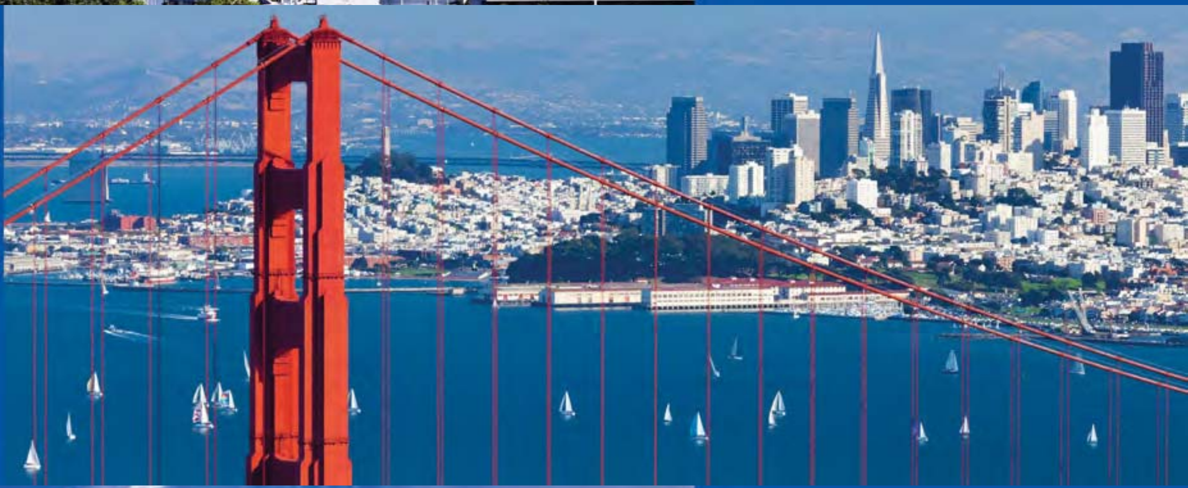
CALDWELL PARTNERS

The Caldwell Partners International Inc.

Annual Report 2014



Premier providers of executive search

CALDWELL PARTNERS

Dear Shareholders, Clients, and Friends:

Fiscal 2014 was a watershed year for Caldwell Partners, filled with important milestones and unprecedented levels of success.

We closed out the year with $45.1 million in annual revenue – an increase of 33% – and operating profit of $1.3 million, which represents an increase of $1.4M.

Certainly the economic tailwinds and favourable conditions have played a significant role in our growth, but we also believe this is a testament to the quality of the strategic additions we have made to our team in recent years. We have the depth and breadth to serve our clients' needs across every major sector and geography, and we are seeing the resulting gains in our practices and expanding corporate brand.

Our October 1, 2014 acquisition of London-based Hawksmoor Search Limited is a clear continuation of a growth strategy fuelled by our determination to continually improve our service to our clients and to create sustainable value for our shareholders.

This not only brought a known and talented team into our firm, but also created what we believe is the premier global insurance practice for executive search. And with this new footprint in the UK, we are truly excited about our growth prospects and our ability to deliver superior client service in Europe.

Entering into fiscal 2015, we are intensifying our focus on organic growth through the addition of high calibre search professionals to build our practice and functional offerings across geographies in the United States, Canada and now, Europe.

Fiscal 2014 also saw the completion of a private placement of common shares of the firm, with nearly all of our partners, management team and all of the Board Members participating. The transaction raised $3.34 million in cash, which will allow us to continue to make important investments in growing our business.

More importantly, though, by allowing our Partner team to acquire common shares in those quantities, the interests of this important group of stakeholders is better aligned with the interests of all shareholders. The professional services industry is one in which the most valuable assets walk in and out of the door every day. To have near unanimous participation from eligible participants evidences the long-term commitment that our people have to our organization.

When we look back on how far we've come, it is hard not to feel an overwhelming sense of pride in and gratitude to the entire Caldwell Partners team. Five years ago our revenue was $16 million from 27 partners billing an average $600,000. Here we stand now with $45 million in revenue from an average of 32 partners billing $1.4 million per partner – it is a wonderful collective achievement, and one to which we are pleased to see the market responding. In the last year, our stock price has risen 73%, and we remain focused on being an annuity-based, dividend-paying firm.

As always, we thank each and every member of the Caldwell Partners team for the dedication to our clients and to each other. There is great energy and momentum within the firm, and we look forward to the year ahead!

Yours sincerely,

G. Edmund King	John N. Wallace
Chair of the Board	President & Chief Executive Officer

Management Discussion and Analysis

For the Years Ended August 31, 2014 and 2013

(Expressed in $000s Canadian, except per share amounts)

Company description

The Caldwell Partners International Inc. ("The Caldwell Partners" or "the Company") is a premier international provider of executive search and has been for over 40 years. As one of the most trusted advisors in executive search, the Company has a sterling reputation built on successful searches for boards, chief and senior executives, and selected functional experts.

With offices and partners in Atlanta, Calgary, Dallas, London, Los Angeles, Minneapolis, Nashville, New York, Philadelphia, San Francisco, Stamford, Toronto and Vancouver, and an alliance in Hong Kong, the Company 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 for further information.

Forward-Looking Statements

Forward-looking statements in this document are based on current expectations that are subject to the significant risks and uncertainties cited herein. 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. The Company is subject to many risks identified in the "Risk Factors" section of the Company's Annual Information Form and other public filings (copies of which may be obtained at www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by this Management discussion and analysis (MD&A). These factors should be considered carefully and the reader should not place undue reliance on the forward-looking statements. Although any forward-looking statements contained in this report are based on what management currently believes to be reasonable assumptions, the Company cannot assure readers that actual results, performance or achievements will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this MD&A.

Presentation

The following discussion and analysis, prepared on November 13, 2014, should be read in conjunction with the consolidated annual financial statements and related notes for the year ended August 31, 2014. All currency amounts are provided in Canadian dollars unless otherwise noted. All references to quarters or years are for the fiscal periods unless otherwise noted. All numbers (except percentages and per share amounts) are expressed in thousands unless otherwise noted.

Operating Results

Operating Revenue

		Q1	Q2	Q3	**Q4**	**Annual**
2014	Revenue	$10,339	$9,158	$12,358	**$13,231**	**$45,086**
	Period end number of partners	31	31	31	**33**	**33**
	Average number of partners	32.6	31.6	31.0	**32.0**	**31.7**
	Annualized revenue per partner	$1,269	$1,159	$1,595	**$1,654**	**$1,422**
2013	Revenue	$7,417	$6,825	$9,223	**$10,338**	**$33,803**
	Period end number of partners	33	34	35	**33**	**33**
	Average number of partners	33.3	33.5	35.0	**34.0**	**33.9**
	Annualized revenue per partner	$891	$815	$1,054	**$1,216**	**$997**

2014 fourth quarter revenue increased by 28% (24% excluding a 4% variance from exchange rate fluctuations) over the comparable period last year to $13,231 (2013: $10,338). 2014 annual revenue increased 33% (28% excluding a 5% favorable variance from exchange rate fluctuations) over fiscal 2013 to $45,086 (2013: $33,803).

The revenue increases for the quarter and full year compared to the same periods in the prior year are attributable to increased partner productivity in both the US and Canadian businesses, offset by fewer partners in the US. Revenue in the US for the quarter was up 36% (30% excluding a 6% variance from exchange rate fluctuations), from higher search volumes offset by fewer partners. For the year, US revenue was up 43% (34% excluding a 9% variance from exchange rate fluctuations), on higher average fees and higher search volumes, partially offset by fewer partners. Fourth quarter revenue in Canada was up 13%, primarily on increased average fees and to a lesser extent larger search volumes, delivered by a consistent number of partners. Full year revenue in Canada was up 16% on higher average fees with stable volumes and number of partners. US revenues represent 70% of consolidated revenues in 2014 versus 66% a year ago, driven by the faster growth in US revenue relative to Canada.

Cost of Sales

	Q1	Q2	Q3	Q4	Annual
2014	$7,754	$6,859	$9,270	**$10,170**	**$34,053**
2013	$5,620	$5,595	$7,183	**$7,607**	**$26,005**

Cost of sales, which is both variable and fixed compensation and related costs of partners and other employees directly involved in search activities, were up 34% (30% excluding a 4% variance from exchange rate fluctuations) to $10,170 in the 2014 fourth quarter over the comparable period a year earlier (2013: $7,607). The increase was primarily from the variable compensation impact of the 28% rise in revenue coupled with higher commission rates on increased per partner performances, partly offset by increases in search delivery personnel which occurred at a lower rate than the revenue increase. As a result, fourth quarter cost of sales represented 77% of operating revenue in 2014 versus 74% in 2013.

For the full year 2014, cost of sales increased by 31% (25% excluding a 6% variance from exchange rate fluctuations) over the prior year to $34,053 from $26,005, reflecting the compensation impact of revenue increasing by 33% for the period and higher commission rates on increased per partner performances, offset by increases in search delivery personnel during 2014 which occurred at a lower rate than the revenue growth, lower amortization of sign-on bonuses and lower net costs of the Company's CEO of the Year event. As a result, 2014 year-to-date direct costs represented 76% of operating revenue versus 77% of revenue in 2013.

Gross Profit and Margin

	Q1	Q2	Q3	Q4	Annual
2014	$2,585	$2,298	$3,089	**$3,062**	**$11,034**
	25%	25%	25%	**23%**	**24%**
2013	$1,797	$1,230	$2,040	**$2,731**	**$7,798**
	24%	18%	22%	**26%**	**23%**

Gross profit in the fourth quarter of 2014 increased by 12% (9% excluding a 3% variance from exchange rate fluctuations) to $3,062 or 23% of revenue versus fourth quarter in the previous year (2013: $2,731 or 26% of revenue); the result of the 28% increase in revenue offset by the 34% increase in cost of sales.

On a year-to-date basis, 2014 gross profit increased 41% (35% excluding a 6% variance from exchange rate fluctuations) to $11,034, from $7,798 in 2013. The increase was driven by the revenue increase of 33% on better performance in Canada and the US, offset by the cost of sales increase of 31% from the increased compensation costs on higher revenue and increases in search delivery personnel costs. As a result, gross margin for 2014 was 24% (2013: 23%).

Expenses

	Q1	Q2	Q3	Q4	Annual
2014	$2,177	$2,248	$2,457	**$2,889**	**$9,771**
2013	$1,850	$1,889	$2,406	**$1,785**	**$7,930**

Fourth quarter 2014 expenses increased 62% or $1,104 over the same period prior year to $2,889 (2013: $1,785). Excluding exchange rate variances, expenses increased $1,052 or 59% over the same period last year. The increase is the result of higher compensation on improved company performance from both improved short-term bonus achievement and the impact of share price increases on cash settled share-based compensation plans ($756), higher occupancy costs ($86), higher legal fees primarily related to the acquisition of Hawksmoor Search Limited and the amalgamation of corporate entities ($72), and general cost increases across other cost categories ($138).

Full year 2014 expenses increased 23% or $1,841 over the same period prior year to $9,771 (2013: $7,930). Excluding exchange rate variances, expenses increased $1,583 or 20% over the same period last year. The increase came from higher compensation on improved Company performance from improved short-term bonus achievement, the implementation of a long-term performance share unit plan and the impact of share price increases on cash settled share-based compensation plans ($1,351), occupancy costs primarily from the move of the Stamford, Connecticut office in the second quarter of fiscal 2013 ($158), recruitment expenses ($99), legal fees primarily related to the acquisition of Hawksmoor Search Limited and the amalgamation of corporate entities ($83), higher directors' expenses arising from the impact of share price increases on cash settled share-based compensation ($83), consulting expenses ($79) and net general cost increases across other cost categories ($176), offset by the non-recurrence of severance expense ($446) incurred during Q3 of fiscal 2013 related to the separation of a partner in Canada.

Operating Profit (Loss)

	Q1	Q2	Q3	Q4	Annual
2014	$408	$50	$633	**$172**	**$1,263**
	4%	1%	5%	**1%**	**3%**
2013	($52)	($659)	($367)	**$946**	**($132)**
	(1%)	(10%)	(4%)	**9%**	**0%**

For the 2014 fourth quarter, higher revenue ($2,893) offset by higher cost of sales ($2,563) and expenses ($1,104) resulted in a decrease in operating profit of $774 over the comparable period in the prior year.

For the 2014 full year, higher revenue ($11,283) less related increased cost of sales ($8,048) and expenses ($1,841) resulted in operating profit of $1,263, a $1,395 increase over the prior year's operating loss of $132.

Investment Income

	Q1	Q2	Q3	Q4	Annual
2014	$1	$4	$6	**$13**	**$24**
2013	$2	$7	$2	**$2**	**$13**

The Company manages market risk by using a third party investment manager to follow the specific investment criteria established and approved by the Board of Directors and designed to reduce exposure to market risk. As at August 31, 2014, the entire investment portfolio is placed with a third party investment manager and held in three pooled funds.

For the fourth quarter of 2014, the Company reported investment income of $13 compared to $2 from the comparable period last year. For the full year 2014, the Company reported investment income of $24 compared to $13 from 2013. The income amounts are the result of interest income on the investments and cash balances invested in high-yield savings accounts and certificates of deposit.

As at August 31, 2014, the fair value of investments held by the Company of $7,809 (2013: $3,577) was $912 above book value, and reflecting an increase in value of $232 during the year. This unrealized gain has been reflected in both other comprehensive income and in the stated value of the investment portfolio.

Net Earnings (Loss)

Earnings (Loss) Before Tax

	Q1	Q2	Q3	**Q4**	**Annual**
2014	$409	$54	$639	**$185**	**$1,287**
2013	($50)	($652)	($365)	**$948**	**($119)**

For the fourth quarter of 2014, the revenue increase, less higher cost of sales and expenses noted in the above discussion resulted in earnings before income taxes of $185 compared to earnings before income taxes of $948 a year ago.

The full year 2014 earnings before income taxes were $1,287 compared to the $119 of loss before income taxes in 2013.

During the 2014 fourth quarter, the Company determined it was probable that it would be able to utilize deferred tax assets within its US subsidiary. Accordingly, the Company recognized a deferred tax credit of $2,443. This was partially offset by current income tax expense of $1,736 and $1,763 for the quarter and year to date, respectively. This resulted in a net tax credit of $707 (2013: expense of $155) for the quarter and $680 (2013: expense of $163) for the year. The Company also has Canadian loss carry-forwards available to be applied against taxable income as it arises in future periods. As at August 31, 2014 no benefit for such future potential Canadian deferred tax assets has been recorded.

Net Earnings (Loss)

	Q1	Q2	Q3	**Q4**	**Annual**
2014	$393	$43	$639	**$892**	**$1,967**
2013	($56)	($653)	($366)	**$793**	**($282)**
Earnings (Loss) Per Share					
2014	$0.023	$0.002	$0.032	**$0.044**	**$0.101**
2013	($0.003)	($0.038)	($0.021)	**$0.045**	**($0.017)**

The fourth quarter net earnings were $892 ($0.044 per share) in 2014, as compared to $793 of net earnings ($0.045 per share) in the comparable period a year earlier.

The year-to-date net earnings after tax were $1,967 ($0.101 per share) in 2014, versus a net loss of $282 (-$0.017 per share) in 2013.

Dividends

Since shareholders approved a restatement of capital on May 1, 2012 that allowed the Company to reinstate the payment of quarterly dividends, total dividends declared through August 31, 2014 are 16.0 cents per share or $2,937 in total, as reflected in the following chart:

Declaration Date	Payment Date	Dividend per Share	Aggregate Amount
May 1, 2012	June 15, 2012	$0.015	$255
July 23, 2012	September 14, 2012	$0.015	$255
November 15, 2012	December 14, 2012	$0.015	$256
January 11, 2013	March 15, 2013	$0.015	$256
April 11, 2013	June 14, 2013	$0.015	$256
July 11, 2013	September 13, 2013	$0.015	$256
November 8, 2013	December 13, 2013	$0.0175	$299
January 20, 2014	March 14, 2014	$0.0175	$368
April 10, 2014	June 13, 2014	$0.0175	$368
July 10, 2014	September 12, 2014	$0.0175	$368

On November 13, 2014 the Board of Directors declared a dividend of 2.0 cents per share, payable to holders of Common Shares of record on November 25, 2014 and to be paid on December 12, 2014.

Liquidity and Capital Resources

As of August 31, 2014, the Company had $7,809 of marketable securities plus cash and cash equivalents including restricted cash of $13,195, for a total cash and marketable securities balance of $21,004, up $9,559 from $11,445 at year-end 2013. The increase is due to cash proceeds from the private placement, 2014 operating income and resultant cash flows from operations less dividend payments to shareholders, capital expenditures and net increases from other changes including foreign currency fluctuations and partner sign-on bonuses.

Unencumbered cash, a non-GAAP measure, that we define as the net of cash and cash equivalents, restricted cash, marketable securities, current accounts receivable, net deferred tax assets to be recovered within 12 months and total liabilities excluding deferred revenue and deferred compensation expense related to deferred revenue totals approximately $11,396 at August 31, 2014, up from $6,797 at the end of fiscal 2013. The increase is the result of the cash proceeds from the private placement and cash flow from operations, offset increased current taxes payable, sign-on payments to certain new partner hires, dividend payments issued during the fiscal 2014, capital expenditures and exchange rate fluctuations.

Accounts receivable were $8,141 at August 31, 2014, up $1,052 from $7,089 at the end of fiscal 2013. Days outstanding based on quarterly revenue were 55 days at August 31, 2014 versus 56 days at August 31, 2013. At August 31, 2014, a reserve of $389 or approximately 31% of accounts over 90 days old has been taken.

Total liabilities were $21,837 at August 31, 2014, up $9,328 from $12,509 at the end of 2013 reflecting an increase in commissions and bonuses payable on the increased revenue in 2014 compared to 2013, the increase in current taxes payable in 2014 compared to 2013 and the increase in the deferral of revenue in 2014 net of the related deferral of compensation expense.

The Company's investment in property and equipment at August 31, 2014 was $1,610 compared with $1,361 at the end of 2013. This reflects additions of $609 and depreciation expense of $354, disposals of $20 and exchange rate fluctuations over the year of $14. Capital expenditures included computer hardware and software, leasehold improvements and office furniture and equipment.

Shareholders' equity at August 31, 2014 was $14,378, up $4,152 from $10,226 at the end of 2013. This increase reflects the $3,251 in proceeds from the private placement, year-to-date net earnings of $1,967, dividend payments of $1,401, an unrealized gain on marketable securities of $232, translation gains on consolidation of $99 and share-based payment expense of $6.

The Board of Directors believes the payment of regular dividends is in the best interests of the Company and its shareholders. Subsequent to shareholder approval of the restatement of capital on May 1, 2012, the Company has now declared ten quarterly dividends through August 31, 2014. On November 13, 2014 the Board of Directors declared a dividend of 2.0 cents per share, payable to holders of Common Shares of record on November 25, 2014 and to be paid on December 12, 2014.

Business Outlook

Improving market conditions prevailed throughout fiscal 2014, resulting in a marked increase in productivity measures on a per partner basis. Entering into fiscal 2015, we are intensifying our focus on growth through the addition of high caliber search professionals. To that end, the Company closed an agreement on October 1, 2014 to acquire Hawksmoor Search Limited in London, United Kingdom. The acquisition solidifies our premier insurance practice, establishes the Company's UK and European footprint, and expands our reach into additional client markets. We also continue to pursue organic growth, as we seek to build our practice and functional offerings across geographies in United States, Canada and now, Europe. Our focus remains on the higher end of the search market, where high-touch search is seen as an important business investment, rather than an expense. This work allows us to deliver the most value and return to our clients, as well as our shareholders, as it contributes to both higher search fees and productivity efficiencies.

Related Party Transactions

Pursuant to its lease agreements, the Company paid rent for its Toronto office to an affiliated company owned by a shareholder, C. Douglas Caldwell, registered as owning more than 10% of the Company. The amount of consideration agreed to by the parties was determined to be fair market rental rates at the inception of the lease by an independent commercial real estate counselor and was approved by the independent Members of the Board of Directors. Occupancy costs within general and administrative expenses in the consolidated statements of earnings (loss) have been recognized for the year ended August 31, 2014 in the amount of $200 (2013: $200).

Critical Accounting Estimates & Judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates and judgments applied by management that most significantly affect the Company's consolidated financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The following discussion sets forth management's most significant estimates and assumptions in determining the value of assets and liabilities, and the most significant judgments in applying accounting policies.

Revenue recognition

The Company's method of revenue recognition requires it to estimate the expected average performance period and the percentage of completion, based on the proportion of the estimated effort to fulfill the Company's obligations throughout the expected average performance period for its executive searches. Differences between the estimated percentage of completion and the amounts billed will give rise to a deferral of revenue to a future period. Changes in the average performance period or the proportion of effort expended throughout the performance period for its executive searches could lead to an under or overvaluation of revenue. Further information on deferred revenue is included in note 11 to the consolidated financial statements.

Allowance for doubtful accounts

Estimates are used in determining the allowance for doubtful accounts related to trade receivables. The estimates are based on management's best assessment of the collectability of the related receivable balance based, in part, on the age of the specific receivable balance. An allowance is established when the likelihood of collecting the account has significantly diminished. Future collections of receivables that differ from management's current estimates would affect the results of operations in future periods.

Impairment of Goodwill

The Company tests at least annually whether goodwill is subject to any impairment. Various assumptions are made in performing this test, including estimates of future revenue streams, operating costs and discount rates. Future results that differ from management's current estimates would affect the results of operation in future periods.

Risks and Uncertainties

The Company operates in a highly competitive industry and its results may be affected by a number of factors. These factors include, but are not limited to, competition from other companies directly or indirectly engaged in executive search; the ability of the Company to execute its growth strategies; the performance of the Canadian domestic and international economies; the Company's ability to attract and retain key personnel; and the Company's ability to invest retained earnings in marketable securities and in short-term money market instruments to generate consistent investment income returns. Investments in marketable securities are inherently subject to market risk, which the Company endeavours to manage through a conservative investment policy that adheres to specific criteria set and reviewed by its Board of Directors. The Company is invested in pooled funds designed to adequately diversify its investments to reduce investment risk. Currently, professional investment managers invest and manage the entire $7,809 investment portfolio in accordance with the Company's investment policies. As at August 31, 2014, marketable securities, cash and cash equivalents and restricted cash total approximately $21,004. With the volatility of capital markets, returns on the Company's investment portfolio may diminish.

As the Company's operations in the United States continue to expand, foreign exchange risk will also increase. At August 31, 2014, the Company was not hedging this risk.

Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures. The Chief Executive Officer and Chief Financial Officer, in conjunction with the Board of Directors, review any material information affecting the Company to evaluate and determine the appropriateness and timing of public release.

The Chief Executive Officer and the Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure procedures as at August 31, 2014, have concluded that the Company's disclosure controls and procedures are adequate and effective to ensure that material information relating to the Company and its subsidiaries would have been known to them.

Internal Control over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

In designing and evaluating such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

Management has used the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to design and assess the effectiveness of internal controls over financial reporting. Based on this assessment the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these internal controls over financial reporting for the Company are effective to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of consolidated financial statements for external purposes in accordance with IFRS as at August 31, 2014.

Management has also evaluated whether there were changes in the Company's internal controls over financial reporting during the reporting period ended August 31, 2014 that materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting. Management has determined that no changes occurred during the quarter ended August 31, 2014 that would have a material impact.

Other Information

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at **www.sedar.com**

Consolidated Financial Statements

For the Years Ended August 31, 2014 and 2013

Management's Report to Shareholders

The consolidated financial statements and all information contained in this annual report are the responsibility of management and the Board of Directors of The Caldwell Partners International Inc. ("the Company"). The financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect management's best estimates and judgments based on currently available information. The Company has established accounting and reporting systems supported by internal controls designed to safeguard assets from loss or unauthorized use and ensure the accuracy of the financial records. The financial information presented throughout this annual report is consistent with the consolidated financial statements.

PricewaterhouseCoopers LLP, an independent firm of chartered professional accountants, has been appointed by the shareholders as the external auditors of the Company. The Auditor's Report to the Shareholders, which describes the scope of their examination and expresses their opinion, is presented herein. The Audit Committee of the Board of Directors, whose members are not employees of the Company, meets with management and the independent auditors to satisfy itself that the responsibilities of the respective parties are properly discharged and to review the consolidated financial statements before they are presented to the Board of Directors for approval.

John N. Wallace

PRESIDENT AND CHIEF EXECUTIVE OFFICER

C. Christopher Beck, CPA

SECRETARY AND CHIEF FINANCIAL OFFICER

November 13, 2014

Independent Auditor's Report

To the Shareholders of
The Caldwell Partners International Inc.

We have audited the accompanying consolidated financial statements of **The Caldwell Partners International Inc.** and its subsidiaries, which comprise the consolidated statements of financial position as at August 31, 2014 and August 31, 2013 and the consolidated statements of earnings (loss), comprehensive earnings, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Caldwell Partners International Inc. and its subsidiaries as at August 31, 2014 and August 31, 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
November 13, 2014

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in $Canadian)

	As at August 31 2014	*As at August 31 2013*
Assets		
Current assets		
Cash and cash equivalents	12,742,873	7,612,957
Marketable securities (note 4)	7,809,403	3,576,811
Accounts receivable	8,141,145	7,088,555
Prepaid expenses and other assets	1,364,383	1,060,998
	30,057,804	19,339,321
Non-current assets		
Restricted cash	452,138	255,012
Advances	195,033	292,035
Property and equipment (note 5)	1,609,811	1,360,646
Intangible assets (note 6)	384,470	447,434
Goodwill (note 7)	1,072,315	1,039,922
Deferred income taxes (note 12)	2,443,435	-
Total assets	36,215,006	22,734,370
Liabilities		
Current liabilities		
Accounts payable	1,399,983	1,345,146
Compensation payable (notes 10 and 11)	15,752,702	9,156,182
Dividends payable (note 14)	367,513	255,983
Income taxes payable	1,790,091	13,741
Deferred revenue (note 11)	1,974,144	1,357,718
	21,284,433	12,128,770
Compensation payable (note 10)	552,799	379,981
	21,837,232	12,508,751
Equity attributable to owners of the Company		
Share capital (note 14)	7,330,563	4,080,020
Contributed surplus (note 14)	16,253,631	16,247,987
Accumulated other comprehensive income	911,417	580,959
Deficit	(10,117,837)	(10,683,347)
Total equity	14,377,774	10,225,619
Total liabilities and equity	36,215,006	22,734,370

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

Signed on behalf of the Board:

G. Edmund King
Chair of the Board

Kathryn A. Welsh
Chair of the Audit Committee

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

(in $Canadian)

	Years ended August 31 2014	2013
Revenues (note 11)	45,086,251	33,802,994
Cost of sales (notes 8 and 11)	34,052,702	26,005,284
Gross profit	11,033,549	7,797,710
Expenses (note 8)		
General and administrative	9,097,474	7,275,173
Sales and marketing	751,408	689,686
Foreign exchange gain	(78,128)	(35,035)
	9,770,754	7,929,824
Operating profit (loss)	1,262,795	(132,114)
Investment income	23,944	12,713
Earnings (loss) before income tax	1,286,739	(119,401)
Income tax (recovery) expense (note 12)	(680,047)	162,503
Net earnings (loss) for the year attributable to owners of the Company	1,966,786	(281,904)
Earnings (loss) per share (note 13)		
Basic	0.101	(0.017)
Diluted	0.100	(0.017)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in $Canadian)

	Years ended August 31 2014	2013
Net earnings (loss) for the year	1,966,786	(281,904)
Other comprehensive income:		
Items that may be reclassified subsequently to net earnings (loss)		
Unrealized gain on marketable securities (note 4)	231,632	273,767
Cumulative translation adjustment	98,826	184,900
Comprehensive earnings for the year attributable to owners of the Company	2,297,244	176,763

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in $Canadian)

				Accumulated Other Comprehensive Earnings (Loss)		
	Deficit	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Unrealized Gains on Marketable Securities	Total Equity
Balance - August 31, 2012	**(9,377,513)**	**4,016,020**	**16,245,848**	**(284,523)**	**406,815**	**11,006,647**
Net loss for the year	(281,904)	-	-	-	-	(281,904)
Dividend payments declared (note 14)	(1,023,930)	-	-	-	-	(1,023,930)
Employee stock option plan share issue	-	64,000	(14,776)	-	-	49,224
Share-based payment expense	-	-	16,915	-	-	16,915
Change in unrealized gains on marketable securities	-	-	-	-	273,767	273,767
Change in cumulative translation adjustment	-	-	-	184,900	-	184,900
Balance - August 31, 2013	**(10,683,347)**	**4,080,020**	**16,247,987**	**(99,623)**	**680,582**	**10,225,619**
Net earnings for the year	1,966,786	-	-	-	-	1,966,786
Dividend payments declared (note 14)	(1,401,276)	-	-	-	-	(1,401,276)
Share-based payment expense	-	-	5,644	-	-	5,644
Common share issuance (note 14)	-	3,250,543	-	-	-	3,250,543
Change in unrealized gain on marketable securities	-	-	-	-	231,632	231,632
Change in cumulative translation adjustment	-	-	-	98,826	-	98,826
Balance - August 31, 2014	**(10,117,837)**	**7,330,563**	**16,253,631**	**(797)**	**912,214**	**14,377,774**

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in $Canadian)

	Years ended August 31 *2014*	*2013*
Cash provided by (used in)		
Operating activities		
Net earnings (loss) for the year	1,966,786	(281,904)
Adjustments for:		
Depreciation	354,256	400,283
Amortization	76,326	71,563
Share-based payment expense	5,644	21,339
Unrealized foreign exchange on subsidiary loans	(60,689)	(164,300)
(Decrease) increase in non-current severance accrual	(148,750)	44,964
(Increase) decrease in deferred taxes	(2,458,962)	77,403
Increase in non-current share-based compensation accrual	321,568	148,750
Disposal of property and equipment	20,079	-
Net changes in working capital		
Increase in accounts receivable	(1,024,956)	(722,625)
Decrease in income taxes recoverable	-	49,501
Increase in prepaid expenses and other assets	(291,772)	(248,119)
Increase in accounts payable	35,971	303,171
Increase in compensation payable	6,798,423	1,250,695
Increase in income taxes payable	1,787,888	12,465
Increase in dividends payable	-	1,201
Payment of share-based compensation	(330,313)	-
Increase in deferred revenue	599,825	1,348,890
Net cash provided by operating activities	7,651,324	2,313,277
Investing activities		
Purchase of marketable securities	(4,000,960)	-
Decrease (increase) in advances	105,466	(177,627)
Increase in restricted cash	(198,364)	(2,046)
Additions to property and equipment	(608,558)	(221,360)
Net cash used in investing activities	(4,702,416)	(401,033)
Financing activities		
Dividend payments	(1,289,746)	(1,023,930)
Common share issuance	3,250,543	44,800
Net cash provided by (used in) financing activities	1,960,797	(979,130)
Effect of exchange rate changes on cash and cash equivalents	220,211	185,597
Net increase in cash and cash equivalents during the year	5,129,916	1,118,711
Cash and cash equivalents, beginning of year	7,612,957	6,494,246
Cash and cash equivalents, end of year	12,742,873	7,612,957

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

Notes to Consolidated Financial Statements
For The Years Ended August 31, 2014 and August 31, 2013

(in $ Canadian)

1. General Information

The Caldwell Partners International Inc. (the Company) is an executive search consulting firm specializing in recruiting executives on behalf of its clients. The Company contracts with its clients, on an assignment basis, to provide consulting advice on the identification, evaluation, assessment and recommendation of qualified candidates for specific positions. The Company concentrates its activities on locating executives to fill senior executive positions.

The Company was incorporated by articles of incorporation under the Business Corporations Act (Ontario) on August 22, 1979 and is listed on the Toronto Stock Exchange (symbol: CWL). With operations in both Canada and the United States, the Company's head office is located at 165 Avenue Road, Toronto, Ontario.

The Board of Directors approved these consolidated financial statements for issue on November 13, 2014.

2. Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

3. Summary of Significant Accounting Policies, Judgments and Estimation Uncertainty

Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including available-for-sale marketable securities.

Consolidation

These consolidated financial statements include the assets and liabilities and results of operations of the Company and its subsidiaries. In Canada the subsidiaries include Prince Arthur Advertising Inc., Caldwell Interim Executives Inc. and Caldwell Investments Inc. In the United States, the subsidiary is The Caldwell Partners International Ltd. Effective September 1, 2014, all Canadian subsidiaries were amalgamated with The Caldwell Partners International Inc. leaving The Caldwell Partners International Inc. as the only Canadian entity.

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. The Company records contingent consideration agreements at fair value and is classified at fair value through profit or loss with movements in the fair value being recognized within finance expense in the consolidated statements of earnings (loss).

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Foreign currency translation

(i) Functional and presentation currency

The financial statements of the parent company and each subsidiary in the consolidated financial statements of The Caldwell Partners International Inc. are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the subsidiary located in the United States is the US dollar.

The financial statements of subsidiaries that have a functional currency different from the presentation currency are translated into Canadian dollars as follows: assets and liabilities at the closing rate at the date of the statement of financial position, and income and expenses at the average rate of the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

If the Company disposes of its entire interest in a foreign subsidiary, or loses control over a foreign subsidiary, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign subsidiary are recognized in profit or loss.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of these transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statements of earnings (loss), within foreign exchange gain.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash

Restricted cash includes a term deposit set aside by a Canadian financial institution for collateral security on foreign exchange contracts entered into by the Company and a cash balance set aside by a US financial institution for collateral security on a letter of credit made out to the landlord of a leased facility.

Advances

Advances are sign-on payments made to employees to join the Company. Such amounts may be recouped if the employee leaves the Company before a contractually stipulated period of time has lapsed, usually 24 to 36 months from their start date. The advances are amortized to expenses on a straight-line basis over the life of the contractual recoupment period.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category. The only instruments held by the Company classified in this category are short-term foreign exchange contracts to sell US currency (see (v) below).

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of earnings (loss). Gains and losses arising from changes in fair value are presented in the statements of earnings (loss) within general and administrative expenses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the statements of financial position date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company's available-for sale assets comprise its investments in marketable securities.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as current, unless the investment matures beyond twelve months.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statements of earnings (loss) as part of investment income. Dividends on available-for-sale equity instruments are recognized in the statements of earnings (loss) as part of investment income when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statements of earnings (loss) and are included in investment income.

(iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise accounts receivable and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(iv) Other financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable, compensation payable and dividends payable which are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(v) Derivative financial instruments: The Company enters into short-term foreign-exchange periodically to sell US currency. Foreign exchange contracts are purchased from a reputable financial institution. The Company has a risk of loss in the event the counter party to the transaction is unable to fulfill its contractual obligation. All foreign exchange contracts are valued at fair value at each reporting period. Gains and losses on foreign exchange contracts are included in general and administrative expenses on the statements of earnings (loss).

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statements of earnings (loss). This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net earnings.

Impairment losses on financial assets carried at amortized cost and available for sale financial assets are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity investments are not reversed.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statements of earnings (loss) during the period in which they are incurred.

The major categories of property and equipment are depreciated as follows:

Furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Computer application software	straight-line over three years
Leasehold improvements	straight-line over the term of the lease

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of general and administrative expenses in the statements of earnings (loss).

Impairment of non-financial assets

Property and equipment and intangible assets (other than goodwill) are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (which is the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists.

Goodwill acquired through a business combination is allocated to each CGU or group of CGUs that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment.

The Company evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

Stock-based compensation

The Company grants stock options, restricted stock units, performance stock units and deferred stock units periodically to certain employees and directors.

Stock options currently outstanding vest over two or three years and have a contractual life of five years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. Any subsequent changes in fair value to a vested award are recognized in the consolidated statements of earnings (loss) in the period in which they occur.

Restricted stock units (RSUs) are notional common shares of the Company that are restricted to be issued to members of the management team. These restricted stock units cliff vest three years from the date of grant, and may be settled either in shares or in cash. The Board of Directors may elect to settle in either cash or shares; should the Board of Directors elect to settle in shares, the individual may elect to receive up to half of the settlement in cash. Fair value of each tranche is based on the fair value of the awards at the date of grant, with the fair value updated at each reporting date. Compensation expense is recognized on a straight-line basis over the vesting period.

Performance stock units (PSUs) are notional common shares of the Company that cliff vest three years from the date of grant and are settled in cash. The amount to be paid on vesting is dependent on the Company's share price at the vesting date and a performance factor ranging between 50% and 150% based on the Company's actual revenue and net operating profit performance compared to targets set by the Board of Directors each year over the cumulative three-year service period.

Deferred stock units (DSUs) are notional shares of the Company that are issued to the Board of Directors as a component of their annual retainer. These DSUs vest only when the Board Member leaves the Board and are settled in cash.

The awards have been recorded as a current or long-term incentive accrual depending on when they vest.

Commission and bonus plans

The Company recognizes a liability and an expense for bonuses and commissions, based on performance measures relevant to the particular employee group. Revenue-producing employees earn bonuses tied directly to individual and team revenue production. Management bonuses are primarily determined based on achievement of planned revenue and operating profit levels, approved by the Board of Directors at the outset of the fiscal year. The Company recognizes the expense and related liability in the year such performance levels are attained. To the extent revenue is deferred for recognition in a future period, the Company will also defer the related amount of estimated compensation expense directly associated with such deferred revenue.

Provisions

Provisions for legal claims, where applicable, are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Income taxes

Income taxes comprises both current and deferred tax. Income tax is recognized in the statements of earnings (loss) except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity.

Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position dates and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be recognized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Revenue

Revenue consists of retainers and indirect expenses billed to clients based on terms set forth in signed engagement letters with each client. The Company is typically paid a retainer for its executive search services, equal to one-third of the position's estimated first year compensation. The Company's standard practice is to bill its clients for its retainer and indirect expenses in one-third increments over a three-month period commencing in the month of a client's acceptance of the contract. Any fees earned in excess of the retainer or fees that are contingent on a candidate's future compensation are billed when actual compensation of the placed candidate is known. Indirect expenses are generally calculated as a percentage of the retainer with certain dollar limits per search.

Revenue is recognized when it is probable that that the economic benefits will flow to the Company and service has been provided, the fee is determinable, and collectability is reasonably assured. Revenue from standard executive search engagements is recognized over the expected average performance period, in proportion to the estimated effort to fulfill the Company's obligations under the engagement terms. To the extent that there are differences between the estimated percentage of completion based on the expected average performance period and amounts billed, the Company defers a portion of revenue to be recognized in a future period and records this as deferred revenue on the statements of financial position.

Revenue in excess of the retainer, resulting from actual compensation of the placed candidate exceeding the estimated compensation, is recognized on completion of the executive search when the amount of the additional fee is known. Revenue from certain non-standard executive search engagements is recognized in accordance with the completion of the engagement deliverables.

Cost of sales

Cost of sales includes direct costs associated with the generation of revenue, which is both variable and fixed compensation and the related costs of employees involved in search activities. When revenue is deferred, the related amount of estimated compensation expense directly associated with such deferred revenue is also deferred. This expense deferral is recorded as a reduction in compensation payable on the statements of financial position.

Leases

Leases are classified as either operating or finance, based on the substance of the transaction at the inception of the lease.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss within general and administrative expenses on a straight-line basis over the period of the lease.

The Company leases certain property and equipment. Leases of property and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Currently, all of the Company's leases pertain to its office space and are considered operating leases.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Dividends

Dividends on common shares are recognized in the Company's financial statements in the period in which the dividends are approved by the Board of Directors of the Company.

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net earnings for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options and similar instruments is computed using the treasury stock method. The Company's potentially dilutive instruments consist of stock options.

New standards, amendments and interpretations adopted by the Company

The Company has adopted the following new and revised standards, along with any consequential amendments, effective September 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10, Consolidated Financial Statements (IFRS 10)

IFRS 10 replaced the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 provides a single model for consolidation of an investee only if the investor possesses the ability to direct the activities of that entity and has exposure to variable returns from its involvement with the investee. The Company assessed its consolidation conclusions on September 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries.

IFRS 13, Fair Value Measurement (IFRS 13)

IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on September 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at September 1, 2013.

Accounting standards issued but not yet applied

IFRS 9, Financial Instruments (IFRS 9)

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace International Accounting Standard (IAS) IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of the entity's own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the entity's own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company has yet to assess the full impact of IFRS 9 and has not yet determined when it will adopt the new standard.

IFRS 15, Revenue from Contracts with Customers (IFRS 15)

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programs. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. The latest date of mandatory implementation of IFRS 15 is January 1, 2017. The Company has not yet assessed the potential impact of IFRS 15.

IAS 32, Financial Instruments: Presentation (IAS 32)

This standard outlines the accounting requirements for the presentation of financial instruments as financial liabilities or equity and for offsetting financial assets and financial liabilities. The Company is currently considering the impact of IAS 32 and intends to adopt IAS 32 no later than September 1, 2014.

IAS 36, Impairment of Assets (IAS 36)

This standard prescribes the procedure the Company applies to ensure its assets are not carried at more than their recoverable amount. The company is required to conduct impairment tests where there is an indication of impairment of an asset, and the test is conducted for a cash-generating unit (CGU) where an asset does not generate cash inflows that are largely independent of those from other assets. The standard was modified to clarify some of the disclosure requirements regarding the recoverable amount of impaired assets and CGUs with significant goodwill or intangible assets with indefinite useful lives. The Company is currently considering the impact of these changes and intends to adopt IAS 36 no later than September 1, 2014.

IFRIC 21, Levies (IFRIC 21)

This standard sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The Company is currently considering the impact of the IFRIC and intends to adopt IFRIC 21 no later than September 1, 2014.

Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates and judgments applied by management that most significantly affect the Company's financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The following discussion sets forth management’s most significant estimates and assumptions in determining the value of assets and liabilities, and the most significant judgments in applying accounting policies.

Revenue recognition

The Company’s method of revenue recognition requires it to estimate the expected average performance period and the percentage of completion, based on the proportion of the estimated effort to fulfill the Company’s obligations throughout the expected average performance period for its executive searches. Differences between the estimated percentage of completion and the amounts billed will give rise to a deferral of revenue to a future period. Changes in the average performance period or the proportion of effort expended throughout the performance period for its executive searches could lead to an under or overvaluation of revenue. Further information on deferred revenue is included in note 11.

Allowance for doubtful accounts

Estimates are used in determining the allowance for doubtful accounts related to trade receivables. The estimates are based on management's best assessment of the collectability of the related receivable balance based, in part, on the age of the specific receivable balance. An allowance is established when the likelihood of collecting the account has significantly diminished. Future collections of receivables that differ from management's current estimates would affect the results of operation in future periods.

Impairment of goodwill

The Company tests at least annually whether goodwill is subject to any impairment in accordance with the accounting policy. Various assumptions are made in performing this test, including estimates of future revenue streams, operating costs and discount rates. These assumptions are disclosed in note 7. Future results that differ from management's current estimates would affect the results of operation in future periods.

4. Marketable Securities

The Company has investments in managed funds (classified as available-for-sale financial assets), which are comprised of the following:

August 31	Fair value	Cost, net of writedowns and provisions
2014	7,809,403	6,897,191
2013	3,576,811	2,896,231

During fiscal 2014 and 2013, the Company recorded no realized gains or losses on disposition of available-for-sale marketable securities. An unrealized gain of $231,632 was recognized as part of other comprehensive income during the year (2013: $273,767).

5. Property and Equipment

	Furniture and equipment	Computer equipment	Computer application software	Leasehold improvements	Total
Year ended August 31, 2013:					
Opening net book value	535,427	190,746	87,795	690,047	1,504,015
Additions	92,530	81,783	35,745	11,302	221,360
Depreciation for the year	(116,064)	(70,987)	(77,281)	(135,951)	(400,283)
Exchange differences	19,314	7,124	4,198	4,918	35,554
Closing net book value	531,207	208,666	50,457	570,316	1,360,646
At August 31, 2013:					
Cost	2,277,831	2,075,601	722,584	2,592,192	7,668,208
Accumulated depreciation	(1,746,624)	(1,866,935)	(672,127)	(2,021,876)	(6,307,562)
Net book value	531,207	208,666	50,457	570,316	1,360,646
Year ended August 31, 2014:					
Opening net book value	531,207	208,666	50,457	570,316	1,360,646
Additions	145,603	110,465	5,065	347,425	608,558
Disposals	(20,079)	-	-	-	(20,079)
Depreciation for the year	(118,618)	(78,246)	(37,586)	(119,806)	(354,256)
Exchange differences	5,833	2,291	554	6,264	14,942
Closing net book value	543,946	243,176	18,490	804,199	1,609,811
At August 31, 2014:					
Cost	2,229,596	2,188,357	728,203	2,944,041	8,090,197
Accumulated depreciation	(1,685,650)	(1,945,181)	(709,713)	(2,139,842)	(6,480,386)
Net book value	543,946	243,176	18,490	804,199	1,609,811

Depreciation of property and equipment is included in general and administrative expenses in the statements of earnings (loss). Disposals of fully depreciated assets have been derecognized amounting to cost and accumulated depreciation of $199,671 and $179,592, respectively (2013: $182,753 and $182,753, respectively).

6. Intangible Assets

	2014	2013
Year ended August 31,		
Opening net book value	447,434	488,647
Amortization for the year	(76,326)	(71,563)
Exchange differences	13,362	30,350
Closing net book value	384,470	447,434
At August 31,		
Cost	780,683	767,321
Accumulated amortization	(396,213)	(319,887)
Net book value	384,470	447,434

Intangible assets consist of client lists from acquired entities and are stated at cost less accumulated amortization. These intangible assets are amortized on a straight-line basis in the statements of earnings (loss) to general and administrative expenses over their estimated useful life of 10 years with 5 years remaining. Disposals of fully amortized software assets were derecognized during 2013 amounting to cost and accumulated amortization of $1,266,029.

7. Goodwill

In assessing goodwill for impairment at August 31, 2014 and 2013, the Company compared the aggregate recoverable amount of the assets included in the CGU in its US segment to its respective carrying amount. The recoverable amount has been determined based on the estimated value in use of the CGU using a one-year cash flow budget. For periods beyond the budget period, cash flows were extrapolated using the growth rates in the table below. Assumptions made were as follows:

	2014	2013
Average growth rate	5%	0%
Expected gross margin	25%	27%
Discount rate	8%	8%

The impairment tests performed resulted in no impairment at August 31, 2014 or 2013.

8. Nature of Expenses

	2014	2013
Compensation costs	37,504,230	28,449,009
Occupancy costs	3,433,571	3,142,354
Sales and marketing	751,408	689,686
Depreciation	354,256	400,283
Amortization	76,326	71,563
Other	1,703,665	1,182,213
	43,823,456	33,935,108

9. Compensation of Key Management

Key management includes the Board of Directors and named executive officers of the Company. Compensation expense pertaining to key management included:

	2014	2013
Salaries and short-term benefits	2,027,248	1,230,289
Share-based compensation expense	814,254	237,552
	2,841,502	1,467,841

10. Compensation Payable

The Company maintains certain short-term and long-term incentive plans designed to align compensation with performance. Compensation payable consisted of the following:

Current compensation payable

	As at August 31	
	2014	**2013**
Commissions and bonuses	15,053,725	8,708,181
Performance and Restricted Stock Units	550,227	238,001
Severance	148,750	210,000
	15,752,702	9,156,182

Non-current compensation payable

	As at August 31	
	2014	**2013**
Performance and Restricted Stock Units	423,115	231,231
Deferred Stock Units	129,684	-
Severance	-	148,750
	552,799	379,981

Commissions and bonuses

Commissions and bonuses represent incentive compensation for search delivery and support personnel. Such amounts are paid at various points during the year and are short-term in nature.

Severance

During fiscal 2013, the Company reached an agreement to pay an employee a severance of $446,250. The severance is to be paid out monthly in equal cash installments to the end May 2015. Under certain circumstances for the former employee, the Company may recoup a portion of the settlement.

Share-based compensation plans

Performance Stock Units (PSUs) and Restricted Stock Units (RSUs)

RSUs are notional common shares of the Company that are restricted to be issued to members of the management team. During the year, the senior management long-term incentive structure was changed from RSUs to PSUs. PSUs are notional common shares of the Company that cliff vest three years from the date of grant and are settled in cash. The future amount to be paid at vesting is dependent on the share price at the vesting date and a performance factor ranging between 50% and 150% based on the Company's actual revenue and net operating profit performance compared to targets set by the Board of Directors each year over the cumulative three-year service period.

RSUs are notional common shares of the Company that cliff vest three years from the date of grant. The Board of Directors may elect to settle in either cash or shares; should the Board of Directors elect to settle in shares, the individual may elect to receive up to half of the settlement in cash. The estimated cost of this plan is being amortized straight-line over the three-year vesting period.

The estimated cost of the PSU plan is being amortized on a straight-line basis over the three-year vesting period with a performance factor currently estimated at 108% of target. PSU expense of $187,995 has been recorded for the year ended August 31, 2014 (2013: $ nil) within general and administrative expenses in the statements of earnings (loss).

RSU expense of $646,129 has been recorded for the year ended August 31, 2014 (2013: $282,965) within general and administrative expenses in the statements of earnings (loss).

A summary of the Company's PSU and RSU plans is presented below:

	2014 Notional units	2013 Notional units
Outstanding at beginning of period	925,334	836,000
Granted	618,153	294,667
Dividends declared	152,655	-
Settled	(358,710)	-
Cancelled	-	(205,333)
Outstanding at end of period	1,337,432	925,334

Deferred Stock Units (DSUs)

During the year, the Board of Directors compensation structure was changed from a retainer and per meeting fee paid all in cash to a fixed fee annual retainer. Under this structure, each non-employee Board Member receives approximately 50% of the annual retainer in cash and 50% in the form of notional deferred stock units issued at fair market value on the date of the grant, which track the performance of the Company's common shares over time.

DSU expense of $129,684 has been recorded (2013: $ nil) within general and administrative expenses in the statements of earnings (loss).

A summary of the Company's DSU plan is presented below:

	2014 Notional units
Outstanding at beginning of period	-
Granted	87,600
Dividends declared	2,253
Outstanding at end of period	89,853

11. Deferred Revenue

The Company's method of revenue recognition requires it to estimate the expected average performance period and the proportion of the estimated effort to fulfill the Company's obligations throughout the average performance period for its executive searches. Differences between the revenue recognition period and the billing period will give rise to a deferral of revenue. When this occurs the Company defers a portion of the amounts billed to be recognized in a future period.

At August 31, 2014, the Company had deferred revenue of $1,974,144 (2013: $1,357,718) and related deferred compensation expense of $892,657 (2013: $582,038), with such amounts to be recognized during a future period. These amounts are reflected as reductions in revenue and cost of sales in the statements of earnings (loss).

12. Income Taxes

	2014	2013
Current income tax:		
Current tax on net earnings (loss) for the year	1,763,388	89,201
Deferred income tax:		
Origination and reversal of temporary differences	(2,443,435)	73,302
	(680,047)	162,503

The income tax on the Company's earnings before income tax differs from the amount that would arise using the weighted average tax rate applicable to earnings of the consolidated entities as follows:

	2014	2013
Combined statutory income tax rate	43.0%	50.8%
Deferred tax assets not previously recognized	(93.9%)	(147.1%)
Non-deductible expenses	1.5%	(22.8%)
Prior years taxes	(2.6%)	(21.5%)
Other	(0.9%)	4.5%
	(52.9%)	(136.1%)

	2014	2013
The analysis of deferred tax assets and liabilities is as follows:		
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	192,338	265,456
Deferred tax assets to be recovered within 12 months	2,545,071	100,620
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	(202,949)	(265,456)
Deferred tax liabilities to be recovered within 12 months	(91,025)	(100,620)
Deferred tax assets (net)	2,443,435	-

	2014	2013
The movement of the deferred income tax acount is as follows:		
As at September 1	-	73,302
Credit to statements of earnings (loss)	2,443,435	(73,302)
As at August 31	2,443,435	-

The movement in deferred income tax assets and liabilites during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

	Compensation payable	Non-Capital losses	Other	Total
At August 31, 2012	73,302	371,974		445,276
(Charged)/credited to statements of earnings (loss)	(73,302)	(181,277)	175,378	(79,201)
At August 31, 2013	-	190,697	175,378	366,075
(Charged)/credited to statements of earnings (loss)	2,338,897	(60,329)	92,765	2,371,333
At August 31, 2014	2,338,897	130,368	268,143	2,737,408

Deferred tax liabilities

	Excess carrying value of P&E over tax base	Other	Total
At August 31, 2012	319,379	52,595	371,974
(Charged)/credited to statements of earnings (loss)	(53,924)	48,025	(5,899)
At August 31, 2013	265,455	100,620	366,075
(Charged)/credited to statements of earnings (loss)	(62,506)	(9,596)	(72,102)
At August 31, 2014	202,949	91,024	293,973

Deferred income tax assets are recognized for tax loss carry-forwards and other temporary differences to the extent that the realization of the related tax benefit through future taxable earnings are probable. The Company did not recognize deferred income tax assets of $651,132 (2013: $1,745,084) that can be carried forward against future taxable earnings.

As at August 31, 2014, the Company has non-capital losses in Canada with the following expiry dates available to reduce earnings of future years;

Expiry	Amount
2029	1,101,331
2031	519,663

The Company also has capital losses of $3,531,000 that can only be utilized against capital gains and are without expiry date.

13. Earnings (loss) per share

(i) Basic

Basic earnings (loss) per share are calculated by dividing the net earnings (loss) attributable to owners of the Company by the weighted average number of common shares outstanding during the years.

	2014	2013
Net earnings (loss) for the year attributable to owners of the Company	1,966,786	(281,904)
Weighted average number of common shares outstanding	19,512,532	17,048,628
Basic earnings (loss) per share	$0.101	($0.017)

(ii) Diluted

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's outstanding shares for the year), based on the exercise prices attached to the stock options currently outstanding. The number of shares calculated above is compared with the number of shares that would have been issued assuming exercise of the stock options.

	2014	2013
Net earnings (loss) for the year attributable to owners of the Company	1,966,786	(281,904)
Weighted average number of common shares outstanding	19,512,532	17,048,628
adjustments for:		
- stock options	87,743	77,389
Weighted average number of common shares for diluted earnings (loss) per share	19,600,275	17,126,017
Diluted earnings (loss) per share	$0.100	($0.017)

In 2013 the impact of the share options was anti-dilutive therefore the diluted loss per share is equal to the basic loss per share.

14. Capital Stock

Common Shares

As at August 31, 2014 the authorized share capital of the Company consists of an unlimited number of common shares of which 21,000,155 are issued and outstanding (August 31, 2013: 17,065,505). The holders of common shares are entitled to share equally, share for share, in all dividends declared by the Company and equally in the event of a liquidation, dissolution or winding up of the Company or other distribution of the assets among shareholders.

On January 17, 2014, the Company closed a private placement with senior search professionals, officers and directors of the Company for the purchase of common shares. Under the terms of the private placement, the Company issued 3,934,650 common shares at a price $0.85, raising $3,344,453, less transaction costs of $93,910 for net proceeds of $3,250,543. The purchase price was determined on the basis of the 10-trading day weighted average price of the common shares on the TSX for the 10 trading days ended December 2, 2013 following the release of the Company's year-end results. The common shares issued pursuant to the private placement are subject to a hold period expiring on January 17, 2015.

The Company has declared quarterly dividends since May 1, 2012. A summary of dividends declared during fiscal 2013 and 2014 to-date is as follows:

Declaration date	Payment date	Dividends per share	Aggregate dividends declared	
November 15, 2012	December 14, 2012	$0.015	$	255,983
January 11, 2013	March 15, 2013	$0.015	$	255,983
April 11, 2013	June 14, 2013	$0.015	$	255,982
July 11, 2013	September 13, 2013	$0.015	$	255,982
November 8, 2013	December 13, 2013	$0.0175	$	298,737
January 20, 2014	March 14, 2014	$0.0175	$	367,513
April 10, 2014	June 13, 2014	$0.0175	$	367,512
July 10, 2014	September 12, 2014	$0.0175	$	367,513

The dividend payable September 12, 2014 has been accrued in the Company's financial statements as at August 31, 2014.

On June 25, 2014, the TSX accepted the Company's notice of intention to purchase through a normal course issuer bid up to 1,050,008 of its common shares. No shares have been repurchased as at November 13, 2014.

Stock Options

Stock options are granted periodically to directors, officers and employees of the Company. Cash received upon exercise of options for common shares is credited to capital stock. Total outstanding stock options are summarized as follows:

	August 31, 2014		August 31, 2013	
	Number of options outstanding	Weighted average exercise price	Number of options outstanding	Weighted average exercise price
Outstanding at beginning of year	1,015,000	$0.93	995,000	$0.89
Options expired	(640,000)	$0.95	-	-
Options exercised	-	-	(80,000)	$0.56
Options granted	-	-	100,000	$1.02
Outstanding at end of year	375,000	$0.93	1,015,000	$0.93
Exercisable at end of year	325,000		777,500	

All options currently outstanding vest over two or three years and have a contractual life of five years. Options have an exercise price equal to the market value of the common shares on the date of issuance. Stock option expense of $5,644 has been recorded in the year ended August 31, 2014 (2013: $21,339) within general and administrative expenses. The fair value of the options granted in the previous year was determined using the Black-Scholes option pricing model (using an expected volatility of 15.5%, a risk-free interest rate of 1%, a dividend yield of 6%, and an estimated life of four years)

15. Segmented Information

The Company has operations in both Canada and the United States. Both geographic segments provide retained executive search consulting services to clients.

The following provides a reconciliation of the Company's statements of earnings (loss) by geographic segment to the consolidated results:

	2014			2013		
	Canada	United States	Total	Canada	United States	Total
Revenues	13,394,348	31,691,903	45,086,251	11,551,156	22,251,838	33,802,994
Gross profit	3,202,612	7,830,937	11,033,549	3,489,388	4,308,322	7,797,710
General and administrative	(3,338,686)	(5,758,788)	(9,097,474)	(3,281,123)	(3,994,050)	(7,275,173)
Sales and marketing	(228,569)	(522,839)	(751,408)	(173,723)	(515,963)	(689,686)
Foreign exchange gain (loss)	78,891	(763)	78,128	43,362	(8,327)	35,035
Operating profit (loss)	(285,752)	1,548,547	1,262,795	77,904	(210,018)	(132,114)
Investment income	23,527	417	23,944	12,704	9	12,713
Income taxes	54,569	625,478	680,047	(86,970)	(75,533)	(162,503)
Net earnings (loss) for the year	(207,656)	2,174,442	1,966,786	3,638	(285,542)	(281,904)

General and administrative expenses include management fees representing a transfer of corporate overhead expenses from the Canadian parent company to its US subsidiary. For year ending August 31, 2014, management fees amounted to $2,072,716 (2013: $1,235,887).

A summary of property and equipment, goodwill and total assets by country is as follows:

	At August 31, 2014			At August 31, 2013		
	Canada	United States	Total	Canada	United States	Total
Property and equipment	847,676	762,135	1,609,811	820,661	539,985	1,360,646
Intangible assets	-	384,470	384,470	-	447,434	447,434
Goodwill	-	1,072,315	1,072,315	-	1,039,922	1,039,922
Total assets	17,234,605	18,980,401	36,215,006	13,063,565	9,670,805	22,734,370

Depreciation recorded on property and equipment and amortization on intangible assets is as follows:

	2014			2013		
	Canada	United States	Total	Canada	United States	Total
Depreciation expense	186,693	167,763	354,456	209,458	190,825	400,283
Amortization expense	-	76,326	76,326	-	71,563	71,563

16. Commitments

The Company's future operating lease commitments for premises excluding operating costs, including those amounts paid to related parties as set out in note 17, are as follows:

Year ending August 31, 2015	2,068,062
Year ending August 31, 2016	1,878,285
Year ending August 31, 2017	1,552,327
Year ending August 31, 2018	1,471,774
Year ending August 31, 2019	1,483,206
September 1, 2019 and thereafter	2,009,450
	10,463,104

During the year ended August 31, 2014, the Company expensed $2,541,104 (2013: $2,350,803) relating to operating leases for its nine locations in Canada and the United States, inclusive of rents paid to a related party described in note 17. This expense is included in general and administrative expenses. With the exception of the Toronto office, all leases are with third party commercial landlords at fair market rental rates at the inception of the lease. Lease terms at inception were five to ten years, dependent on the location.

During 2014, the Company entered into a five-year letter of credit agreement with a United States financial institution for collateral security on a letter of credit made out to the landlord of a leased facility. The letter of credit commitment as at August 31, 2014 was $194,737.

17. Related Party Transactions

Pursuant to its lease agreements, the Company paid rent for its Toronto office to an affiliated company owned by a shareholder, C. Douglas Caldwell, registered as owning more than 10% of the Company. The amount of consideration agreed to by the parties was determined to be the fair market rental rates at the inception of the lease by an independent commercial real estate counselor and was approved by the independent Members of the Board of Directors. Occupancy costs within general and administrative expenses in the statements of earnings (loss) have been recognized for year ended August 31, 2014 in the amount of $200,343 (2013: $200,343).

18. Financial Instruments

Classification of financial instruments

The classification of the financial instruments are shown in the table below.

	Classification	Measurement
Cash and cash equivalents	loans and receivables	amortized cost
Marketable securities	available-for-sale	fair value
Accounts receivable	loans and receivables	amortized cost
Restricted cash	loans and receivables	amortized cost
Accounts payable	other financial liabilities	amortized cost
Compensation payable	other financial liabilities	amortized cost
Dividends payable	other financial liabilities	amortized cost

Fair value hierarchy

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative financial instruments in this category are valued using models or other industry standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs, which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The fair value hierarchy of marketable securities was Level 2 as at August 31, 2014 and 2013.

Fair value

Cash and cash equivalents, restricted cash, accounts receivable, and accounts payable are short-term financial instruments whose fair value approximates their carrying amount given their short-term maturity.

The Company has designated the marketable securities in its portfolio as available-for-sale and as a result, these marketable securities are recorded at fair value with unrealized gains and losses that are considered temporary in nature being measured in other comprehensive income. Other than temporary impairments of marketable securities are recorded within the Company's statements of earnings (loss). Realized gains and losses are removed from accumulated other comprehensive income and recognized within the statements of earnings (loss).

The Company is exposed to various financial risks resulting from its operating, investing and financing activities. Financial risk management is carried out by the Company's management, in conjunction with the Investment Committee of the Board of Directors, with respect to investments in marketable securities and management of the Company's cash position. The Company does not enter into arrangements on financial instruments for speculative purposes. The Company's main financial risk exposures, as well as its risk management policy, are detailed as follows:

Foreign currency risk

The Company is exposed to exchange risk on US currency denominated monetary assets and liabilities. There is a risk to the Company's earnings from fluctuations in US dollar exchange rates and the degree of volatility of these rates as the Company's financial results are reported in Canadian dollars.

At August 31, 2014, the Company has net monetary asset exposure of $4,884,547 denominated in US dollars (2013: $3,287,975). A 5% depreciation or appreciation in the Canadian dollar against the US dollar, assuming all other variables remained the same, would have resulted in an increase or decrease in foreign exchange gain/(loss) of $244,227 recognized in the cumulative translation adjustment in the Company's consolidated statements of financial position for the year ended August 31, 2014 (2013: $164,399).

Based on market conditions and the judgment of management and the Board of Directors, the Company will on occasion enter into foreign exchange forward contracts with a Canadian financial institution to sell US dollars to reduce its foreign exchange risk. Two contracts to sell $1 million US each expired during the year ending August 31, 2014, generating a net foreign exchange gain of $26,000 (2013: $57,000 loss) which has been recorded in foreign exchange gains in the statements of earnings (loss) for the year. As at August 31, 2014, the fair value of the foreign exchange forward contracts was $ nil (2013: liability of $57,600).

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, it will have sufficient cash resources to meet its financial liabilities as they come due.

The Company manages liquidity by maintaining adequate cash and cash equivalents balances, monitoring its investment portfolio of marketable securities, and monitoring cash requirements to meet expected operational expenses including capital requirements. The future ability to pay its obligations relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash and cash equivalents in excess of anticipated needs.

The contractual undiscounted future cash flows of the Company's significant non-derivative financial liabilities are as follows:

	As at August 31, 2014			As at August 31, 2013		
	Less than 6 months	6 months to 1 year	1 to 3 years	Less than 6 months	6 months to 1 year	1 to 3 years
Accounts payable	1,399,983	-	-	1,345,146	-	-
Compensation payable	15,708,952	43,750	552,799	9,051,182	105,000	379,981
Dividends payable	367,513	-	-	255,983	-	-

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist principally of cash and cash equivalents, restricted cash, accounts receivable and advances. The Company places its cash and cash equivalents with high credit quality financial institutions.

Accounts receivable were comprised of the following at August 31:

	As at August 31	
	2014	2013
Accounts receivable	8,477,576	7,402,129
Less: Allowance for doubtful accounts	(389,384)	(352,031)
	8,088,192	7,050,098
Other receivables	52,953	38,457
	8,141,145	7,088,555

No financial assets are past due except for a portion of accounts receivable. As at August 31, 2014, accounts receivable of $7,216,677 (2013: $6,372,255) were fully performing, $871,515 (2013: $677,843) were over 90 days but not impaired and $389,384 (2013: $352,031) were over 90 days and impaired.

The following table summarizes the changes in the allowance for doubtful accounts for the accounts receivable:

	As at August 31	
	2014	2013
Start of year	352,031	531,800
Provision for impairment	356,543	340,517
Receivables written off during the year as uncollectible	(319,190)	(469,218)
Unused amounts reversed	-	(51,069)
End of year	389,384	352,031

Interest rate risk and market price risk

The Company has no external debt and therefore exposure to interest rate risk on debt facilities is minimal. The Company does invest excess cash in short-term deposits and therefore decreases in interest rates impact the amount of interest income earned from those investments. Marketable securities are comprised of investments in pooled funds, which are also subject to market price risk (i.e., fair value fluctuates based on changes in market prices).

At August 31, 2014, the Company has $7,809,403 invested in managed funds (2013: $3,576,811). A 5% variation in the market price of underlying securities would have resulted in an increase or decrease in the value of this asset of $390,470 (2013: $178,841).

19. Capital management

The Company's capital is comprised of common shares of the Company, contributed surplus and deficit. The Company manages its capital to ensure financial flexibility, to increase shareholder value through organic growth and selective acquisitions, as well as to allow the Company to respond to changes in economic and/or market conditions. Because the Company continues to remain debt free, it is not subject to any externally imposed capital requirements. There have been no changes in the Company's approach to capital management during the current year.

20. Subsequent events

On October 1, 2014, the Company completed an agreement to acquire all of the outstanding shares of Hawksmoor Search Limited (Hawksmoor), an executive search firm based in London, United Kingdom. The purchase price consists of: (i) cash paid at close of GBP 450,000; (ii) 275,000 shares of The Caldwell Partners International, Inc. newly issued at close; (iii) a net working capital adjustment to be paid in cash within 100 days of close; and (iv) cash to be paid annually over the following two years up to a cumulative maximum of GBP 300,000 subject to Hawksmoor's achieving certain revenue criteria. Hawksmoor's financial balances and results from operations will be consolidated into the Company's financial statements beginning on October 1, 2014.

On November 13 2014, the Board of Directors declared a dividend of 2.0 cents per share, payable to holders of common shares of record on November 25, 2014 and to be paid on December 12, 2014.

Directors

G Edmund King, Chair of the Board
Corporate Director

Paul R. Daoust
Consultant and Corporate Director

Richard D Innes
Consultant and Corporate Director

John N Wallace
President & Chief Executive Officer
The Caldwell Partners International Inc.

Kathryn A Welsh
Consultant and Corporate Director

Officers

John N Wallace
President and Chief Executive Officer
The Caldwell Partners International Inc.

C. Christopher Beck, CPA
Chief Financial Officer and Corporate Secretary
The Caldwell Partners International Inc.

Shareholder Information

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants, Toronto, Ontario

Counsel

Miller Thomson LLP
Barristers and Solicitors, Toronto, Ontario

Stock Exchange Listing

The Toronto Stock Exchange (symbol: CWL)

Transfer Agent

Valiant Trust Company

Valiant Trust Company operates a telephone information inquiry line that can be reached by dialing toll free:
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