The Caldwell Partners International Inc.

Annual Report 2015

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

Computershare Limited

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Dear Shareholders, Clients, and Friends:

Fiscal 2015 was an exceptional year for Caldwell Partners, full of new faces, new milestones and new levels of success.

We closed out the year with $54.5 million in annual revenue – an increase of 21% – and operating profit of $2.0 million. Positive results by all measures, and a reflection of our continuing focus on the service we provide our clients and the long-term value we strive to deliver to our shareholders.

We began the year with the acquisition of Hawksmoor Search, establishing our footprint in the United Kingdom and Europe, welcomed 5 additional partners to our firm over the course of the year, and ended it having entered into an affiliation agreement with the 16 partners and 7 offices of CPGroup Latam, launching us into position as one of the top search providers in Latin America. This was an enormous advance in our capabilities and the next pivotal moment for our firm. Forging an alliance with such a well-respected, high calibre search team in an important new geography added important breadth and depth and further solidified our ability to conduct international and cross-border searches for our clients.

We will continue to build our practice and functional offerings with exceptional partner hires across geographies in the United States, Canada and Europe, and will review select expansion opportunities in Asia and the Australia/New Zealand regions where it allows us to further strengthen the services we are able to provide to our clients on a global basis.

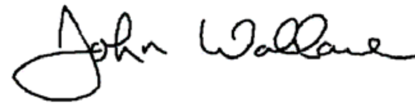
Just two short years ago we were a $34M North American-based firm, and we are now a $54M firm with focused international reach - it is an accomplishment of which we are understandably proud. What has remained constant as we have grown is our

desire to be the absolute best search firm in the industry – the best team providing the best service, and the best investment for our clients and shareholders.

We are succeeding in the ambitious goals we laid out for ourselves when we first began our North American expansion – way back in 2009 – and we will continue to focus on delivering results that exceed expectations.

As always, we thank each and every member of the Caldwell Partners team for the dedication to our clients and to each other. We are excited for the many possibilities and opportunities that Fiscal 2016 holds for all of us.

Yours sincerely,



G. Edmund King

Chair of the Board

John N. Wallace

President & Chief Executive Officer

Management Discussion and Analysis

For the Years Ended August 31, 2015 and 2014

(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, 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. These forward-looking statements generally can be identified by use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "may," "will," "likely," "estimates," "potential," "continue" or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. The Company is subject to many factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement including, but not limited to, the Company's ability to attract and retain key personnel; the performance of the Canadian, US domestic and international economies; competition from other companies directly or indirectly engaged in executive search; the possibility of a significant shareholder impacting shareholder votes;

foreign currency exchange rate risks; the Company's ability to invest retained earnings in marketable securities and in short-term money market instruments to generate consistent investment income returns; and volatility of the market price and volume of common shares. For more information on the factors that could affect the outcome of forward-looking statements, refer to the "Risk Factors" section of our Annual Information Form and other public filings (copies of which may be obtained at www.sedar.com). These factors should be considered carefully and the reader should not place undue reliance on the forward-looking statements. Although any forward-looking statements are based on what management currently believes to be reasonable assumptions, we 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. Except as required by Canadian securities laws, we do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.

Presentation

The following discussion and analysis, prepared on November 17, 2015, should be read in conjunction with the consolidated annual audited financial statements and related notes for the year ended August 31, 2015. Unless otherwise noted, all currency amounts are provided in thousands of Canadian dollars (except percentages and per share amounts). All references to quarters or years are for the fiscal periods unless otherwise noted. Unless otherwise noted as a non-GAAP financial measure and other operating measure, financial results are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Company's presentation currency is the Canadian dollar. The company manages its business in three geographic segments: Canada, United States (US) and Europe whose functional currencies are the Canadian dollar, US dollar and British pound, respectively. Segment discussions within are in Canadian dollars, with references made to the impact of changes in exchange rates from period to period.

As discussed in note 20 to the consolidated annual financial statements, on October 1, 2014, the Company acquired all of the outstanding shares of Hawksmoor Search Limited (Hawksmoor), an executive search firm based in London, United Kingdom. The results of Hawksmoor's operations have been consolidated with those of the Company from the date of acquisition and are shown as an additional business segment named Europe.

The Company's Canadian parent legal entity holds the right to the Company's brand and intellectual property. During 2015 the Company's Canadian parent legal entity began the process of registering its brand, Caldwell Partners, in select global markets it anticipated entering during the near future including most countries in Latin America. As discussed in note 21 to the consolidated annual financial statements, on July 13, 2015, the Company entered into an affiliation agreement with CPGroup LATAM Ltd. and its subsidiaries

(“CPGroup”). The affiliation agreement has an initial term of five years and provides for CPGroup to pay the Company 2.25% of Latin American revenue for the first two years of the agreement and 4.25% in subsequent years. In exchange for the license fee payments, CPGroup will have rights to use the Caldwell Partners brand, search processes, methodologies and related intellectual property.

Non-GAAP Financial Measures and Other Operating Measures

Certain non-GAAP financial measures and other operating measures are used by Company management to manage the business and explain the results of its operations. Such measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP measures and other operating measures used herein have been calculated on a consistent basis for the periods presented and include the following defined terms:

- Average Number of Partners: the number of partners at the beginning of a period plus the number of partners at the end of each month during a period, divided by the related number of months. The Average Number of Partners is indicative of our capacity to generate Professional Fees.
- Annualized Professional Fees per Partner: Professional Fees divided by the Average Number of Partners; and if a quarterly period, multiplied by four to reflect an annualized number. The Annualized Revenue per Partner is indicative of how highly our Partners are performing taken as a whole. The performance will be driven by the Number of Assignments performed and Average Fee per Assignment.
- Number of Assignments: the number of new executive search assignments contracted for during a period. This metric shows the search volume and is one of the drivers of Professional Fees.
- Number of Assignments per Partner: the Number of Assignments divided by the Average Number of Partners. This metric analyzes how productive our Partners are and is a measure used to identify and track volume trends as one of the key drivers of our Professional Fees.
- Average Fee per Assignment: Revenue for a given period divided by the related Number of Assignments. This metric is used to identify and track price trends as a key driver of our Professional Fees.
- Unencumbered Cash: the net of i) cash and cash equivalents, restricted cash, marketable securities, current accounts receivable and net deferred tax assets to be recovered within 12 months less ii) total current liabilities excluding deferred revenue and deferred compensation expense related specifically to the deferred revenue. This measure is used to identify excess cash available beyond that required to fund short term obligations.

Selected Financial Information

The following table summarizes selected financial information for the three years ended August 31:

($000s except earnings per share)	**2015**	2014	2013
Total revenue	**$54,527**	$45,086	$33,803
Period end number of partners[1]	**37**	33	33
Average Number of Partners[1]	**34.8**	31.7	33.9
Annualized Professional Fees per Partner[1]	**$1,566**	$1,422	$997
Number of Assignments[1]	**428**	388	354
Number of Assignments per Partner[1]	**12.3**	12.2	10.4
Average Fee per Assignment[1]	**$127**	$116	$95
Net earnings (loss) for the year attributable to owners of the Company	**$1,976**	$1,967	($282)
Basic earnings (loss) per share	**$0.093**	$0.101	($0.017)
Diluted earnings (loss) per share	**$0.092**	$0.100	($0.017)
Total assets	**$37,831**	$36,215	$22,734
Total non-current financial liabilities	**$1,326**	$553	$380
Cash dividends per share	**$0.08**	$0.07	$0.06

1 Please refer to the section on Non-GAAP Financial Measures and Other Operating Measures on page 5 of this document

Discussion of factors impacting the Company's results

The Company has achieved significant revenue growth over the past three years. The 21% revenue increase from 2014 to 2015 was driven by a 10% increase in the Average Fee, a 1% increase in the Number of Assignments per Partner, and a 10% increase in the Average Number of Partners. The 33% revenue increase from 2013 to 2014 was driven by a 21% increase in the Average Fee, a 17% increase in the Number of Assignments per partner, and a 6% decrease in the Average Number of Partners.

The increase in the Average Fee was aided by our strategic focus towards securing high level executive placements, which in turn have higher compensation levels upon which our fees are based, and our ability to defend against competitive pricing pressures as well as yearly average foreign exchange rate movements, specifically in the US dollar which has increased in value approximately 20% over the periods presented.

The increase in the number of searches booked per partner is a function of the increasing calibre of our partner group as well as strong market conditions.

The increase in the Average Number of Partners was driven by organic hires as well as our acquisition of Hawksmoor Search, Ltd. based in the United Kingdom in October 2015 which

brought its partner. As a result of these actions the partner headcount metric has increased from 33 in 2013 to 37 at the close of 2015.

In fiscal 2014, net earnings increased $2,249 to $1,967 from a loss of $282 in the prior year as a result of a $1,395 increase in operating profit, driven by improved revenue metrics as discussed above, an $11 increase in investment income and an $843 reduction in income tax expense due to current tax expense of $1,763 being more than offset by deferred tax income of $2,443 from the recognition of deferred tax assets.

In fiscal 2015, net earnings increased $9 to $1,976 as a result of a $913 increase in operating profit, a $39 increase in investment income and a $943 increase in tax expense. Income tax expense in 2015 reflects current tax expense of $187 and deferred tax expense of $76. Income tax expense increased in 2015 compared to 2014 due to the recognition of deferred tax assets in 2014. The Company has now utilized its ordinary operating loss carryforwards in the US and Canada which may cause the effective tax rate to rise in the future on profitable results. Income taxes are more fully discussed within this document under Operating Results in the prior discussion and analysis documents as filed on SEDAR.

Operating Results

Revenue

		Q1	Q2	Q3	**Q4**	**Annual**
2015	Professional fees	$12,436	$11,874	$14,813	**$15,365**	**$54,488**
	License fee revenue	-	-	-	**$ 39**	**$ 39**
	Revenue	$12,436	$11,874	$14,813	**$15,404**	**$54,527**
	Period end number of partners[1]	34	34	35	**37**	**37**
	Average Number of Partners[1]	34.0	34.0	34.8	**36.0**	**34.8**
	Annualized Professional Fees per Partner[1]	$1,463	$1,397	$1,703	**$1,707**	**$1,566**
	Number of Assignments[1]	115	95	123	**95**	**428**
	Number of Assignments per Partner[1]	3.4	2.8	3.5	**2.6**	**12.3**
	Average Fee per Assignment[1]	$108	$125	$120	**$162**	**$127**
2014	Professional fees	$10,339	$9,158	$12,358	**$13,231**	**$45,086**
	License fee revenue	-	-	-	**-**	**-**
	Revenue	$10,339	$9,158	$12,358	**$13,231**	**$45,086**
	Period end number of partners[1]	31	31	31	**33**	**33**
	Average Number of Partners[1]	32.6	31.6	31.0	**32.0**	**31.7**
	Annualized Professional Fees per Partner[1]	$1,269	$1,159	$1,595	**$1,654**	**$1,422**
	Number of Assignments[1]	90	69	121	**108**	**388**
	Number of Assignments per Partner[1]	2.8	2.2	3.9	**3.4**	**12.2**
	Average Fee per Assignment[1]	$115	$133	$102	**$123**	**$116**

1 Please refer to the section on Non-GAAP Financial Measures and Other Operating Measures on page 5 of this document

Revenue and operating income are difficult to predict and have historically varied from quarter to quarter. There is no discernible seasonality in our business on a quarterly basis. We track our revenue by professional fees and license fee revenue. Professional fees represent revenue from executive search and related activities for the Company and its subsidiaries. License fee revenue represents the license and technical assistance fees paid by the Company's affiliate CPGroup.

Our capacity to generate revenue increases with the number of partners we employ and affiliate with, and is dependent on the fees we are able to charge and our partners' productivity that is, in turn influenced significantly by competition and general economic hiring conditions. Additionally, given the fewer number of partners we have relative to our larger competitors, results will fluctuate significantly from quarter to quarter based on the timing of searches contracted from a relatively small population of partners. The above chart sets forth select revenue and operating measures. We believe these measures help explain the revenue and its variation from period to period.

Professional Fees

Fourth quarter professional fees increased 16% (4% excluding a 12% variance from exchange rate fluctuations) over the comparable period last year to $15,365 (2014: $13,231). The increase resulted from a 32% increase in the Average Fee per Assignment to $162 (2014: $123) despite a 12% decrease in number of assignments to 95 (2014: 108) from a higher Average Number of Partners generating greater dollar-volume productivity.

Full year professional fees increased 21% (12% excluding a 9% variance from exchange rate fluctuations) over the prior year to $54,488 (2014: $45,086). The increase was the result of a 10% increase in Average Fee per Assignment to $127 (2014: $116) and a 10% increase in the Number of Assignments to 428 (2014: 388) caused by a higher Average Number of Partners and higher partner productivity.

Fourth quarter professional fees in the US were up 14% (down 4% excluding an 18% favorable variance from exchange rate fluctuations) to $10,794 (2014: $9,503) driven by an increase in the Average Number of Partners and higher Average Fees partially offset by slightly lower search volumes during the current year. Full year US Professional Fees increased 17% (4% excluding a 13% favorable variance from exchange rate fluctuations) to $37,136 (2014: $31,692) on an increase in the Average Number of Partners, higher search volumes and higher Average Fees per Assignment.

Fourth quarter professional fees in Canada were up 11% to $4,145 (2014: $3,728) with significantly higher Average Fees per Assignment more than offsetting a lower Average Number of Partners and decrease in search volumes. Full year professional fees for Canada increased 22% to $16,377 (2014: $13,394), from higher search volumes on Higher Average Fees per Assignment partially offset by a decrease in the Average Number of Partners.

In its first year of existence, fourth quarter and full year professional fees for the UK were $426 and $975, respectively.

License Fee Revenue

As discussed in the Presentation section above, beginning in the fourth quarter, the Company began charging its third party Latin American affiliate CPGroup for the use of its brand and intellectual property. For the 2015 fourth quarter and year to date, third party license fee revenue was $39.

Cost of Sales

		Q1	Q2	Q3	**Q4**	**Annual**
2015	Cost of sales	$9,172	$8,851	$10,801	**$11,433**	**$40,257**
	Cost of sales as a percentage of professional fees	73.8%	74.5%	72.9%	**74.2%**	**73.8%**
2014	Cost of sales	$7,754	$6,859	$9,270	**$10,170**	**$34,053**
	Cost of sales as a percentage of professional fees	75.0%	74.9%	75.0%	**76.9%**	**75.5%**

Cost of sales pertains to revenue generated from professional fees and comprises partner compensation, related search delivery personnel compensation and the direct costs of delivering our search services. Compensation costs include fixed salaries, variable incentive compensation and related employee benefits and taxes. In aggregate and over time, these costs are largely variable to professional fees, with fluctuations arising from changes in incentive compensation based on Average Revenue per Partner and leverage of certain fixed costs during periods of growth. Significant fluctuations can be seen by geography from quarter to quarter based on the relatively small number of partners in each region and how those individual's estimated compensation changes based on annualizing their quarterly results in recording compensation accruals. Costs associated with license fee revenue such as legal and professional fees are included in general and administrative expenses.

Fourth quarter cost of sales was $11,433 (2014: $10,170) or 74.2% of professional fees, up $1,263 but down 2.7% of professional fees from 76.9% in the same period last year. The decline as a percentage of professional fees was the result of lower partner compensation accruals from changes in the partner compensation plan and lower average commission rates. Commission rates are estimated throughout the year and are adjusted to actual full year performance in the fourth quarter. Search delivery personnel costs were flat with the prior year.

Full year cost of sales of $40,257 (2014: $34,053) represented 73.8% of professional fees, down 1.7% from 75.5% in the prior year. The decline as a percentage of professional fees was driven by better utilization of search delivery personnel where costs grew at lower rates during the period than professional fees (1.4%), declines in partner commissions from higher rates in the prior year than current year (0.3%) and other direct costs remaining flat.

Fourth quarter cost of sales in the US increased 10% to $7,986 (2014: $7,292) and represented 74.0% of Professional Fees vs. 76.7% in the prior year with lower variable commissions (4.9%) being partially offset by higher search delivery staffing and related compensation (1.9%) and higher costs of search delivery materials (0.3%). Full year cost of sales in the US increased 17% to $27,889 (2014: $23,861) and represented 75.1% of professional fees vs 75.3% in the prior year with lower variable commissions (0.4%) being partially offset by higher costs of search delivery materials (0.2%) and search delivery staff compensation being flat.

Fourth quarter cost of sales in Canada increased 2% to $2,940 (2014: $2,878) and represented 70.9% of professional fees vs. 77.2% in the prior year with slightly higher variable commissions (0.1%) being more than offset by lower search delivery personnel compensation by better utilization of search delivery personnel where costs grew at lower rates during the period than professional fees (3.2%), compensation and benefits from staff classified as direct costs in the previous fiscal year but classified as general and administrative expenses in the current year (3.0%) and lower costs of search delivery materials (0.2%). Full year cost of sales in Canada increased 13% to $11,525 (2014: $10,192) and represented 70.4% of professional fees vs. 76.1% in the prior year with lower variable commissions rates (0.2%) in addition to lower search delivery staff compensation again due to better utilization of the fixed cost base (2.7%) and the reclassification of certain staff costs to general and administrative expenses (2.6%) and lower costs of search delivery materials (0.2%).

In Europe's first year of operation, fourth quarter and full year costs of sales were $507 (119%) and $843 (86%), respectively. Costs of sales was notably higher in the Europe than the other regions due to hires made in the fourth quarter of 2015 who did not transition with work in process and therefore incurred compensation costs, including amortization of advances, in the quarter without associated revenue.

Gross Profit and Margin

	Q1	Q2	Q3	**Q4**	**Annual**
2015	$3,264	$3,023	$4,012	**$3,972**	**$14,271**
	26.2%	25.5%	27.1%	**25.8%**	**26.2%**
2014	$2,585	$2,298	$3,089	**$3,062**	**$11,034**
	25.0%	25.1%	25.0%	**23.1%**	**24.5%**

Gross profit in the fourth quarter increased 30% (15% excluding a 15% variance from exchange rate fluctuations) to $3,972 or 25.8% of revenue versus fourth quarter in the previous year (2014: $3,062 or 23.1% of revenue); the result of the 16% increase in revenue offset and 2.7% decrease in Cost of Sales as a percentage of Revenue. On a segment basis, gross profit was $2,808 from the US, $2,154 from Canada ($1,245 net of $909 in intercompany license fee revenue), and a loss of $81 from Europe from the variances discussed in revenue and cost of sales.

On a year-to-date basis, gross profit increased 29% (20% excluding a 9% variance from exchange rate fluctuations) to $14,271, from $11,034 in 2014. The increase was driven by the revenue increase of 21% and the 1.7% decrease in cost of sales as a percentage of revenue. As a result, gross margin for 2015 was 26.2% (2014: 24.5%). On a segment basis, gross profit was $9,247 from the US, $5,801 from Canada ($4,891 net of $909 in intercompany license fee revenue), and $133 from Europe from the variances discussed in revenue and cost of sales.

Expenses

	Q1	Q2	Q3	**Q4**	**Annual**
2015	$2,957	$2,512	$3,107	**$3,518**	**$12,094**
2014	$2,177	$2,248	$2,457	**$2,889**	**$9,771**

Fourth quarter expenses increased 22% or $629 over the same period prior year to $3,518 (2014: $2,889). Excluding exchange rate variances, expenses increased $160 or 6% over the same period last year. The constant currency cost increase is the result of professional fees associated with an unsolicited interest by DHR International, Inc. in acquiring the Company ($164), as well as higher occupancy costs from the addition our United Kingdom location from the acquisition of Hawksmoor and higher lease costs in certain locations ($116), offset by general cost decreases across other cost categories ($120). On a segment basis, expenses were $3,228 from the US ($2,319 net of $909 in intercompany license fees), $1,106 from Canada and $93 from Europe, where there were no such costs last year as we did not operate in the region prior to 2015.

Full year expenses increased 24% or $2,323 over the prior year to $12,094 (2014: $9,771). Excluding exchange rate variances, expenses increased $1,063 or 11% over the same period last year. The constant currency cost increases included occupancy from the addition our United Kingdom location and higher lease costs in certain locations ($390), compensation and benefits from staff classified as direct costs in the previous fiscal year ($336), marketing and business development on increased revenue ($125), professional fees in the fourth quarter discussed above ($164), higher share-based compensation expense ($77), foreign exchanges losses on intercompany loan balances and US dollar bank account balances compared to gains last year ($70) and general decreases across other categories ($99). On a segment basis,

expenses were $8,700 from the US ($7,791 net of $909 in intercompany license fees), $3,942 from Canada and $361 from Europe, where there were no such costs last year as we did not operate in the region.

Operating Profit

	Q1	Q2	Q3	**Q4**	**Annual**
2015	$307	$511	$905	**$453**	**$2,176**
	2.5%	4.3%	6.1%	**2.9%**	**4.0%**
2014	$408	$50	$633	**$172**	**$1,263**
	3.9%	0.5%	5.1%	**1.3%**	**2.8%**

For the 2015 fourth quarter, higher revenue ($2,173) offset by higher cost of sales ($1,263) and expenses ($629) from the variances discussed above resulted in an increase in operating profit of $281 over the comparable period in the prior year. On a segment basis, $1,048 of profit was from Canada ($139, excluding intercompany license fee revenue implemented in the fourth quarter), the US experienced a $420 operating loss ($489 income excluding the impact of intercompany license fees implemented in the fourth quarter), and Europe's operating loss was $175 from the variances discussed in revenue, cost of sales and expenses.

For the 2015 full year, higher revenue ($9,441) less related increased cost of sales ($6,204) and expenses ($2,323) from the variances discussed above resulted in operating profit of $2,176; a $913 increase over the prior year's operating profit of $1,263. On a segment basis, $1,859 of operating profit was from Canada ($950 net of intercompany license fee revenue) $547 of operating profit was from the US ($1,456 net of intercompany license fees), offset by an operating loss of $230 from Europe from the variances discussed in revenue, cost of sales and expenses.

Investment Income

	Q1	Q2	Q3	**Q4**	**Annual**
2015	$13	$11	$34	**$5**	**$63**
2014	$1	$4	$6	**$13**	**$24**

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, 2015, the entire investment portfolio is placed with two third party investment managers and held in three pooled funds.

For the fourth quarter of 2015, the Company reported investment income of $5 compared to $13 from the comparable period last year. For the full year 2015, the Company reported

investment income of $63 compared to $24 in 2014. This income includes interest on term deposits and other cash balances. The current year amount also includes $27 of realized gains earned when one fund was liquidated in order for the funds to be invested in another fund.

As at August 31, 2015, the fair value of investments held by the Company of $7,765 (2014: $7,809) was $841 above book value, reflecting a decrease in value of $72 during the year. The unrealized loss for the year and the cumulative unrealized gain have been reflected in both accumulated other comprehensive income and in the stated value of the investment portfolio.

Net Earnings

Earnings Before Income Taxes

	Q1	Q2	Q3	**Q4**	**Annual**
2015	$320	$521	$939	**$459**	**$2,239**
2014	$409	$54	$639	**$185**	**$1,287**

Net Earnings

	Q1	Q2	Q3	**Q4**	**Annual**
2015	$277	$282	$767	**$650**	**$1,976**
2014	$393	$43	$639	**$892**	**$1,967**

Earnings Per Share

	Q1	Q2	Q3	**Q4**	**Annual**
2015	$0.013	$0.013	$0.036	**$0.031**	**$0.093**
2014	$0.023	$0.002	$0.032	**$0.044**	**$0.101**

There was an income tax recovery of $192 in the fourth quarter of fiscal 2015 (2014: $707 recovery) from current income tax recovery of $268 (2014: $1,736 expense) and deferred tax expense of $76 (2014: $2,443 recovery). Income tax expense for the year ending August 31, 2015 was $263 ($2014: 680 recovery) reflecting current tax expense of $187 (2014: $1,763) and deferred tax expense of $76 (2014: $2,443 recovery).

Having used all tax loss carry-forwards, income tax expense was recognized in Canada in the current year at a rate of approximately 26%. However, temporary timing differences resulted in a deferred tax recovery and a net recoverable of $108 (2014: $55 recoverable) for the segment for the quarter and full year. In the prior year carry-forwards not previously recognized as deferred tax assets were available to offset taxable income.

Income tax recoverable for the US for the quarter ended August 31, 2015 was $83 (2014: $652 recovery). Full year income tax expense for 2015 was $371 or 67.8% based on a US effective tax rate of approximately 40% and a 5% tax paid on $1,150 in dividends made from

the US to Canada during the second quarter versus $625 of taxes recoverable in the comparable period last year.

The UK did not recognize any tax expense during the year.

The fourth quarter net earnings were $650 ($0.031 per share) in 2015, as compared to $892 of net earnings ($0.044 per share) in the comparable period a year earlier. The full year net earnings after tax were $1,976 ($0.093 per share) in 2015, versus $1,967 ($0.101 per share) in 2014.

Earnings per share declined in 2015 compared to 2014 on consistent earnings due to a higher average outstanding share count during 2015. The Company closed a private placement with senior search professionals, officers and directors of the Company for the purchase of common shares of the Company during 2014 which increased the share count by 3,934,650 on a prospective basis. The share count was further increased by 275,000 effective October 1, 2014 with the Company's acquisition of Hawksmoor. The share count is anticipated to decline during 2016 once its announced purchase and cancellation of 1,145,600 is completed. These capital items are more fully discussed in Note 14 to the annual financial statements.

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, 2015 are 24.0 cents per share or $4,641 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 8, 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
November 13, 2014	December 12, 2004	$0.0200	$426
January 8, 2015	March 12, 2015	$0.0200	$426
April 9, 2015	June 15, 2015	$0.0200	$426
July 9, 2015	September 14, 2015	$0.0200	$426

On November 17, 2015 the Board of Directors declared a dividend of 2.0 cents per share, payable to holders of Common Shares of record on November 27, 2015 and to be paid on December 11, 2015.

Liquidity and Capital Resources

The Company maintains cash balances at various financial institutions and in various geographies through its subsidiaries. While the Company has the ability to move funds between geographies and legal entities, there are certain dividend taxes applicable, including a five percent tax on dividends paid from the United States to Canada. Additionally, in order to lend or dividend funds between the Company's legal entities, each entity must maintain certain statutory liquidity levels at its subsidiaries in order to ensure their liquidity. The Company's marketable securities are all held by the Company's Canadian parent legal entity.

As at August 31, 2015, the Company had $7,765 of marketable securities plus cash and cash equivalents including restricted cash of $10,454, for a total cash and marketable securities balance of $18,219, down $2,785 from $21,004 at year-end 2014. The decrease is due primarily due to the cash portion of the purchase price related to the Hawksmoor acquisition and the payment of 2014 income taxes, accrued compensation, new hire advances and dividends.

The Company's cash and compensation payable balances fluctuate significantly from period to period based on the timing of commission payments per the Company's compensation plans. Compensation payable is generally at its lowest after the largest deferred compensation payments are made at the end of each February, and generally grows during subsequent periods. The compensation payable is funded by the company's cash and marketable security balances which build during the same cycle as the compensation liability and are similarly reduced as cash is used to satisfy the compensation liability. As a result, the cash balances and compensation payable typically move together. At August 31, 2015, current Compensation Payable was $16,613 (2014: $15,753), and total cash and marketable securities were $18,219 (2014: $21,004). As a result of these trends, the Company uses the non-GAAP measure of Unencumbered Cash as a more consistent measure for the excess cash the company has available beyond that needed for short-term obligations.

We define Unencumbered Cash as the net of i) cash and cash equivalents, restricted cash, marketable securities, current accounts receivable and net deferred tax assets to be recovered within 12 months less ii) total current liabilities excluding deferred revenue and deferred compensation expense related specifically to the deferred revenue. The following chart sets forth the calculation of Unencumbered Cash and provides reconciliation to cash and cash-equivalents:

	As at August 31, 2015	2014
Cash and cash equivalents	$9,956	$12,743
Restricted cash	498	452
Marketable securities	7,765	7,809
Accounts receivable	8,329	8,141
Net current deferred tax assets	3,303	2,545
	29,851	31,690
Less: total current liabilities	(21,916)	(21284)
Excluding: deferred revenue	945	1,974
Excluding: deferred compensation	(499)	(893)
Total unencumbered cash	$8,381	$11,487

Accounts receivable were $8,329 at August 31, 2015, up $188 from $8,141 at the end of fiscal 2014. Days outstanding based on quarterly revenue were 48 days at August 31, 2015 versus 55 days at August 31, 2014. At August 31, 2015, a reserve of $575 or approximately 39% of accounts over 90 days old has been taken.

Total liabilities were $23,242 at August 31, 2015, up $1,405 from $21,837 at the end of 2014 reflecting the accrual for the purchase of shares from DHR International, Inc., an increase in compensation payable on the increased revenue in 2015 compared to 2014, the accrual of contingent consideration pertaining to the Hawksmoor purchase (as discussed in note 20 of the annual consolidated financial statements) and an increase in share based compensation accruals net of decreases in current taxes payable and in the deferred revenue.

The Company's investment in property and equipment at August 31, 2015 was $1,818 compared with $1,610 at the end of 2014. This reflects additions of $474 and depreciation expense of $434, disposals of $5 and exchange rate fluctuations over the year of $173. Capital expenditures included computer hardware and software, leasehold improvements and office furniture and equipment.

Shareholders' equity at August 31, 2015 was $14,589, up $211 from $14,378 at the end of 2014. This increase reflects the earnings for the year of $1,976, dividend payments of $1,702, the accrual for the purchase and cancellation of the shares from DHR International, Inc. representing $1,644, translation gains on consolidation of $1,272, common share issuance from the Hawksmoor acquisition of $380, an unrealized loss on marketable securities of $72, and share-based payment expense of $1.

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 fourteen quarterly dividends through

August 31, 2015. On November 17, 2015 the Board of Directors declared a dividend of 2.0 cents per share, payable to holders of Common Shares of record on November 27, 2015 and to be paid on December 11, 2015.

Contractual Obligations

	Total	2016	2017	2018	2019	2020	Thereafter
Operating leases	$13,815	$3,165	$2,679	$2,486	$2,281	$1,907	$1,297
Accounts payable	$1,737	$1,737	-	-	-	-	-
Compensation payable	$17,678	$16,614	$683	$180	-	-	$201
Accrued share purchase	$1,604	$1,604	-	-	-	-	-
Dividends payable	$426	$426	-	-	-	-	-
Contingent consideration	$533	$271	$262	-	-	-	-
Total	$35,793	$23,817	$3,624	$2,666	$2,281	$1,907	$1,498

The operating lease commitments are in respect to the office space required to operate our business. The accrued share purchase commitment is in regard to an agreement the Company entered into with DHR International, Inc. to repurchase shares of the Company, as discussed in Note 22 to the annual consolidated financial statements. Cash outlays for our contractual obligations and commitments identified above are expected to be funded by cash on hand and cash generated by operating activities in the respective year of the outlay. The Company does not have any material commitments to purchase property and equipment.

Outstanding Shares

As at August 31, 2015 the authorized share capital of the Company consists of an unlimited number of Common Shares of which 21,275,155 are issued and outstanding (August 31, 2014: 21,000,155). 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. As discussed in Note 22 to the annual consolidated financial statements, on September 23, 2015 the Company completed its previously announced purchase of shares of the Company from DHR International, Inc. The 1,145,600 shares were purchased at $1.40 per share for $1,603,840 plus associated legal fees. The shares were then cancelled, reducing the Company's outstanding shares from 21,275,155 to 20,129,555.

Business Outlook

The executive search market has remained strong throughout fiscal 2015. Productivity levels on a per partner basis continue to be high and the Company grew its ranks of high calibre search professionals. The acquisition of London-based Hawksmoor Search Limited on October 1, 2014 solidified our premier insurance practice, established the Company's UK and

European footprint, and expanded our reach into additional client markets. The affiliation agreement with CPGroup entered into on July 13, 2015 further expanded our global presence with a footprint in an important new geography in Latin America and solidified our ability to conduct international and cross-border searches for our clients. Additional revenue and earnings growth remains a priority for the Company, balanced by our desire to maintain regular dividend payments. Future growth is anticipated to be primarily in the form of additional partner hires given the already high existing partner productivity metrics. We will seek to continue to build our practice and functional offerings with select hires across geographies in United States, Canada and Europe, reviewing select acquisitions opportunities as appropriate.

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 have been recognized for the year ended August 31, 2015 in the amount of $223 (2014: $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

Below are the material risks facing our Company. Other risks not currently known or deemed to be material may also impact our business. Our business and financial results could be materially adversely affected by any of these risks.

The ability to attract and retain experienced search professionals is critical to our business
We compete with other executive recruitment firms for experienced consultants. Attracting and retaining consultants in our industry is important because consultants have primary responsibility for client relationships, and the loss of consultants often leads to the loss of client relationships. While we believe we offer one of the most competitive compensation plans in the industry and offer freedom for our partners to operate in the marketplace, the ability to continue to generate revenue and profits will depend on our ability to attract and retain key professionals.

Our business is impacted by economic conditions
Our revenue is affected by global economic conditions and economic activity in the regions where we operate. During economic slowdowns, companies may hire fewer employees which may have a negative impact on our financial condition.

Competition
The executive search business is highly competitive in terms of both winning and pricing new engagements. See the "Competition" section in the Annual Information Form. The level of future profits of the Company will depend on its ability to retain its established client base, attracting new clients and maintaining fee levels. One key area in which we mitigate competitive risk with our larger competitors is by having fewer client non-solicitation arrangements. It is standard practice in the industry to provide clients with a non-solicitation right ranging in scope from the placed executive to the entire client organization; this is known as "off-limits" protection. If too many off-limit arrangements are created, the ability to

broadly and effectively source candidates for prospective client engagements becomes impeded.

Significant Shareholder

C. Douglas Caldwell, the former Chief Executive Officer of The Caldwell Partners International, Inc., is reported to own, directly or indirectly approximately 20% of the Company's outstanding Common shares. The direction of Mr. Caldwell's shares could have a material impact on any matters brought forth the shareholders for a vote.

Foreign currency exchange rate risks may affect our financial results

With operations in Canada, the United States and the United Kingdom, we do business in multiple currencies. In the current year, approximately 69% of our revenue was generated outside of Canada and transacted in a currency other than the Canadian dollar. Our profitability is impacted by the translation of foreign currency financial statements into Canadian dollars. Fluctuations in relative currency values, particularly the strengthening of the Canadian dollar, could have an adverse effect on our profitability and financial condition. When management believes it has a significant short term net cash or intercompany loan balance, it will on occasion hedge its currency exposure by buying or selling the exposed currency on a forward basis.

We invest in marketable securities whose valuations fluctuate

Marketable securities consist of investments in professionally managed fixed income funds. The securities within the funds are subject to market risk. If the markets in which these securities trade were to materially decline in value, the unrealized losses and potential realized losses could negatively impact the Company's financial position and results of operations. We mitigate this risk by investing in relatively conservative investments and by engaging professional investment fund advisors independent from the company with added oversight from the Investment Committee of the Board of Directors.

We may not generate sufficient cash flow from operations to support our strategic growth plan and maintain our dividend without utilizing funds invested in marketable securities

The Company currently has investments in marketable securities and short-term money market instruments. However, if additional cash is required to grow the business and pay dividends in excess of cash generated, marketable securities and money market instruments may be liquidated and the returns on those instruments could be negatively impacted.

Potential Volatility of the Market Price and Volume of Common Shares

From time to time, the TSX has experienced significant price and volume volatility unrelated to the performance of specific companies, which could impact the market price of the Common Shares. Moreover, the market price of the Common Shares may also be adversely affected by factors such as the concentration of Common Shares held by a small number of shareholders and the low number of Common Shares that trade on average on a daily basis, the combination of which has the potential to increase the volatility of the volume of Common

Shares offered to be purchased or sold at any particular time. Certain management compensation components are based on the share price change in the company and could fluctuate with significant movement up or down in the Company's share price. The Company has mitigated the negative impact of share price movements on compensation by also linking the payments to profitability of the Company after accounting for such fluctuations.

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, 2015, 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, 2015.

Management has also evaluated whether there were changes in the Company's internal controls over financial reporting during the reporting period ended August 31, 2015 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, 2015 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.**

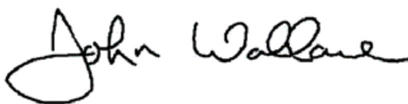
Consolidated Financial Statements

For the Years Ended August 31, 2015 and 2014

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 24, 2015

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, 2015 and August 31, 2014 and the consolidated statements of earnings, 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 as issued by the International Accounting Standards Board, 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, 2015 and August 31, 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
November 17, 2015

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in $Canadian)

	As at August 31 2015	*As at August 31 2014*
Assets		
Current assets		
Cash and cash-equivalents	9,956,402	12,742,873
Marketable securities (note 4)	7,765,260	7,809,403
Accounts receivable	8,329,257	8,141,145
Prepaid expenses and other assets	1,947,624	1,364,383
	27,998,543	30,057,804
Non-current assets		
Restricted cash	497,632	452,138
Advances	1,022,118	195,033
Property and equipment (note 5)	1,817,873	1,609,811
Intangible assets (note 6)	374,561	384,470
Goodwill (note 7)	3,220,443	1,072,315
Deferred income taxes (note 12)	2,900,083	2,443,435
Total assets	37,831,253	36,215,006
Liabilities		
Current liabilities		
Accounts payable	1,736,559	1,399,983
Compensation payable (notes 10 and 11)	16,613,619	15,752,702
Accrued share purchase (note 22)	1,603,840	-
Dividends payable (note 14)	425,503	367,513
Income taxes payable	320,833	1,790,091
Contingent consideration (note 20)	270,824	-
Deferred revenue (note 11)	945,270	1,974,144
	21,916,448	21,284,433
Non-current liabilities		
Compensation payable (note 10)	1,063,848	552,799
Contingent consideration (note 20)	262,116	-
	23,242,412	21,837,232
Equity attributable to owners of the Company		
Share capital (note 14)	7,294,900	7,330,563
Contributed surplus (note 14)	15,025,252	16,253,631
Accumulated other comprehensive income	2,112,140	911,417
Deficit	(9,843,451)	(10,117,837)
Total equity	14,588,841	14,377,774
Total liabilities and equity	37,831,253	36,215,006

The accompanying notes are an integral part of these consolidated 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

(in $Canadian)

	Twelve months ended August 31	
	2015	*2014*
Revenues		
Professional fees (note 11)	54,488,421	45,086,251
License fees (note 21)	39,055	-
	54,527,476	45,086,251
Cost of sales (notes 8 and 11)	40,256,812	34,052,702
Gross profit	14,270,664	11,033,549
Expenses (note 8)		
General and administrative	11,156,790	9,097,474
Sales and marketing	943,356	751,408
Foreign exchange gain	(5,627)	(78,128)
	12,094,519	9,770,754
Operating profit	2,176,145	1,262,795
Investment income (note 4)	62,880	23,944
Earnings before income tax	2,239,025	1,286,739
Income tax (note 12)	262,627	(680,047)
Net earnings for the year attributable to owners of the Company	1,976,398	1,966,786
Earnings per share (note 13)		
Basic	$0.093	$0.101
Diluted	$0.092	$0.100

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in $Canadian)

	Twelve months ended August 31	
	2015	*2014*
Net earnings for the year	1,976,398	1,966,786
Other comprehensive income:		
Items that may be reclassified subsequently to net earnings		
Unrealized (loss) gain on marketable securities (note 4)	(71,596)	231,632
Cumulative translation adjustment	1,272,319	98,826
Comprehensive earnings for the year attributable to owners of the Company	3,177,121	2,297,244

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in $Canadian)

	Deficit	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income (Loss): Cumulative Translation Adjustment	Accumulated Other Comprehensive Income (Loss): Unrealized Gains/(Loss) on Marketable Securities	Total Equity
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 gains 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**
Net earnings for the year	1,976,398	-	-	-	-	1,976,398
Dividend payments declared (note 14)	(1,702,012)	-	-	-	-	(1,702,012)
Share-based payment expense	-	-	656	-	-	656
Common share issuance (note 14)	-	379,500	-	-	-	379,500
Repurchase and cancellation of common shares (note 22)	-	(415,163)	(1,229,035)	-	-	(1,644,198)
Change in unrealized loss on marketable securities	-	-	-	-	(71,596)	(71,596)
Change in cumulative translation adjustment	-	-	-	1,272,319	-	1,272,319
Balance - August 31, 2015	**(9,843,451)**	**7,294,900**	**15,025,252**	**1,271,522**	**840,618**	**14,588,841**

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOW

(in $Canadian)

	Twelve months ended August 31	
	2015	*2014*
Cash flow provided by (used in)		
Operating activities		
Net earnings for the year	1,976,398	1,966,786
Adjustments for:		
Depreciation	433,860	354,256
Amortization	85,705	76,326
Share-based payment expense	656	5,644
Change in fair value of contingent consideration	20,498	-
Unrealized foreign exchange on subsidiary loans	(41,436)	(60,689)
Decrease in non-current severance accrual	-	(148,750)
Increase (decrease) in deferred taxes	76,196	(2,458,962)
Increase in non-current compensation payable	511,049	321,568
Disposal of property and equipment	4,932	20,079
Decrease (increase) in accounts receivable	1,017,546	(1,024,956)
Increase in prepaid expenses and other assets	(336,356)	(291,772)
Increase in accounts payable	57,623	35,971
(Decrease) increase in compensation payable	(227,094)	6,798,423
(Decrease) increase in income taxes payable	(1,498,357)	1,787,888
Increase in dividends payable	57,990	111,530
Payment of compensation payable (note 10)	(597,589)	(330,313)
(Decrease) increase in deferred revenue	(1,186,614)	599,825
Net cash provided by operating activities	355,007	7,762,854
Investing activities		
Acquisition of business, net of cash acquired	(1,017,702)	-
Increase in marketable securities	(27,453)	(4,000,960)
(Increase) decrease in advances	(678,599)	105,466
Increase in restricted cash	(3,078)	(198,364)
Additions to property and equipment	(473,706)	(608,558)
Net cash used in investing activities	(2,200,538)	(4,702,416)
Financing activities		
Dividend payments	(1,702,012)	(1,401,276)
Common share issuance	-	3,250,543
Net cash (used in) provided by financing activities	(1,702,012)	1,849,267
Effect of exchange rate changes on cash and cash equivalents	761,072	220,211
Net (decrease) increase in cash and cash equivalents	(2,786,471)	5,129,916
Cash and cash equivalents, beginning of year	12,742,873	7,612,957
Cash and cash equivalents, end of year	9,956,402	12,742,873

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

Notes to Consolidated Financial Statements
For The Years Ended August 31, 2015 and August 31, 2014

(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). The Company's head office is located at 165 Avenue Road, Toronto, Ontario. The Company operates in Canada, the United States, Europe, and, through its affiliate, Latin America.

The Board of Directors approved these consolidated financial statements for issue on November 17, 2015.

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

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 and contingent consideration.

Consolidation

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

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 tangible and intangible net assets acquired is recorded as goodwill. The Company records contingent consideration agreements at fair value which are classified at fair value through profit or loss with movements in the fair value being recognized within general and administrative expenses in the consolidated statements of earnings.

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 functional currency of the subsidiary located in the United Kingdom is the British pound sterling.

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 consolidated statements 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, 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 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 consolidated 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) and contingent consideration.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statements of earnings. Gains and losses arising from changes in fair value are presented in the consolidated statements of earnings 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 consolidated 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 consolidated statements of earnings as part of investment income. Dividends on available-for-sale equity instruments are recognized in the consolidated statements of earnings 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 consolidated statements of earnings 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, accrued share purchase 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 counterparty 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 consolidated statements of earnings.

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 consolidated statements of earnings. 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 consolidated statements of earnings 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 consolidated statements of earnings.

Impairment of non-financial assets

Property and equipment and intangible assets (other than goodwill) are tested for impairment whenever 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 whenever 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 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 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. Compensation expense is recognized on a straight line basis over the three year vesting period. Changes in fair value are reflected in current period compensation expense in proportion to the amount of the vesting period that has lapsed with the balance being amortized straight line over the remaining 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 vesting period. Compensation expense is recognized on a straight line basis over the three year vesting period. Changes in performance factors and fair value are reflected in current period compensation expense in proportion to the amount of the vesting period that has lapsed, with the balance being amortized straight line over the remaining vesting period.

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. 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. DSUs are recorded as compensation expense at the fair value of the units when issued. Subsequent changes in the fair value of DSUs are recorded in current period compensation expense when the change occurs.

The awards have been recorded in current or non-current compensation payable 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 compensation payable 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 comprise both current and deferred tax. Income tax is recognized in the consolidated statements of earnings 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 consolidated 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 consolidated statements 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 Professional Fees and License Fee Revenue.

Professional Fees:
Professional fees are comprised 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.

Professional fees are 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 consolidated 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.

License Fee Revenue:
License fee revenue is comprised of the license and technical assistance fees paid by the Company's partner, CPGroup, as discussed in Note 21. The license fee revenue is recognized as earned, based on the revenue of CPGroup during the respective periods. The government of Venezuela has imposed restrictions on removing cash from their country and as a result, license fee revenue related to CPGroup's Venezuelan operations is not currently recognized. Such license fees relating to Venezuela will accumulate but only be recognized when the ability for payment outside of the country is available.

Cost of sales

Cost of sales includes direct costs associated with the generation of professional fees, which is both variable and fixed compensation and the related costs of employees involved in search activities. When professional fees are deferred, the related amount of estimated compensation expense directly associated with such professional fees is also deferred. This expense deferral is recorded as a reduction in compensation payable on the consolidated 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, 2014. These changes were made in accordance with the applicable transitional provisions.

IAS 32, *Financial Instruments: Presentation* 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 adoption of this standard did not impact the Company's consolidated financial statements.

IAS 36, *Impairment of Assets* 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 adoption of this standard did not impact the Company's consolidated financial statements.

IFRIC 21, *Levies* 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 adoption of this standard did not impact the Company's consolidated financial statements.

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, 2018. The Company has not yet assessed the potential impact of IFRS 15.

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 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
2015	7,765,260	6,924,644
2014	7,809,403	6,897,191

During fiscal 2015, the Company recorded $35,427 (2014: $nil) in realized gains on disposition of available-for-sale marketable securities and this is included in investment income in the consolidated statements of earnings. An unrealized loss of $71,596 was recognized as part of other comprehensive income during the year (2014: unrealized gain of $231,632).

5. Property and Equipment

	Furniture and equipment	Computer equipment	Computer application software	Leasehold improvements	Total
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
Year ended August 31, 2015:					
Opening net book value	543,946	243,176	18,490	804,199	1,609,811
Additions	132,823	142,211	25,796	172,876	473,706
Disposals	(4,932)	-	-	-	(4,932)
Depreciation for the year	(127,235)	(96,896)	(23,887)	(185,842)	(433,860)
Exchange differences	58,507	26,155	1,989	86,497	173,148
Closing net book value	603,109	314,646	22,388	877,730	1,817,873
At August 31, 2015:					
Cost	2,415,994	2,356,723	755,988	3,201,574	8,730,279
Accumulated depreciation	(1,812,885)	(2,042,077)	(733,600)	(2,323,844)	(6,912,406)
Net book value	603,109	314,646	22,388	877,730	1,817,873

Depreciation of property and equipment is included in general and administrative expenses in the consolidated statements of earnings. Disposals of fully depreciated assets have been derecognized amounting to cost and accumulated depreciation of $1,208,349 and $1,203,416, respectively (2014: $199,671 and $179,592, respectively).

6. Intangible Assets

	2015	2014
Year ended August 31,		
Opening net book value	384,470	447,434
Amortization for the year	(85,705)	(76,326)
Exchange differences	75,796	13,362
Closing net book value	374,561	384,470
At August 31,		
Cost	856,479	780,683
Accumulated amortization	(481,918)	(396,213)
Net book value	374,561	384,470

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 consolidated statements of earnings to general and administrative expenses over their estimated useful life of 10 years with 4 years remaining.

7. Goodwill

In assessing goodwill for impairment at August 31, 2015 and 2014, the Company compared the aggregate recoverable amount of the assets included in the CGUs in its United States and Europe segments to their respective carrying amount. In each case, 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 following assumptions:

United States

	2015	2014
Average growth rate	5%	5%
Expected gross margin	26%	25%
Discount rate	8%	8%

Europe

	2015
Average growth rate	8%
Expected gross margin	25%
Discount rate	8%

The impairment tests performed resulted in no impairment at August 31, 2015 or 2014.

8. Nature of Expenses

	2015	2014
Compensation costs	44,186,865	37,504,230
Occupancy costs	4,166,878	3,433,571
Sales and marketing	943,356	751,408
Depreciation	433,860	354,256
Amortization	85,705	76,326
Other	2,534,667	1,703,665
	52,351,331	43,823,456

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:

	2015	2014
Salaries and short-term benefits	2,107,188	2,027,248
Share-based compensation expense	860,965	814,254
	2,968,153	2,841,502

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	
	2015	2014
Commissions and bonuses	16,277,306	15,053,725
Performance and Restricted Stock Units	336,313	550,227
Severance	-	148,750
	16,613,619	15,752,702

Non-current compensation payable

	As at August 31	
	2015	2014
Performance and Restricted Stock Units	862,440	423,115
Deferred Stock Units	201,408	129,684
	1,063,848	552,799

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.

Share-based compensation plans

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

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 127% of target. PSU expense of $674,445 has been recorded for the year ended August 31, 2015 (2014: $187,995) within general and administrative expenses in the consolidated statements of earnings.

RSU expense of $148,555 has been recorded for the year ended August 31, 2015 (2014: $646,129) within general and administrative expenses in the consolidated statements of earnings. During the year, a payment of $597,589 was made to the holders of RSUs.

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

	2015	2014
	Notional units	Notional units
Outstanding at beginning of period	1,337,432	925,334
Granted	394,330	618,153
Dividends declared	78,295	152,655
Settled	(447,539)	(358,710)
Outstanding at end of period	1,362,518	1,337,432

Deferred Stock Units (DSUs)

DSU expense of $71,724 has been recorded (2014: $129,684) within general and administrative expenses in the consolidated statements of earnings.

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

	2015	2014
	Notional units	Notional units
Outstanding at beginning of period	89,853	-
Granted	64,217	87,600
Dividends declared	7,057	2,253
Outstanding at end of period	161,127	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. The average performance period ranges from period to period but averages between three and four months. 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, 2015, the Company had deferred revenue of $945,270 (2014: $1,974,144) and related deferred compensation expense of $499,277 (2014: $892,657), with such amounts to be recognized during a future period. These amounts are reflected as reductions in revenue and cost of sales in the consolidated statements of earnings.

12. Income Taxes

	2015	2014
Current tax:		
Current tax on net earnings for the year	186,397	1,763,388
Deferred tax:		
Origination and reversal of temporary differences	76,230	(2,443,435)
	262,627	(680,047)

The 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:

	2015	2014
Combined statutory income tax rate	29.9%	43.0%
Deferred tax assets not previously recognized	(26.9%)	(93.9%)
Non-deductible expenses	4.9%	1.5%
Prior years taxes	(1.0%)	(2.6%)
Other	4.8%	(0.9%)
	11.7%	(52.9%)

The analysis of deferred tax assets and liabilities is as follows:	2015	2014
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	38,204	192,338
Deferred tax assets to be recovered within 12 months	3,303,234	2,545,071
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	(307,887)	(202,949)
Deferred tax liabilities to be recovered within 12 months	(133,468)	(91,025)
Deferred tax assets (net)	2,900,083	2,443,435

The movement of the deferred income tax account is as follows:	2015	2014
As of September 1	2,443,435	-
Debit to consolidated statements of earnings	(76,230)	2,443,435
Exchange differences	532,878	-
As of August 31	2,900,083	2,443,435

The movement in deferred income tax assets and liabilities 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, 2013	-	190,697	175,378	366,075
(Charged)/credited to consolidated statements of earnings	2,338,897	(60,329)	92,765	2,371,333
At August 31, 2014	2,338,897	130,368	268,143	2,737,408
(Charged)/credited to consolidated statements of earnings	134,573	(130,368)	71,537	75,742
Exchange differences	508,121	-	20,167	528,288
At August 31, 2015	2,981,591	-	359,847	3,341,438

Deferred tax liabilities

	Excess Carrying Value of P&E over tax base	Other	Total
At August 31, 2013	265,455	100,620	366,075
(Charged)/Credited to consolidated statement of earnings	(62,506)	(9,596)	(72,102)
At August 31, 2014	202,949	91,024	293,973
Charged/(credited) to the consolidated statement of earnings	88,502	63,470	151,972
Exchange differences	16,436	(21,026)	(4,590)
At August 31, 2015	307,887	133,468	441,355

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 is probable. The Company did not recognize deferred income tax assets of $46,006 (2014: $651,132) that can be carried forward against future taxable income.

As at August 31, 2015, the Company has non-capital losses with the following expiry dates available to reduce income of future years.

Expiry	Amount
Indefinite	231,535

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 per share

(i) Basic

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

	2015	2014
Net earnings for the year attributable to owners of the Company	1,976,398	1,966,786
Weighted average number of common shares outstanding	21,252,552	19,512,532
Basic earnings per share	$0.093	$0.101

(ii) Diluted

Diluted earnings per share are 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.

	2015	2014
Net earnings for the year attributable to owners of the Company	1,976,398	1,966,786
Weighted average number of common shares outstanding	21,252,552	19,512,532
adjustments for:		
- stock options	166,249	87,743
Weighted average number of common shares for diluted earnings per share	21,418,801	19,600,275
Diluted earnings per share	$0.092	$0.100

14. Capital Stock

Common Shares

As at August 31, 2015 the authorized share capital of the Company consists of an unlimited number of Common Shares of which 21,275,155 are issued and outstanding (August 31, 2014: 21,000,155). 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 July 30, 2015, as discussed in note 22, the Company agreed to purchase and cancel the 1,145,600 common shares of the Company held by DHR International Inc. for $1.40 per share for $1,603,840 plus associated legal fees incurred through August 31, 2015 of $40,358 for a total cost of $1,644,198. As of August 31, 2015, the commitment to repurchase $1,603,840 is reflected as a current liability in the consolidated statements of financial position. As the purchase had not closed at August 31, 2015, the shares are still reflected as outstanding.

On October 1, 2014, as discussed in note 20, the Company issued 275,000 common shares in connection with its acquisition of Hawksmoor Search Limited.

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 of the Company. Under the terms of the private placement, the Company issued 3,934,650 common shares at a price of $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 were subject to a hold period that expired on January 17, 2015.

The Company has declared quarterly dividends since May 1, 2012. A summary of dividends declared during fiscal 2014 and 2015 to date is as follows:

Declaration date	Payment date	Dividends per share	Aggregate dividends declared
November 8, 2013	December 13, 2013	$0.0175	$298,737
January 8, 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
November 13, 2014	December 12, 2014	$0.0200	$425,503
January 8, 2015	March 12, 2015	$0.0200	$425,503
April 9, 2015	June 15, 2015	$0.0200	$425,503
July 9, 2015	September 14, 2015	$0.0200	$425,503

The dividend payable September 14, 2015 has been accrued in the Company's consolidated financial statements as at August 31, 2015.

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, 2015		August 31, 2014	
	Number of options outstanding	Weighted average exercise price	Number of options outstanding	Weighted average exercise price
Outstanding at beginning of year	375,000	$0.93	1,015,000	$0.93
Options expired	-	-	(640,000)	$0.95
Outstanding at end of year	375,000	$0.93	375,000	$0.93
Exercisable at end of year	375,000		325,000	

All options currently outstanding vest over two 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 $656 has been recorded in the year ended August 31, 2015 (2014: $5,644) within general and administrative expenses.

15. Segmented Information

The Company has consolidated operations in Canada, the United States and, with the acquisition of Hawksmoor Search Limited effective October 1, 2014, Europe. All geographic segments provide retained executive search consulting services to clients.

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

			2015		
	Canada	United States	Europe	Elimination	total
Professional fees	16,376,851	37,136,540	975,030	-	54,488,421
License fees	948,446	-	-	(909,391)	39,055
Revenues	17,325,297	37,136,540	975,030	(909,391)	54,527,476
Gross profit	5,800,593	9,247,021	132,441	(909,391)	14,270,664
General and administrative	(3,639,636)	(7,172,448)	(344,706)	-	(11,156,790)
Sales and marketing	(314,121)	(612,063)	(17,172)	-	(943,356)
Licensing fees	-	(909,391)	-	909,391	-
Foreign exchange gain (loss)	11,840	(6,292)	79	-	5,627
Operating profit (loss)	1,858,676	546,827	(229,358)	-	2,176,145
Investment income	62,848	-	32	-	62,880
Income tax	108,390	(371,017)	-	-	(262,627)
Net earnings (loss) for the period	2,029,914	175,810	(229,326)	-	1,976,398

		2014	
	Canada	United States	total
Revenues	13,394,348	31,691,903	45,086,251
			-
Gross profit	3,202,612	7,830,937	11,033,549
General and administrative	(3,338,686)	(5,758,788)	(9,097,474)
Sales and marketing	(228,569)	(522,839)	(751,408)
Licensing fees	-	-	-
Foreign exchange gain (loss)	78,891	(763)	78,128
Operating profit (loss)	(285,752)	1,548,547	1,262,795
Investment income	23,527	417	23,944
Income tax	54,569	625,478	680,047
Net (loss) earnings for the period	(207,656)	2,174,442	1,966,786

General and administrative expenses include management fees representing a transfer of corporate overhead expenses from the Canadian parent company to its US and UK subsidiaries. For the year ended August 31, 2015, management fees to the US amounted to $2,259,545 (2014: $2,072,716) and management fees to the UK amounted to $97,932 (2014: $nil). Intercompany license fee revenues have been eliminated on consolidation.

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

	At August 31, 2015				At August 31, 2014		
	Canada	United States	United Kingdom	Total	Canada	United States	Total
Property and equipment	728,850	1,055,812	33,211	1,817,873	847,676	762,135	1,609,811
Intangible assets	-	374,561	-	374,561	-	384,470	384,470
Goodwill	-	1,305,877	1,914,566	3,220,443	-	1,072,315	1,072,315
Total assets	18,006,210	17,381,232	2,443,811	37,831,253	17,234,605	18,980,401	36,215,006

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

	2015				2014		
	Canada	United States	United Kingdom	Total	Canada	United States	Total
Depreciation expense	198,106	230,539	5,215	433,860	186,693	167,563	354,256
Amortization expense	-	85,705	-	85,705	-	76,326	76,326

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:

Twelve months ending August 31, 2016	3,164,581
Twelve months ending August 31, 2017	2,678,744
Twelve months ending August 31, 2018	2,486,279
Twelve months ending August 31, 2019	2,281,584
Twelve months ending August 31, 2020	1,906,603
September 1, 2020 and thereafter	1,297,410
	13,815,201

During the year ended August 31, 2015, the Company expensed $3,072,454 (2014: $2,541,104) relating to operating leases for its ten locations in Canada, the United States and the United Kingdom, 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, 2015 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 consolidated statements of earnings have been recognized for the year ended August 31, 2015 in the amount of $223,461 (2014: $200,343).

18. Financial Instruments

Classification of financial instruments

The classification of the financial instruments is 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
Accrued share purchase	other financial liabilities	amortized cost
Dividends payable	other financial liabilities	amortized cost
Contingent consideration	fair value through profit or loss	fair value

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 financial instruments that are not traded in an active market and whose value is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

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, 2015 and 2014 and the fair value hierarchy of contingent consideration was Level 3 as at August 31, 2015 (note 20).

Fair value

Cash and cash equivalents, restricted cash, accounts receivable, accounts payable, compensation payable, accrued share purchase and dividends 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. The marketable securities held by the Company are professionally managed fixed income funds. These funds hold a combination of government and corporate bonds. Since there is only an 'Over the Counter' market for fixed income securities, such securities owned and sold short are valued using independent prices obtained directly from third party pricing vendors and the investment fund's prime brokers. The prices obtained from these sources usually reflect recent trading activity and therefore are indicative of fair value. Other than temporary impairments of marketable securities are recorded within the Company's consolidated statements of earnings. Realized gains and losses are removed from accumulated other comprehensive income and recognized within the consolidated statements of earnings.

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

At August 31, 2015, the Company has net monetary asset exposure of $5,156,893 denominated in US dollars (2014: $4,884,547). 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 $257,845 recognized in the cumulative translation adjustment in the Company's consolidated statements of financial position for the year ended August 31, 2015 (2014: $244,227).

At August 31, 2015, the Company has net monetary asset exposure of $2,329,698 denominated in British pound sterling (2014: $nil). A 5% depreciation or appreciation in the Canadian dollar against the British pound sterling, assuming all other variables remained the same, would have resulted in an increase or decrease in foreign exchange gain/(loss) of $116,485 recognized in the cumulative translation adjustment in the Company's consolidated statements of financial position for the year ended August 31, 2015 (2014: $nil).

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 foreign currency to reduce its foreign exchange risk. No such contracts expired during the year ended August 31, 2015 and no foreign exchange gains were realized (2014: $26,000) in foreign exchange gains in the consolidated statements of earnings for the year. As at August 31, 2015, the fair value of the foreign exchange forward contracts was $nil (2014: $nil).

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, 2015			As at August 31, 2014		
	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	1,736,559	-	-	1,399,983	-	-
Compensation payable	16,613,619	-	1,063,848	15,708,952	43,750	552,799
Accrued share purchase	1,603,840	-	-	-	-	-
Dividends payable	425,503	-	-	367,513	-	-
Contingent consideration	270,824	-	262,116	-	-	-

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	
	2015	2014
Accounts receivable	8,768,561	8,477,576
Less: Allowance for doubtful accounts	(575,014)	(389,384)
	8,193,547	8,088,192
Other receivables	135,710	52,953
	8,329,257	8,141,145

No financial assets are past due except for a portion of accounts receivable. As at August 31, 2015, accounts receivable of $7,290,132 (2014: $7,216,677) were fully performing, $903,440 (2014: $871,515) were over 90 days but not impaired and $575,014 (2014: $389,384) 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	
	2015	2014
Start of year	389,384	352,031
Provision for impairment	1,096,791	356,543
Receivables written off during the year as uncollectible	(814,732)	(319,190)
Unused amounts reversed	(96,429)	-
End of year	575,014	389,384

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, 2015, the Company has $7,765,260 invested in managed funds (2014: $7,809,403). 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 $388,263 (2014: $390,470).

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. Acquisition of Hawksmoor Search Limited

On October 1, 2014, the Company acquired all of the outstanding shares of Hawksmoor Search Limited (Hawksmoor), an executive search firm based in London, United Kingdom. The results of these operations have been consolidated with those of the Company from the date of acquisition. The purchase price consists of: (i) cash paid at close of £450,000; (ii) 275,000 shares of The Caldwell Partners International, Inc. newly issued at close; (iii) a net working capital adjustment of £321,888 paid in cash based on the value of assets acquired, net of liabilities assumed; and (iv) cash to be paid annually over the following two years subject to Hawksmoor's achieving certain revenue criteria and with a cumulative maximum payment of £300,000. For purposes of calculating the purchase price, the value per common share was $1.38 which was the closing share price on the date of close. The contingent consideration is measured at fair value based on Level 3 inputs. The contingent consideration is not based on observable inputs and is measured using a discounted cash flow analysis of expected payments in future periods. The contingent consideration amounts were recorded at their fair value using a discount rate of 4.0%. The movement in this balance is as follows:

Year ended August 31, 2015:	
Opening	-
Fair value at acquisition	512,442
Change in fair value	20,498
Closing	532,940

Purchase price was first assigned to net tangible and intangible assets acquired and liabilities assumed. Potential intangible assets which were reviewed included tradename, software, customer related intangible assets and non-compete assets. Management determined that there was no supportable value to be attributed to these intangible asset categories. Purchase price was not attributed to work-in-progress as there were no ongoing assignments at the acquisition date. Accordingly, the excess of the purchase price over the net tangible assets acquired and liabilities assumed was recorded as goodwill and reflects synergies with the Company's operations through the value of acquired work force and value of geographic presence for further servicing to clients. It is not expected to be deductible for tax purposes.

Purchase price, net of cash acquired at October 1, 2014:

Cash paid at close	815,085
less cash acquired	(380,600)
Net cash paid at close	434,485
Value of common shares issued	379,500
Contingent consideration	512,442
Working capital adjustment	583,217
Total purchase price, net of cash acquired	1,909,644

Allocation of purchase price, net of cash acquired at October 1, 2014:

Accounts receivable	123,766
Income taxes receivable	58,739
Prepaid expenses and other current assets	79,724
Deferred income taxes	2,612
Accounts payable	(62,404)
Goodwill	1,707,207
Total purchase price, net of cash acquired	1,909,644

Acquisition related costs of $29,265 have been charged to general and administrative expenses in the consolidated statements of earnings for the year ended August 31, 2015.

21. Affiliation Relationship

On July 13, 2015, the Company entered into an affiliation agreement with CPGroup LATAM Ltd. and its subsidiaries ("CPGroup"). The Company did not obtain an ownership stake in CPGroup. The affiliation agreement has an initial term of five years and provides for CPGroup to pay the Company 2.25% of Latin American revenue for the first two years of the agreement and 4.25% in subsequent years. In exchange for the license fee payments, CPGroup will have rights to use the Caldwell Partners brand, search processes, methodologies and related intellectual property. Additionally, should there be a change of control of the Company during the first two years of the agreement, CPGroup will have the right to terminate the alliance agreement and will be entitled to a dislocation and rebranding fee of USD2.0 million.

22. Subsequent Events

On September 23, 2015, the Company completed its previously announced purchase of the shares of the Company from DHR International, Inc. The 1,145,600 shares were purchased at $1.40 per share for $1,603,840 plus associated legal fees. The shares were then cancelled, reducing the Company's outstanding shares from 21,275,155 to 20,129,555.

On November 17, 2015, the Board of Directors declared a dividend of 2.0 cents per share, payable to holders of common shares of record on November 27, 2015 and to be paid on December 11, 2015.

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