



**FOR IMMEDIATE RELEASE**

**The Caldwell Partners International  
Issues Fiscal 2013 Third Quarter Financial Results**

- Firm posts third quarter revenues that were 35% higher than second quarter.
- Year-over-year third quarter revenue decline of 1%.
- Board declares 1.5 cent quarterly dividend.

**Toronto, Ontario– July 11, 2013** – Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2013 third quarter ended May 31, 2013. 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)**

	<b>Three Months Ended May 31</b>		<b>Nine Months Ended May 31</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Operating revenue	\$9,223	\$9,357	\$23,465	\$23,847
Expenses	9,590	8,647	24,532	23,784
Operating profit (loss)	(367)	710	(1,078)	63
Investment income	2	1	11	10
Net earnings (loss) before tax	(365)	711	(1,067)	\$73
Net earnings (loss) after tax	(\$366)	\$711	(\$1,075)	\$25
Net earnings (loss) per share	(\$ 0.021)	\$ 0.040	(\$0.063)	\$0.001

“Although revenues were relatively flat year-over-year, we are encouraged by the strong increase in booking activity that led to a 35% increase sequentially” said John Wallace, chief executive officer. “Though we have historically seen rising revenue trends in the back half of the year compared to the first half, we are encouraged by the magnitude of the increase from Q2 to Q3.”

Wallace added: “We continue to see difficult market conditions and the pressures that come from operating in slower-growing economies. However, we have seen these conditions stabilize during the current quarter, with notable strengthening in the number of new searches. We remain focused on growth opportunities through enhanced business development and marketing initiatives and select hires of high caliber search professionals.”

The Board of Directors today also declared the payment of a quarterly dividend of 1.5 cents per Common Share payable September 13, 2013 to shareholders of record on July 22, 2013.

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

- Operating revenue:
  - Sequentially, third quarter revenue was up \$2,398, or 35% over second quarter revenue, driven by a large increase in new search volumes. Revenue decreased by 1% over the comparable period last year to \$9,223. The slight revenue decline year over year is attributable to the US business, which was down 7% in the third quarter and 10% through nine months, on lower average search fees.
  - Revenues in Canada were up 12% in the third quarter, and up 15% through nine months due to very strong search volumes.
  - For the nine months ended May 31, 2013 US revenues represent 65% of consolidated revenues versus 70% a year ago driven by Canada's increasing search volumes on higher per partner productivity.
  
- Operating profit:
  - Lower year-over-year third quarter revenues (\$134) coupled with higher cost of sales (\$424) and expenses (\$518 which includes an employee severance of \$446) resulted in the decline in operating profit to a loss of \$367.
  - Excluding severance, the company posted third quarter operating profit of \$79.
  
- Net earnings:
  - The year-to-date net loss before tax increased to \$1,067 in fiscal 2013 from \$73 of net earnings in the comparable period a year ago.
  - The third quarter net loss before income tax fell to \$365 in fiscal 2013 from a profit of \$711 in fiscal 2012, the result of the revenue decline, increased Cost of Sales and Expenses and \$446 of severance expense noted in the above discussion.

Over the past three years, The Caldwell Partners has transformed from a respected, strictly Canadian brand to a firm with a strong North American presence. At the end of the third quarter of fiscal 2013, the firm now has 23 of its total 34 partners located in six American offices, and has established strategic alliances with executive search firms based in London and Hong Kong.

For a complete discussion of the quarterly 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 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.

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# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited - in \$Canadian)

	<i>As at</i>	<i>As at</i>
	<i>May 31</i>	<i>August 31</i>
	<i>2013</i>	<i>2012</i>
<b>Assets</b>		
Current assets		
Cash and cash-equivalents	4,309,493	6,494,246
Marketable securities	3,585,528	3,303,044
Accounts receivable	5,997,735	6,122,577
Income taxes receivable	46,035	49,501
Prepaid expenses and other assets	1,183,607	775,572
	15,122,398	16,744,940
Non-current assets		
Restricted cash	254,083	252,966
Advances	293,420	92,023
Property and equipment	1,420,284	1,504,015
Intangible assets	458,907	488,647
Goodwill	1,023,924	973,458
Deferred income taxes	77,098	73,302
	18,650,114	20,129,351
<b>Liabilities</b>		
Current liabilities		
Accounts payable	1,129,236	2,338,238
Compensation payable	7,225,677	6,343,417
Dividends payable	255,983	254,782
	8,610,896	8,936,437
Non-current liabilities		
Non-current severance accrual	201,250	-
Long-term incentive accrual	191,443	186,267
	9,003,589	9,122,704
Equity		
Share capital	4,080,020	4,016,020
Contributed surplus	16,243,356	16,245,848
Accumulated other comprehensive income	543,355	122,292
Deficit	(11,220,206)	(9,377,513)
Total equity	9,646,525	11,006,647
Total liabilities and equity	18,650,114	20,129,351

The accompanying notes are an integral part of these consolidated interim financial statements.

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF EARNINGS (LOSS)

(unaudited - in \$Canadian)

	Three months ended		Nine months ended	
	May 31		May 31	
	2013	2012	2013	2012
Revenues	9,222,623	9,356,904	23,464,881	23,847,356
Cost of sales	7,182,745	6,759,218	18,397,834	18,346,280
Gross profit	2,039,878	2,597,686	5,067,047	5,501,076
Expenses				
General and administrative	2,202,651	1,686,078	5,657,442	4,974,600
Sales & marketing	217,994	204,643	496,850	513,061
Foreign exchange (gain) loss	(13,902)	(3,440)	(9,097)	(49,857)
Total expenses	2,406,743	1,887,281	6,145,195	5,437,804
Operating profit (loss)	(366,865)	710,405	(1,078,148)	63,272
Investment income	1,816	588	11,046	9,907
Earnings (loss) before income tax	(365,049)	710,993	(1,067,102)	73,179
Income tax	1,024	281	7,643	48,075
Net (loss) earnings for the period attributable to owners of the Company	(366,073)	710,712	(1,074,745)	25,104
Earnings (loss) per share (note 8):				
Basic & Diluted	(\$0.021)	\$0.042	(\$0.063)	\$0.001

## CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(unaudited - in \$Canadian)

	Three months ended		Nine months ended	
	May 31		May 31	
	2013	2012	2013	2012
Net (loss) earnings for the period	(366,073)	710,712	(1,074,745)	25,104
Other comprehensive income:				
Items that may be reclassified subsequently to net income (loss)				
Unrealized gain on marketable securities	73,345	51,906	282,484	97,196
Cumulative translation adjustment	19,386	126,996	138,579	185,929
Comprehensive (loss) earnings for the period attributable to owners of the Company	(273,342)	889,614	(653,682)	308,229

The accompanying notes are an integral part of these consolidated interim financial statements.

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in \$Canadian)

	Nine months ended	
	May 31	
	2013	2012
Cash flow used in		
Operating activities		
Net (loss) earnings for the period	(1,074,745)	25,104
Adjustments for:		
Depreciation	293,815	296,685
Amortization	53,192	78,919
Share-based payment expense	16,708	11,306
Unrealized foreign exchange on subsidiary loans	(133,541)	(162,848)
Non-cash incentive compensation	5,176	89,871
Increase in restricted cash	(1,117)	-
Net changes in working capital		
Decrease (increase) in accounts receivable	299,541	(600,728)
Decrease in income taxes receivable	2,251	29,725
(Increase) decrease in prepaid expenses and other assets	(380,644)	152,666
Decrease in accounts payable	(1,242,341)	(875,100)
Decrease in short-term liabilities	-	(530,250)
Increase in dividends payable	1,201	254,782
Increase (decrease) in compensation payable	735,283	(2,495,964)
Increase in long-term severance accrual	201,250	-
Net cash used in operating activities	(1,223,971)	(3,725,832)
Investment activities		
(Increase) decrease in loans receivable	(186,238)	29,107
Additions to property and equipment	(182,966)	(178,675)
Net cash used in investing activities	(369,204)	(149,568)
Financing activities		
Dividend payments	(767,948)	-
Share issuance from employee share option plan	44,800	-
Net cash used in financing activities	(723,148)	-
Effect of exchange rate changes on cash and cash equivalents	131,570	227,451

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - in \$Canadian)

	Deficit	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) Unrealized Gains Cumulative Translation Adjustment	(Losses) on Marketable Securities	Total Shareholders' Equity
<b>Balance - September 1, 2011</b>	<b>(9,848,957)</b>	<b>16,064,078</b>	<b>4,179,399</b>	<b>(315,525)</b>	<b>230,598</b>	<b>10,309,593</b>
Net loss for the nine month period ended May 31, 2012	25,104	-	-	-	-	25,104
Dividend payments declared	(254,782)	-	-	-	-	(254,782)
Reduction of stated capital	-	(12,048,058)	12,048,058	-	-	-
Share-based payment expense	-	-	11,306	-	-	11,306
Change in unrealized gain on marketable securities available for sale	-	-	-	-	97,196	97,196
Change in cumulative translation adjustment	-	-	-	185,929	-	185,929
<b>Balance - May 31, 2012</b>	<b>(10,078,635)</b>	<b>4,016,020</b>	<b>16,238,763</b>	<b>(129,596)</b>	<b>327,794</b>	<b>10,374,346</b>
<b>Balance - September 1, 2012</b>	<b>(9,377,513)</b>	<b>4,016,020</b>	<b>16,245,848</b>	<b>(284,523)</b>	<b>406,815</b>	<b>11,006,647</b>
Net loss for the nine month period ended May 31, 2013	(1,074,745)	-	-	-	-	(1,074,745)
Dividend payments declared	(767,948)	-	-	-	-	(767,948)
Employee share option plan share issue	-	64,000	(14,776)	-	-	49,224
Share-based payment expense	-	-	12,284	-	-	12,284
Change in unrealized gain on marketable securities available for sale	-	-	-	-	282,484	282,484
Change in cumulative translation adjustment	-	-	-	138,579	-	138,579
<b>Balance - May 31, 2013</b>	<b>(11,220,206)</b>	<b>4,080,020</b>	<b>16,243,356</b>	<b>(145,944)</b>	<b>689,299</b>	<b>9,646,525</b>

The accompanying notes are an integral part of these consolidated interim financial statements.