of period	\$5,502,269	\$2,693,336	\$5,502,269	\$2,693,336