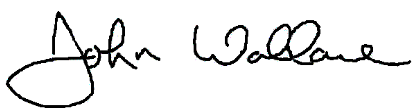
THE CALDWELL PARTNERS INTERNATIONAL INC.
Consolidated interim financial statements

Second Quarters Ended
February 28, 2018 and 2017
(unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Section 4.3(3)(a) of National Instrument 51-102, *Continuous Disclosure Obligations*, provides that if an auditor has not performed a review of the consolidated interim financial statements, the interim consolidated financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's external auditors, PricewaterhouseCoopers LLP, have not performed a review of these consolidated interim financial statements of The Caldwell Partners International Inc. (the Company).



John N. Wallace
President and Chief Executive Officer

C. Christopher Beck
Chief Financial Officer

April 5, 2018

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited - in $Canadian)

	As at February 28 2018	*As at August 31 2017*
Assets		
Current assets		
Cash and cash-equivalents	5,578	10,917
Marketable securities (note 4)	5,637	5,048
Accounts receivable	9,998	9,393
Prepaid expenses and other assets	1,746	1,848
	22,959	27,206
Non-current assets		
Restricted cash	136	133
Marketable securities (note 4)	176	172
Advances	272	503
Property and equipment	1,536	1,699
Intangible assets	136	178
Goodwill	2,930	2,761
Deferred income taxes	1,475	1,650
Total assets	29,620	34,302
Liabilities		
Current liabilities		
Accounts payable (note 8)	2,510	2,044
Compensation payable (notes 6, 7 and 9)	11,219	15,896
Dividends payable (note 12)	408	408
Income taxes payable	609	636
Deferred revenue (note 9)	471	1,107
	15,217	20,091
Non-current liabilities		
Compensation payable (note 7)	966	958
Provisions (note 8)	114	133
	16,297	21,182
Equity attributable to owners of the Company		
Share Capital (note 12)	7,515	7,515
Contributed surplus (note 12)	14,997	14,992
Accumulated other comprehensive income	1,184	850
Deficit	(10,373)	(10,237)
Total equity	13,323	13,120
Total liabilities and equity	29,620	34,302

The accompanying notes are an integral part of these consolidated interim 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 INTERIM STATEMENTS OF EARNINGS

(unaudited - in $Canadian)

	Three months ended February 28		Six months ended February 28	
	2018	*2017*	*2018*	*2017*
Revenues				
Professional fees (note 9)	14,854	13,665	29,827	27,294
License fees (note 18)	67	62	143	137
	14,921	13,727	29,970	27,431
Cost of sales (notes 5, 7 and 9)	11,244	9,725	22,317	19,946
Gross profit	3,677	4,002	7,653	7,485
Expenses				
General and administrative (notes 5, 6 and 7)	2,735	3,116	5,548	5,372
Sales and marketing (note 5)	240	262	569	439
Foreign exchange (gain) loss (note 5)	(5)	18	(75)	(31)
	2,970	3,396	6,042	5,780
Operating profit	707	606	1,611	1,705
Investment income (note 4)	2	-	4	-
Earnings before income tax	709	606	1,615	1,705
Income tax expense (note 10)	439	339	935	676
Net earnings for the period attributable to owners of the Company	270	267	680	1,029
Earnings per share (note 11)				
Basic and diluted	$0.013	$0.013	$0.033	$0.051

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in $Canadian)

	Three months ended February 28		Six months ended February 28	
	2018	*2017*	*2018*	*2017*
Net earnings for the period	270	267	680	1,029
Other comprehensive income (loss):				
Unrealized gain on marketable securities (note 4)	30	115	89	153
Cumulative translation adjustment	(33)	(113)	245	(28)
Comprehensive earnings for the period attributable to owners of the Company	267	269	1,014	1,154

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - in $Canadian)

	Deficit	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) Cumulative Translation Adjustment	Accumulated Other Comprehensive Income (Loss) Unrealized Gains on Marketable Securities	Total Equity
Balance - September 1, 2016	**(10,572)**	**7,295**	**15,025**	**841**	**338**	**12,927**
Net earnings for the six month period ended February 28, 2017	1,029	-	-	-	-	1,029
Dividend payments declared (note 12)	(806)	-	-	-	-	(806)
Employee share option plan share issue (note 12)	-	220	(33)	-	-	187
Change in unrealized loss on marketable securities available for sale (note 4)	-	-	-	-	153	153
Change in cumulative translation adjustment	-	-	-	(28)	-	(28)
Balance - February 28, 2017	**(10,349)**	**7,515**	**14,992**	**813**	**491**	**13,462**
Balance - September 1, 2017	**(10,237)**	**7,515**	**14,992**	**428**	**422**	**13,120**
Net earnings for the six month period ended February 28, 2018	680	-	-	-	-	680
Dividend payments declared (note 12)	(816)	-	-	-	-	(816)
Share based payment expense (note 12)	-	-	5	-	-	5
Change in unrealized gains on marketable securities available for sale (note 4)	-	-	-	-	89	89
Change in cumulative translation adjustment	-	-	-	245	-	245
Balance - February 28, 2018	**(10,373)**	**7,515**	**14,997**	**673**	**511**	**13,323**

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in $Canadian)

	Six months ended February 28	
	2018	*2017*
Cash flow provided by (used in)		
Operating Activities		
Net earnings for the period	680	1,029
Add (deduct) items not affecting cash		
Depreciation	262	265
Amortization	45	47
Amortization of advances	416	337
Share based payment expense	5	-
Unrealized foreign exchange on subsidiary loans	(97)	(27)
Reduction in marketable securities following assignment to partner	-	432
Decrease in provisions	(19)	(19)
Decrease in deferred taxes	204	-
Change in fair value of contingent consideration	-	(108)
Decrease in deferred revenue	(642)	(999)
Increase (decrease) in cash settled share-based compensation payable	8	(74)
(Increase) decrease in accounts receivable	(464)	1,285
(Increase) decrease in prepaid expenses and other assets	(39)	454
Increase in accounts payable	438	300
(Decrease) increase in income taxes payable	(30)	102
Decrease in compensation payable	(4,251)	(5,583)
Payment of contingent consideration	-	(181)
Payment of cash settled share-based compensation	(553)	(709)
Net cash used in operating activities	(4,037)	(3,449)
Investment Activities		
Increase in marketable securities	(500)	-
Repayment of advances	-	350
Decrease in restricted cash	-	48
Additions to property and equipment	(75)	(326)
Net cash (used in) provided by investing activities	(575)	72
Financing Activities		
Share issuance from employee share option plan	-	187
Dividend payments	(816)	(806)
Net cash used in financing activities	(816)	(619)
Effect of exchange rate changes on cash and cash equivalents	89	41
Net decrease in cash and cash equivalents	(5,339)	(3,955)
Cash and cash equivalents, beginning of period	10,917	8,422
Cash and cash equivalents, end of period	5,578	4,467

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

Notes to Unaudited Consolidated Interim Financial Statements
For The Second Quarters Ended February 28, 2018 and 2017

(in CAD $000s, except per share amounts)

1. General Information

The Caldwell Partners International Inc. (the Company) is an executive search firm specializing in recruiting executives for full-time and advisory roles 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 employment and executive advisory solutions. Our core service offerings have historically been the placement of executives in full-time employed roles or in an advisory capacity within fiduciary governance boards. During fiscal 2018 we began selling executive advisory solutions involving the placement executives on a variable-time basis who provide operational advisory and executive knowledge services for our clients.

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 through its licence agreements, Latin America and New Zealand.

All references to quarters or years are for the fiscal periods unless otherwise noted.

2. Basis of Presentation and Statement of Compliance

These consolidated interim financial statements include the assets and liabilities and results of operations of the Company and its wholly-owned subsidiaries. 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.

These consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with the annual consolidated financial statements for the year ended August 31, 2017, which have been prepared in accordance with IFRS.

The Board of Directors approved these consolidated financial statements for issue on April 5, 2018.

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

Accounting policies, judgments and estimation uncertainty are provided in note 3 to the annual consolidated financial statements for the year ended August 31, 2017 and have been applied consistently to all periods presented in these consolidated interim financial statements, with the exception of income taxes which are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

Accounting Standards Issued But Not Yet Applied

Revenue recognition
In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15). IFRS 15 replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRS. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates. In July 2015, the effective date for IFRS 15 was deferred to apply to annual periods

beginning on or after January 1, 2018. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning September 1, 2018.

The Company began a scoping and adoption plan during fiscal 2017 and has thus far identified the following areas that may be impacted by the IFRS 15 adoption:

- The Company is paid a retainer for its executive search services which is based on a percentage of the placed candidate's anticipated first year cash compensation. If the candidate's actual compensation exceeds this estimate, an additional fee may be billed. These additional fees are currently recognized in the period in which the placed candidate begins working. Under IFRS 15, the Company will be required to estimate the additional fee revenue, if any, at the inception of the executive search contract and recognize it over the performance period of the search. The Company is still evaluating the financial impact of this change.

- The Company incurs reimbursable direct out of pocket expenses in the performance of its services for items such as candidates and partner travel, meals, accommodation, third party executive assessments, background checks and other costs directly identifiable to a specific search assignment. Such costs are incurred and paid by the Company, and are in turn billed to the Company's clients. These costs are currently included within cost of sales as the net amount of direct expenses incurred by the Company, offset by amounts billed and recovered from clients. Pursuant to IFRS 15, the Company will be deemed to be a principal with regard to these transactions as the vendors are selected by the Company and the obligation to pay the vendors is borne by the Company. As such, on adoption of IFRS 15, the Company will show the gross amount of direct expenses billed and recovered from clients as revenue, with the gross amount incurred as a cost of sales. The impact of this treatment in the six months ended February 28, 2018 would have been an increase in both revenue and cost of sales by approximately $772 (six months ended February 28, 2017: $941), with no net change to gross profit.

The adoption plan review will continue throughout fiscal 2018, and as such, the extent of the full financial and disclosure impact of adoption of IFRS 15 has not yet been determined.

Financial instruments – recognition and measurement
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9), with a mandatory effective date for annual reporting periods beginning on or after January 1, 2018. The new standard brings together the classification and measurement, impairment, and hedge accounting phases of the IASB's project to replace IAS 39, Financial Instruments Recognition and Measurement. In addition to the new requirements for classification and measurement of financial assets, a new general hedge accounting model and other amendments issued in previous versions of IFRS 9, the standard also introduces new impairment requirements that are based on a forward-looking expected credit loss model. The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning September 1, 2018. The extent of the impact of the adoption of IFRS 9 has not yet been determined. The disclosure requirements in IFRS 7, Financial Instruments Disclosure (IFRS 7), have also been amended to include the additional disclosure required under IFRS 9. The Company intends to adopt these amendments to IFRS 7 at the same time as adoption of IFRS 9 beginning September 1, 2018. The extent of the impact of the adoption of the amendments to IFRS 7 has not yet been determined.

Leases
In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), with a mandatory effective date of January 1, 2019. The new standard will replace IAS 17, Leases, and will carry forward the accounting requirements for lessors. IFRS 16 provides a new framework for lessee accounting that requires substantially all assets obtained through operating leases to be capitalized and a related liability to be recorded. The new standard seeks to provide a more accurate picture of a company's leased assets and related liabilities and create greater comparability between companies who lease assets and those who purchase assets. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning September 1, 2019 and will recognize assets and liabilities for all leases on the consolidated statements of financial position.

Share-based payments
In June 2016, the IASB issued final amendments to IFRS 2, Share-based Payments (IFRS 2), clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for: (i) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment

transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classifications of the transaction from cash-settled to equity-settled. The standard is effective for annual reporting periods beginning on or after January 1, 2018. The Company intends to adopt the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning September 1, 2018. The extent of the impact of the adoption of the amendments has not yet been determined.

Uncertainty over income tax treatments
In June 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments (IFRIC 23) with a mandatory effective date of January 1, 2019. The interpretations provide guidance on how to value uncertain income tax positions based on the probability of whether the relevant tax authorities will accept a company's tax treatments. A company is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. IFRIC 23 is to be applied by recognizing the cumulative effect of initially applying these guidelines in opening retained earnings without adjusting comparative information. The Company intends to adopt the amendments to IFRIC 23 in its consolidated financial statements for the annual period beginning September 1, 2019.The extent of the impact of the adoption of IFRIC 23 has not yet been determined.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. Marketable Securities

The Company's marketable securities (classified as available for sale financial assets) are comprised of managed bond funds and certain equity securities held for investment obtained through search fees being paid partially in equity of the client at both February 28, 2018 and August 31, 2017. As of February 28, 2018 managed funds and client equity investments were $5,637 and $176, respectively and as of August 31, 2017 managed funds and client equity investments were $5,048 and $172, respectively.

	Fair value	Current portion	Non-current portion
February 28, 2018	5,813	5,637	176
August 31, 2017	5,220	5,048	172

For the second quarter, the Company reported investment income from marketable securities of $2 (2017: $nil) from interest on cash balances and $4 was reported for the six months ended February 28, 2018 (2017: $nil).

For the six months ended February 28, 2018 an unrealized gain of $89 (2017: $153) was recognized and for the three month period ended February 28, 2018 an unrealized gain of $30 (2017: $115) was recognized as part of other comprehensive income in the consolidated interim statements of comprehensive earnings during the period.

5. Nature of Expenses

	3 months ended February 28, 2018	2017	6 months ended February 28, 2018	2017
Compensation costs	12,087	10,686	23,935	21,439
Occupancy costs	1,109	1,134	2,230	2,287
Sales and marketing	240	262	569	439
Depreciation	132	138	262	265
Amortization	23	23	45	47
Foreign exchange gain	(5)	18	(75)	(31)
Other	628	860	1,393	1,280
	14,214	13,121	28,359	25,726

6. Compensation of Key Management

Key management includes the Board of Directors and the named executive officers of the Company. Effective in the fourth quarter of fiscal 2017 two additional executive officers were named, bringing the total to five. Including the two additional named executive officers increased salaries and short-term benefits by $302 and $142 for the six and three month periods ended February 28, 2017, respectively.

	3 months ended February 28, 2018	2017	6 months ended February 28, 2018	2017
Salaries and short-term benefits	608	460	1,224	940
Share-based compensation expense	250	238	437	97
	858	698	1,661	1,037

7. 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 February 28, 2018	August 31, 2017
Commissions and bonuses	10,770	15,325
Performance Stock Units	449	571
	11,219	15,896

Non-current compensation payable

	As at February 28, 2018	August 31, 2017
Performance Stock Units	535	599
Deferred Stock Units	431	359
	966	958

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)

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 106% (2017: 91%) of target. PSU expense of $365 has been recorded for the six month period ended February 28, 2018 (2017: $57) and for the three month period ending February 28, 2018, $213 has been recorded (2017: $187) within general and administrative expenses in the consolidated interim statements of earnings.

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

	Fiscal 2018	Fiscal 2017
	Notional Units (000s)	Notional Units (000s)
Outstanding at beginning of period	1,634	1,611
Dividends declared	29	27
Outstanding at November 30,	1,663	1,638
Granted	570	640
Dividends declared	31	33
Settled	(481)	(733)
Outstanding at February 28,	1,783	1,578

Deferred Stock Units (DSUs)

For the six month period ending February 28, 2018 DSU expense of $72 has been recorded (2017: $39) and for the three month period ending February 28, 2018, $37 has been recorded (2017: $51) within general and administrative expenses in the consolidated interim statements of earnings.

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

	Fiscal 2018	Fiscal 2017
	Notional Units (000s)	Notional Units (000s)
Outstanding at beginning of period	345	248
Granted	20	22
Dividends declared	6	4
Outstanding at November 30,	371	274
Granted	19	18
Dividends declared	7	6
Outstanding at February 28,	397	298

8. Provisions

During the fourth quarter of the year ended August 31, 2016 the Company entered into agreements to sublease its existing premises in New York, NY and lease new space. The cumulative proceeds to be received from the sublease are less than the Company's contracted lease obligations. Onerous lease costs include the present value of these net sublease expenses over the approximate five-year term of the sublease. The current portion of net sublease costs as of February 28, 2018 total $44 (August 31, 2017: $43) and are included in accounts payable and the non-current portion as of February 28, 2018 of $114 (August 31, 2017: $133) is included in provisions in the consolidated interim statements of financial position.

	6 months ended February 28, 2018
Outstanding at beginning of period	176
Amounts charged against the provision	(11)
Increase arising from the passage of time	1
Foreign exchange	3
Outstanding at November 30, 2017	169
Amounts charged against the provision	(11)
Increase arising from the passage of time	1
Foreign exchange	(1)
Outstanding at February 28, 2018	158

9. 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 February 28, 2018, the Company had deferred revenue of $471 (August 31, 2017: $1,107) and related deferred compensation expense of $236 (August 31, 2017: $554), 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 interim statements of earnings.

10. Income Taxes

Income tax expense is based on domestic and international statutory income tax rates in the jurisdictions in which the Company operates and generally ranges from 21% to 40% of taxable income. These rates are then adjusted to effective tax rates based on management's estimate of the weighted average annual income tax rate expected for the full fiscal year in each jurisdiction taking into account income earned in each jurisdiction and available utilization of any unrecorded deferred tax assets. The effective rate for the six months ended February 28, 2018 was 57.9% (2017: 39.6%). The effective rate for the three months ended February 28, 2018 was 61.9% (2017: 55.9%). Taxes were accrued on earnings in Canada and the United States while deferred tax assets were not recognized on the current period net loss in the UK given its history of generating losses.

On December 22, 2017, the US tax reform ("Tax Cuts and Jobs Act") was substantively enacted reducing the maximum federal corporate income tax rate for the company's US entity from 35% to 21%. For the current fiscal year, a hybrid rate derived from the current and new tax rates of approximately 26% will be applied to full year US taxable income. As a result of this new substantively enacted tax rate, the Company's US entity deferred tax balances were adjusted during the quarter, resulting in an additional deferred tax expense of $204 (2017: $nil), bringing total tax expense for the current quarter to $439 (2017: $339) and to $935 (2017: $676) for the year to date.

11. 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 periods.

	3 months ended February 28,		6 months ended February 28,	
	2018	2017	2018	2017
Net earnings for the period attributable to owners of the Company	270	267	680	1,029
Weighted average number of common shares outstanding	20,404,555	20,208,999	20,404,555	20,169,058
Basic earnings per share	$0.013	$0.013	$0.033	$0.051

(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 period), 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.

	3 months ended February 28,		6 months ended February 28,	
	2018	2017	2018	2017
Net earnings for the period attributable to owners of the Company	270	267	680	1,029
Weighted average number of common shares outstanding	20,404,555	20,208,999	20,404,555	20,169,058
Adjustment for stock options	16,072	6,871	16,072	6,871
Weighted average number of common shares for diluted earnings per share	20,420,627	20,215,870	20,420,627	20,175,929
Diluted earnings per share	$0.013	$0.013	$0.033	$0.051

12. Capital Stock

Common Shares

As at February 28, 2018 the authorized share capital of the Company consists of an unlimited number of Common Shares of which 20,404,555 are issued and outstanding (August 31, 2017: 20,404,555). 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 February, 3, 2017, an employee of the Company exercised 275,000 options increasing the number of outstanding shares from 20,129,555 to 20,404,555.

The Company has declared quarterly dividends since May 1, 2012. A summary of dividends declared during fiscal 2017 and 2018 to date is as follows:

Declaration Date	Payment Date	Dividend Per Share	Aggregate Dividends Declared
November 10, 2016	December 16, 2016	$0.0200	$403
January 11, 2017	March 15, 2017	$0.0200	$403
April 13, 2017	June 20, 2017	$0.0200	$408
July 5, 2017	September 8, 2017	$0.0200	$408
November 9, 2017	December 15, 2017	$0.0200	$408
January 11, 2018	March 19, 2018	$0.0200	$408

The dividend payable March 19, 2018 has been accrued in the Company's consolidated interim financial statements as at February 28, 2018.

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:

	February 28, 2018		August 31, 2017	
	Number of options outstanding (000s)	Weighted average exercise price	Number of options outstanding (000s)	Weighted average exercise price
Outstanding at beginning of year	100	$1.02	375	$0.77
Issued during the period	250	$1.05	-	-
Exercised during period	-	-	(275)	$0.68
Outstanding at end of period	350	$1.04	100	$1.02
Exercisable at end of period	100		100	

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. For the six month period ended February 28, 2018 stock option expense of $5 has been recorded (2017: nil) and $2 (2017: nil) has been recorded for the three-month period ended February 28, 2018 within general and administrative expenses. The fair value of the options granted in the current year was determined using the Black-Scholes option pricing model (using an expected volatility of 19.0%, a risk-free interest rate of 1.7%, a dividend yield of 7.6%, and an estimated life of 5 years).

13. Segmented Information

The Company has consolidated operations in Canada, the United States and Europe. All geographic segments provide retained executive search consulting services to clients.

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

	Six months ended February 28, 2018				
	Canada	United States	Europe	Elimination	Total
Professional fees	7,183	22,034	610	-	29,827
License fees	642	-	-	(499)	143
Revenues	7,825	22,034	610	(499)	29,970
Gross profit	2,801	5,583	(232)	(499)	7,653
General and administrative	(2,090)	(3,041)	(417)	-	(5,548)
Sales and marketing	(68)	(462)	(39)	-	(569)
Licensing fees	-	(499)	-	499	-
Foreign exchange gain	37	4	34	-	75
Operating profit (loss)	680	1,585	(654)	-	1,611
Investment income from marketable securities	4	-	-	-	4
Income tax	(370)	(565)	-	-	(935)
Net earnings (loss) for the period	314	1,020	(654)	-	680

	Six months ended February 28, 2017				
	Canada	United States	Europe	Elimination	Total
Professional fees	6,568	20,178	548	-	27,294
License fees	592	-	-	(455)	137
Revenues	7,160	20,178	548	(455)	27,431
Gross profit	2,270	5,578	92	(455)	7,485
General and administrative	(1,457)	(3,607)	(308)	-	(5,372)
Sales and marketing	(87)	(332)	(20)	-	(439)
Licensing fees	-	(455)	-	455	-
Foreign exchange gain (loss)	47	-	(16)	-	31
Operating profit (loss)	773	1,184	(252)	-	1,705
Income tax	(201)	(475)	-	-	(676)
Net earnings (loss) for the period	572	709	(252)	-	1,029

	Three months ended February 28, 2018				
	Canada	United States	Europe	Elimination	Total
Professional fees	3,799	10,489	566	-	14,854
License fees	300	-	-	(233)	67
Revenues	4,099	10,489	566	(233)	14,921
Gross profit	1,447	2,423	40	(233)	3,677
General and administrative	(1,031)	(1,525)	(179)	-	(2,735)
Sales and marketing	(34)	(183)	(23)	-	(240)
Licensing fees	-	(233)	-	233	-
Foreign exchange (loss) gain	(2)	3	4	-	5
Operating profit (loss)	380	485	(158)	-	707
Investment income from marketable securities	2	-	-	-	2
Income tax	(224)	(215)	-	-	(439)
Net earnings (loss) for the period	158	270	(158)	-	270

	Three months ended February 28, 2017				
	Canada	United States	Europe	Elimination	Total
Professional fees	2,979	10,621	65	-	13,665
License fees	301	-	-	(239)	62
Revenues	3,280	10,621	65	(239)	13,727
Gross profit	1,019	3,240	(18)	(239)	4,002
General and administrative	(619)	(2,341)	(156)	-	(3,116)
Sales and marketing	(47)	(203)	(12)	-	(262)
Licensing fees	-	(239)	-	239	-
Foreign exchange loss	(18)	-	-	-	(18)
Operating profit (loss)	335	457	(186)	-	606
Income tax	(20)	(319)	-	-	(339)
Net earnings (loss) for the period	315	138	(186)	-	267

Certain items within general and administrative expenses, sales and marketing expenses and foreign exchange gains and losses comprise corporate support costs and are transferred across the segments. For the six months ended February 28, 2018, corporate support costs totaled $2,411 (2017: $2,555) with $1,793 allocated to the US (2017: $1,902), $568 to Canada (2017: $602) and $50 to Europe (2017: $51). For the three months ended February 28, 2018, corporate support costs totaled $1,281 (2017: $1,688) with $916 allocated to the US (2017: $1,286), $319 to Canada (2017: $382) and $47 to Europe (2017: $20). Intercompany licence fee revenues have been eliminated on consolidation.

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

	At February 28, 2018				At August 31, 2017			
	Canada	United States	Europe	Total	Canada	United States	Europe	Total
Property and equipment	548	954	34	1,536	629	1,045	25	1,699
Intangible assets	-	136	-	136	-	178	-	178
Goodwill	-	1,265	1,665	2,930	-	1,238	1,523	2,761
Total assets	11,468	16,953	1,199	29,620	13,974	18,793	1,535	34,302

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

	Six months ended February 28, 2018				Six months ended February 28, 2017			
	Canada	United States	Europe	Total	Canada	United States	Europe	Total
Depreciation expense	114	138	10	262	100	147	18	265
Amortization expense	-	45	-	45	-	47	-	47

	Three months ended February 28, 2018				Three months ended February 28, 2017			
	Canada	United States	Europe	Total	Canada	United States	Europe	Total
Depreciation expense	57	70	5	132	55	74	9	138
Amortization expense	-	23	-	23	-	23	-	23

14. 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 interim statements of earnings have been recognized for the six month period ended February 28, 2018 in the amount of $112 (2017: $112) and for the three month period ended February 28, 2018 in the amount of $56 (2017: $56).

15. Financial Instruments

The Company's financial instruments measured at fair value at February 28, 2018 and at August 31, 2017 consist of marketable securities which are comprised of managed funds and certain equity securities held for investment obtained through search fees being paid partially in equity of the client as discussed in note 4.

<u>Fair value hierarchy</u>

The Company categorizes its financial assets 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 Company has designated marketable securities 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 recorded in other comprehensive income. The professionally managed fixed income funds within marketable securities hold a combination of government and corporate bonds and are included within level 2 of the fair value hierarchy. 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. The remaining marketable securities are included within level 3 of the fair value hierarchy and are in a private company whose value is derived from estimates used in recent financings with discounts applied to factor in vesting and transferability restrictions on the units held. Other than temporary impairments of marketable securities are recorded within the Company's consolidated interim statements of earnings. Realized gains and losses are removed from accumulated other comprehensive income and recognized within the consolidated interim statements of earnings.

The following table details the fair value hierarchy of the Company's financial instruments measured at fair value by level as at February 28, 2018:

	Level 1	**Level 2**	**Level 3**
Marketable securities	-	5,637	176

The following table details the fair value hierarchy of the Company's financial instruments measured at fair value by level as at August 31, 2017:

	Level 1	**Level 2**	**Level 3**
Marketable securities	-	5,048	172

16. 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.

17. Credit Facility

On September 28, 2016 the Company entered into an agreement with TD Bank to establish a $3,000 revolving demand, floating rate credit facility for future working capital needs. The facility is limited based on 85.0% of the Company's eligible global accounts receivable as defined in the credit agreement, and further reduced to the extent the facility is used in connection with the issuance of letters of credit. The facility bears variable interest on drawn amounts based on the Canadian prime rate plus 1.0% per annum. As at February 28, 2018, no amounts were outstanding on the credit facility (August 31, 2017 $nil) and letters of credit of $261 (August 31, 2017 $256) have been issued against the facility.

18. Third-Party Licensing Relationships

The Company has entered into licensing arrangements with certain entities to provide executive search services in markets not directly served by the Company. In exchange for the licence fee payments, the licencees will have rights to use the Caldwell Partners brand, search processes, methodologies and related intellectual property. For the six months ended February 28, 2018 licence fees amounted to $143 (2017: $137). For the three months ended February 28, 2018 licence fees amounted to $67 (2017: $62).

19. Subsequent Events

On April 5, 2018, the Board of Directors declared a dividend of 2.0 cents per share, payable to holders of common shares of record on April 16, 2018 and to be paid on June 11, 2018.