



News Release

January 28, 2009

Cash Store Financial releases Second Quarter and Six Month Results; strong earnings growth continues

EDMONTON, January 28, 2009 /CNW/ - The Cash Store Financial Services Inc. ("Cash Store Financial") today announced second Quarter results for the period ended December 31, 2008.

Second Quarter Highlights (table of results at end of release)

- Net income of \$4.3 million, compared to \$2.5 million for the same quarter last year.
- Diluted earnings per share of \$0.23, compared to \$0.12 for the same quarter last year.
- Diluted earnings per share before class action lawsuit settlement costs were \$0.30, compared to \$0.12 for the same quarter last year.
- Over the quarter the diluted earnings per share were increased by \$0.02 per share as a result of the normal course issuer bid repurchases in the prior quarter.
- Branch operating income of \$13.5 million, compared to \$9.9 million for the same quarter last year.
- Same branch revenues increased 11% to \$97,100 from \$87,400 for the same quarter last year.
- 25 new branches added during the quarter, with 48 new branches added since December 31, 2007.
- Retention payments of \$4.6 million (3.1% of loans brokered), compared to \$5.3 million (4.1% of loans brokered) for the same quarter last year.
- Class action lawsuit settlement approved by court and \$1.9 million in costs accrued.

Year to date highlights (six months)

- Net income of \$10.3 million, compared to \$5.6 million for the same period last year.
- Diluted earnings per share of \$0.54, compared to \$0.27 for the same quarter last year.
- Diluted earnings per share before class action lawsuit settlement costs were \$0.61, compared to \$0.27 for the same quarter last year.
- Branch operating income of \$28.1 million, compared to \$19.3 million for the same quarter last year.
- Same branch revenues increased 10% to \$197,500 from \$179,400 for the same period last year.
- Retention payments of \$8.9 million (3.0% of loans brokered), compared to \$11.1 million (4.2% of loan volume) for the same quarter last year.

Mr. Gordon Reykdal, Chairman and CEO commented, "The second quarter of 2008 was very strong with earnings growth up 72% relative to the same period last year. Charges of \$1.9 million related to the settlement of a class action lawsuit negatively effected the performance of an otherwise stellar quarter. To date, the Company has not experienced any significant negative impact from the economic downturn. Our ability to access capital and service our customers' needs remains well intact. We will continue to closely monitor our Company's performance in relation to both industry trends and economic conditions. The ongoing direct involvement of senior management in the development of our branch associates combined with recently strengthened incentive packages for all branch-level associates is expected to continue fostering revenue growth."

He further commented, "In the second quarter we executed a substantial issuer bid, successfully purchasing for cancellation 1.5 million shares at a total cost of \$9 million. This share repurchase followed a normal course issuer bid, completed in the second quarter through which a further 1.218 million shares were purchased for cancellation at a cost of \$7.1 million. While these initiatives to enhance shareholder value have reduced available cash, our cash position remains consistent and we are well-poised to exploit growth opportunities as they arise. We will continue our quarterly dividend of 6.5 cents per share which will be paid on February 18, 2009 to shareholders on record as of February 3, 2009."

He added: "Key positive developments over the quarter on a year-over-year comparative basis included a marked increase in same branch revenues, improved contributions to earnings from our ancillary products, a significant reduction in retention payments, and improved overall earnings by branches. Over the past several quarters, we have

concentrated significantly on the training and development of our associates. This effort has been rewarded through our improved performance and management will continue to focus on these operational areas in future periods.”

Mr. Reykdal also added, “Current liquidity restrictions in Canada’s capital markets have had no impact on the accessibility of funds for our customers.”

About Cash Store Financial

Cash Store Financial is the only payday advance broker in Canada publicly traded on the Toronto Stock Exchange (**TSX:CSF**). Cash Store Financial operates more than 415 branches across Canada under the banners: The Cash Store and Instalozans.

The Cash Store and Instalozans act as brokers to facilitate payday advance services to income-earning consumers who may not be able to obtain them from traditional banks. Cash Store Financial also provides a private-label debit card - the Freedom card and a prepaid credit card - the Freedom MasterCard, and other ancillary products.

Cash Store Financial employs more than 1,600 associates and is headquartered in Edmonton, Alberta.

Summary Financial Information

| <i>Thousands of dollars, except for per share amounts and branch figures</i> | | Three Months Ended | | Six Months Ended | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--|
| Consolidated results | December 31 2008 | December 31 2007 | December 31 2008 | December 31 2007 | |
| <i>No. of branches</i> | 415 | 367 | 415 | 367 | |
| Revenue | | | | | |
| Brokerage | \$ 36,966 | \$ 32,591 | \$ 74,259 | \$ 64,772 | |
| Corporate | 83 | 83 | 209 | 140 | |
| | 37,049 | 32,674 | 74,468 | 64,912 | |
| Branch expenses | 18,935 | 17,460 | 37,470 | 34,493 | |
| Retention payments | 4,600 | 5,290 | 8,851 | 11,082 | |
| Branch operating income | 13,514 | 9,924 | 28,147 | 19,337 | |
| Regional expenses | 2,024 | 1,991 | 3,745 | 3,725 | |
| Corporate expenses | 3,691 | 2,589 | 7,097 | 4,832 | |
| Other amortization | 281 | 180 | 495 | 343 | |
| Income from continuing operations before income taxes, class action settlement and discontinued operations | 7,518 | 5,164 | 16,810 | 10,437 | |
| Class action settlement | (1,910) | - | (1,910) | - | |
| Income from continuing operations | 4,292 | 3,207 | 10,348 | 6,625 | |
| Loss from discontinued operations | - | (676) | - | (1,066) | |
| EBITA | 7,294 | 6,639 | 18,222 | 13,224 | |
| Net income and comprehensive income | \$ 4,292 | \$ 2,531 | \$ 10,348 | \$ 5,559 | |
| Weighted average number of shares outstanding - basic | 18,507 | 20,267 | 18,971 | 20,483 | |
| Basic earnings per share | | | | | |
| Income from continuing operations | \$ 0.23 | \$ 0.15 | \$ 0.55 | \$ 0.32 | |
| Loss from discontinued operations | - | (0.03) | - | (0.05) | |
| Net income and comprehensive income | 0.23 | 0.12 | 0.55 | 0.27 | |
| Diluted earnings per share | | | | | |
| Income from continuing operations | 0.23 | 0.15 | 0.54 | 0.32 | |
| Loss from discontinued operations | - | (0.03) | - | (0.05) | |
| Net income and comprehensive income | 0.23 | 0.12 | 0.54 | 0.27 | |
| Consolidated Balance Sheet Information | | | | | |
| Working capital | \$ 8,272 | \$ 8,700 | \$ 8,272 | \$ 8,700 | |
| Total assets | 78,827 | 87,788 | 78,827 | 87,788 | |
| Total long-term liabilities | 2,231 | 2,005 | 2,231 | 2,005 | |
| Total liabilities | 15,804 | 10,536 | 15,804 | 10,536 | |
| Shareholders' equity | \$ 63,023 | \$ 77,252 | \$ 63,023 | \$ 77,252 | |

For further information on Cash Store Financial, please contact:

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This News Release contains "forward-looking information" within the meaning of applicable Canadian and United States securities legislation. Forward-looking information includes, but is not limited to, information with respect to our objectives, strategies, operations and financial results, competition as well initiatives to grow revenue or reduce retention payments. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". In particular this News Release contains forward-looking statements in connection with the Cash Store Financials goals and strategic priorities, introduction of products, share repurchase initiatives and branch openings. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Cash Store Financial, to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, changes in economic and political conditions, legislative or regulatory developments, technological developments, third-party arrangements, competition, litigation, risks associated with but not limited to, market conditions, and other factors described in our Annual Information Form ("AIF") dated August 28, 2008 under the heading "Risk Factors". All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including our knowledge of the current credit, interest rate and liquidity conditions affecting us and the Canadian economy. Although we believe the assumptions used to make such statements are reasonable at this time and have attempted to identify in our continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material factors or assumptions are applied by us in making forward-looking statements, include without limitation, factors and assumptions regarding our continued ability to fund our payday loan business, rates of customer defaults, relationships with, and payments to, third party lenders, demand for our products, as well as our operating cost structure and current consumer protection regulations. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except in accordance with applicable securities laws.