



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended March 31, 2008

(UNAUDITED)



INTERIM CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31 2008	March 31 2007	March 31 2008	March 31 2007
REVENUE				
Brokerage	\$ 31,304,783	\$ 29,895,053	\$ 96,076,887	\$ 92,046,767
Interest income	40,542	31,462	180,685	48,341
	31,345,325	29,926,515	96,257,572	92,095,108
BRANCH EXPENSES				
Selling, general and administrative	4,431,448	3,854,184	12,351,209	10,854,623
Retention payments	4,800,001	5,707,351	15,882,045	17,916,908
Rent	2,591,103	2,326,268	7,505,463	6,819,839
Advertising and promotion	1,011,756	977,602	3,062,088	2,988,898
Salaries and benefits	8,626,824	8,536,626	25,985,234	24,962,817
Amortization of capital assets	1,063,221	911,840	3,313,910	2,655,138
	22,524,353	22,313,871	68,099,949	66,198,223
Branch Operating Income	8,820,972	7,612,644	28,157,623	25,896,885
Regional expenses	1,730,408	1,470,372	5,455,380	4,149,555
Corporate expenses	2,826,989	4,009,553	7,658,210	10,753,312
Amortization of capital assets	170,780	114,066	358,385	350,623
Amortization of intangible assets	62,985	77,735	218,455	234,601
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	4,029,810	1,940,918	14,467,193	10,408,794
PROVISION FOR INCOME TAXES				
Current	1,299,017	595,000	5,057,017	3,656,000
Future (recovery)	24,344	(28,500)	78,344	96,000
	1,323,361	566,500	5,135,361	3,752,000
INCOME FROM CONTINUING OPERATIONS	2,706,449	1,374,418	9,331,832	6,656,794
LOSS FROM DISCONTINUED OPERATIONS, net of tax of \$(260,000), \$214,000, \$(776,000), and \$(488,000) respectively - Note 6	(649,988)	(924,060)	(1,716,120)	(2,366,370)
NET INCOME	\$ 2,056,461	\$ 450,358	\$ 7,615,712	\$ 4,290,424
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic	19,855,754	20,693,293	20,275,573	20,538,813
Diluted	20,070,071	20,696,410	20,407,923	20,737,220
BASIC EARNINGS PER SHARE				
Income from continuing operations	\$ 0.14	\$ 0.06	\$ 0.46	\$ 0.32
Loss from discontinued operations	(0.04)	(0.04)	(0.08)	(0.11)
Net income	0.10	0.02	0.38	0.21
DILUTED EARNINGS PER SHARE				
Income from continuing operations	0.13	0.06	0.46	0.32
Loss from discontinued operations	(0.03)	(0.04)	(0.09)	(0.11)
Net income	\$ 0.10	\$ 0.02	\$ 0.37	\$ 0.21

See accompanying notes to interim consolidated financial statements.



INTERIM CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31 2008	March 31 2007	March 31 2008	March 31 2007
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 26,754,855	\$ 23,381,146	\$ 25,422,743	\$ 19,541,080
Dividends - Note 7	(494,615)	-	(3,060,599)	-
Shares repurchased - Note 4 (a)	(794,873)	-	(2,456,028)	-
Insta-rent spin out - Note 6	(8,545,928)	-	(8,545,928)	-
NET INCOME FOR THE PERIOD	2,056,461	450,358	7,615,712	4,290,424
RETAINED EARNINGS, END OF PERIOD	\$ 18,975,900	\$ 23,831,504	\$ 18,975,900	\$ 23,831,504

See accompanying notes to interim consolidated financial statements.



INTERIM CONSOLIDATED BALANCE SHEET

(Unaudited)

	March 31 2008	June 30 2007
ASSETS		<i>(Audited)</i>
Current assets		
Cash	\$ 16,084,708	\$ 18,237,143
Accounts receivable	2,595,369	1,616,424
Prepaid expenses and other	948,956	1,288,927
Income taxes receivable	23,463	-
Current portion of future income taxes	5,040,729	-
Current assets related to discontinued operations - Note 6	-	695,890
	24,693,225	21,838,384
Deposits and other	1,361,544	548,353
Capital assets	14,104,574	13,251,680
Intangible assets	5,328,523	5,546,978
Future income taxes	1,602,500	6,561,573
Goodwill	34,001,288	33,986,245
Non-current assets related to discontinued operations - Note 6	-	10,198,846
	\$ 81,091,654	\$ 91,932,059
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities - Note 3	\$ 9,832,690	\$ 8,738,364
Income taxes payable	-	766,855
Current portion of deferred revenue	134,749	141,851
Current portion of deferred lease inducement	300,939	270,325
Current portion of obligation under capital leases	17,919	111,263
Current liabilities related to discontinued operations - Note 6	-	2,402,124
	10,286,297	12,430,782
Deferred revenue	114,756	164,667
Deferred lease inducement	572,371	559,433
Obligations under capital leases	2,379	7,643
Future income taxes	1,270,000	1,110,000
Long-term liabilities related to discontinued operations - Note 6	-	14,584
	12,245,803	14,287,109
SHAREHOLDERS' EQUITY		
Share capital - Note 4	46,424,734	48,953,956
Contributed surplus - Note 5	3,445,217	3,268,251
Retained earnings	18,975,900	25,422,743
	68,845,851	77,644,950
	\$ 81,091,654	\$ 91,932,059

Subsequent Event - Note 8

See accompanying notes to interim consolidated financial statements.



INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31 2008	March 31 2007	March 31 2008	March 31 2007
Cash provided by (used in):				
OPERATING ACTIVITIES				
Income from continuing operations	\$ 2,706,449	\$ 1,374,418	\$ 9,331,832	\$ 6,656,794
Items not affecting cash:				
Amortization of capital assets	1,234,001	1,025,906	3,672,295	3,005,761
Amortization of intangible assets	62,985	77,735	218,455	234,601
Stock-based compensation	106,044	282,088	293,521	919,644
Future income taxes	24,344	(28,500)	78,344	96,000
	4,133,823	2,731,647	13,594,447	10,912,800
Change in non-cash operating items:				
Accounts receivable	(291,118)	(414,748)	(978,946)	(573,231)
Prepaid expenses, deposits and other	(144,255)	(146,480)	(473,219)	159,997
Accounts payable and accrued liabilities	4,448,040	(1,234,606)	1,094,326	(3,171,190)
Income taxes payable	1,210,455	717,862	(790,318)	(2,274,162)
Deferred revenue	(13,044)	(26,807)	(57,013)	(58,150)
Deferred lease inducement	29,297	(118,006)	43,553	(227,668)
	9,373,198	1,508,862	12,432,830	4,768,396
INVESTING ACTIVITIES				
Business acquisitions	(15,043)	-	(15,043)	-
Purchase of capital assets	(1,820,079)	(811,065)	(4,525,189)	(1,979,541)
	(1,835,122)	(811,065)	(4,540,232)	(1,979,541)
FINANCING ACTIVITIES				
Repayment of capital leases	(23,447)	(37,532)	(98,610)	(113,254)
Dividends paid on common shares	(494,613)	-	(3,060,599)	-
Issuance of common shares	-	272,249	200,000	272,249
Shares repurchased	(1,527,663)	-	(5,301,804)	-
	(2,045,723)	234,717	(8,261,013)	158,995
Cash provided (used) by continuing operations	5,492,353	932,514	(368,415)	2,947,850
Cash provided (used) by discontinued operations	(1,753,223)	(89,969)	(2,200,036)	(1,480,278)
INCREASE (DECREASE) IN CASH	3,739,130	842,545	(2,568,451)	1,467,572
CASH, BEGINNING OF PERIOD, INCLUDING CASH OF DISCONTINUED OPERATIONS IN 2007	12,345,578	13,358,651	18,653,159	12,733,624
CASH, END OF PERIOD	\$ 16,084,708	\$ 14,201,196	\$ 16,084,708	\$ 14,201,196
Supplemental cash flow information:				
Interest paid	\$ 11,730	\$ 5,687	\$ 19,323	\$ 22,728
Interest received	97,401	3,587	349,171	23,266
Income taxes paid	100,651	101,148	5,885,674	6,657,904

See accompanying notes to interim consolidated financial statements.



**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED March 31, 2008 AND 2007
(Unaudited)**

Nature of Business

The Cash Store Financial Services Inc. (the “Company”), formerly Rentcash Inc., operates under two branch banners: The Cash Store and Instaloes who act as brokers to facilitate payday advance services to income earning consumers. As at March 31, 2008, the Company operated 378 (2007 – 355) branches.

Note 1 – Significant Accounting Policies

Basis of Presentation

These unaudited consolidated interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated.

The preparation of financial statements in conformity with such principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates made by management. The recoverable values of rental assets, capital assets, future tax assets, goodwill and intangible assets, and the amortization periods of rental assets, capital assets and intangible assets, are the more significant items which reflect estimates in these financial statements.

These unaudited consolidated interim financial statements do not include all of the disclosures required by Canadian generally accepted accounting principles (GAAP). They should be read in conjunction with the audited consolidated financial statements, including notes thereto, for the year ended June 30, 2007.

These unaudited consolidated interim financial statements follow the same significant accounting policies and methods of application as the most recent audited consolidated financial statements of the Company for the year ended June 30, 2007.

Starting in the first quarter of 2008, the Company has revised the presentation of its interim consolidated statement of operations to be more consistent with the presentation of other companies in the alternative financial services industry. This revised presentation is preferred by Company management as it more closely reflects how management evaluates the Company’s performance. Specifically, Branch Operating Income is tracked and reported by the Company and is generally used to compare the performance at branch level and includes expenses which primarily relate to the operations of the branches. Regional expenses are used to gauge expenditures at the regional and divisional levels and include compensation of associates including centralized regional departments, Regional Managers, Divisional Vice Presidents and Divisional President, as well as other expenses related to the functions of these groups. Corporate expenses are used to gauge expenditures at the corporate level and include compensation of associates and related expenses at the corporate office level.

Note 2 – Changes in Accounting Policies and Practices

As disclosed in the June 30, 2007 annual audited Consolidated Financial Statements, on July 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1530 “Comprehensive Income”, Section 3251 “Equity”, Section 3855 “Financial Instruments – Recognition and Measurement”, Section 1506 “Accounting Changes”, Section 3865 “Hedges” and Section 3861 “Financial Instruments-Disclosure and Presentation”.

The adoption of these standards has had no material impact on the Company’s net earnings or cash flows. The other effects of the implementation of the new standards are discussed below.

Note 2 – Changes in Accounting Policies and Practices (continued)

Financial Instruments

The financial instruments standard establishes the recognition and measurement criteria for financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as “held-for-trading”, “available-for-sale financial assets”, “held-to-maturity investments”, “loans and receivables”, or “other financial liabilities” as defined by the standard.

Financial assets and financial liabilities “held-for-trading” are measured at fair value with changes in those fair values recognized in net earnings. “Available-for-sale financial assets” are measured at fair value, with changes in those fair values recognized in Other Comprehensive Income (“OCI”). “Held-to-maturity investments”, “loans and receivables” and “other financial liabilities” are measured at amortized cost using the effective interest method.

Cash has been designated as “held-for-trading”. Accounts receivable are designated as “loans and receivables”. Accounts payable and accrued liabilities and capital lease obligations are designated as “other financial liabilities”.

Section 3855 requires that the Company records non-financial derivatives as assets or liabilities at their fair value unless exempted from derivative treatment as normal purchase or sale. The Section also requires the Company to identify embedded derivatives that need separation from the related host contract and measure those embedded derivatives at fair value. Subsequent change in fair value of embedded derivatives is recognized in the consolidated statement of operations and deficit in the period the change occurs. The Company has elected to apply this accounting treatment for all embedded derivatives in host contracts entered into on or after July 1, 2003 and has determined there are no material embedded derivatives that must be separated from the host contract and accounted for separately and there are no non-financial derivative instruments.

Transactions costs that are directly attributable to the acquisition or issuance or disposal of financial assets or liabilities are expensed at the time of occurrence.

Section 3861 (replaces Handbook Section 3860, Financial Instruments-Disclosure and Presentation) establishes standards for presentation of financial instruments and non-financial derivatives, and identifies information that should be disclosed. There was no material effect on the Company’s financial statements when we adopted the Section 3861 on July 1, 2007.

Comprehensive Income

The new standards introduce comprehensive income, which consists of net earnings and other comprehensive income (“OCI”). The Company has no OCI transactions recorded for the period ended March 31, 2008. The adoption of Comprehensive Income has been in accordance with the applicable transitional provisions.

Section 3251 establishes standards for the presentation of equity and for the changes in equity during the reporting period. The cumulative changes in OCI are included in accumulated other comprehensive income (“AOCI”), which is presented as a new category within shareholders’ equity. The Company has no opening or closing balances for accumulated other comprehensive income or loss and accordingly, does not have either a statement of comprehensive income or accumulated other comprehensive income.

Hedges

Section 3865 specifies circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.

Accounting Changes

In July 2006, the Accounting Standards Board (“AcSB”) issued a replacement of The Canadian Institute of Chartered Accountants’ Handbook (“CICA Handbook”) Section 1506, Accounting Changes (“Section 1506”). The new standard allows for voluntary changes in accounting policy only when they result in financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively, and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company’s results of operations and financial condition will depend on the nature of future accounting changes. The adoption of

Note 2 – Changes in Accounting Policies and Practices (continued)

Accounting Changes (continued)

Section 1506 effective July 1, 2007 has had no impact on these unaudited interim consolidated financial statements.

Recent Accounting Pronouncements Issued and Not Yet Adopted

a) Financial instruments and capital disclosure:

In October 2006, the AcSB approved disclosure and presentation requirements for financial instruments that revise and enhance the disclosure requirements of Section 3861. These requirements included Sections 3862-Financial Instruments-Disclosure (“Section 3862”), which replaces Section 3861, and Section 1535, Capital Disclosures (“Section 1535”), which establishes standards for disclosing information about an entity’s capital and how it is managed. Section 1535 requires disclosure of an entity’s objectives, policies and processes for managing capital, quantitative data about the entity in regards to capital and whether the entity has complied with any capital requirements and if it has not complied, the consequences of such non-compliance. This standard is effective for the Company for interim and annual financial statements beginning on July 1, 2008. Early adoption is permitted at the same time an entity adopts other standards relating to accounting for financial instruments. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial position and results of operations.

Section 3862 is based on IFRS 7, Financial Instruments: Disclosures, and places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how these risks are managed.

Section 3862 requires disclosures, by class of financial instrument that enables users to evaluate the significance of financial instruments for an entity’s financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis of each type of market risk to which an entity is exposed, show how net income and other comprehensive income would have been affected by reasonably possible changes in the relevant risk variable.

This standard is effective for the Company for interim and annual financial statements beginning on July 1, 2008. The Company does not expect the adoption of this standard to have a material impact on its financial position and results of operations.

b) Financial instruments presentation:

In October 2006, the AcSB approved Section 3863-Financial Instruments-Presentation, which replaces Section 3861, Financial Instruments-Disclosure and Presentation. The existing requirements on presentation of financial instruments have been carried forward unchanged to Section 3863, Financial Instruments-Presentation.

This standard is effective for the Company for interim and annual financial statements beginning on July 1, 2008. The Company does not expect the adoption of the standard to have a material impact on its financial position and results of operation.

Note 3 – Accounts Payable and Accrued Liabilities

	March 31, 2008		June 30, 2007
Trade accounts payable	\$ 2,266,778	\$	1,379,996
Accrued liabilities	1,120,305		1,465,351
Accrued salaries and benefits	3,012,570		2,269,674
Amounts due to third party lenders	3,303,779		3,462,271
Other	129,258		161,072
	\$ 9,832,690	\$	8,738,364

Note 4 – Share Capital

(a) Issued share capital

	March 31, 2008		June 30, 2007	
	Number of Shares	\$	Number of Shares	\$
Authorized:				
Unlimited common shares with no par value				
Issued:				
Balance, beginning of period	20,793,112	\$ 48,953,956	20,464,362	\$ 48,588,131
Transfer from contributed surplus for stock options or warrants exercised - Note 5	-	116,554	-	63,575
Options exercised	100,000	200,000	328,750	302,250
Shares repurchased	(1,208,739)	(2,845,776)	-	-
Balance, end of period	19,684,373	\$ 46,424,734	20,793,112	\$ 48,953,956

On June 25, 2007, the Company announced its intention to make a normal course issuer bid to purchase, through the facilities of the Toronto Stock Exchange, certain of its outstanding common shares. The number of common shares to be purchased during the period of the normal course issuer bid (the "Bid") from June 27, 2007 to June 26, 2008 will not exceed 1,208,739 common shares, or approximately 8.9% of the public float outstanding on June 18, 2007. Common shares purchased pursuant to the Bid will be cancelled. The Company has purchased 1,208,739 Common shares at a cost of \$5,301,804 for the nine months ended March 31, 2008.

(b) Options to Employees and Directors

	March 31, 2008		June 30, 2007	
	Total Options for Shares	Weighted Average Price	Total Options for Shares	Weighted Average Price
Outstanding, beginning of period	765,000	\$ 5.62	1,128,750	\$ 5.54
Granted	607,000	\$ 4.17	135,000	\$ 6.16
Exercised	(100,000)	\$ 2.00	(328,750)	\$ 0.92
Forfeited	(155,000)	\$ 5.07	(170,000)	\$ 13.74
Outstanding, end of period	1,117,000	\$ 4.34	765,000	\$ 5.62
Exercisable, end of period	249,999	\$ 4.89	313,333	\$ 4.35

At March 31, 2008, the range of exercise prices, the weighted average exercise price and weighted average remaining contractual life are as follows:

Fiscal Year Granted	Number Outstanding	Weighted Average Remaining Term	Weighted Average Exercise Price	Number Exercisable
2004	100,000	8 mos.	\$1.09	100,000
2005	10,000	19 mos.	\$3.85	10,000
2006	325,000	28 mos.	\$6.45	106,667
2007	100,000	40 mos.	\$5.51	33,332
2008	582,000	54 mos.	\$3.53	-
	1,117,000	41 mos.	\$4.34	249,999



**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED March 31, 2008 AND 2007
(Unaudited)**

Note 5 – Contributed Surplus

For stock options granted to officers and directors after July 1, 2002, the Company records compensation expense using the fair value method as outlined in Note 4 (b). Compensation costs are recognized over the vesting period as an increase to stock-based compensation expense and contributed surplus. When options are exercised, the fair-value amount in contributed surplus is credited to share capital.

	March 31, 2008	June 30, 2007
Balance at beginning of period, as previously stated	\$ 3,268,251	\$ 2,171,473
Stock options or warrants exercised	(116,555)	(63,575)
Stock-based compensation expense	293,521	1,160,353
	\$ 3,445,217	\$ 3,268,251

Note 6 – Discontinued Operations

On November 28, 2007, the Company’s shareholders approved a plan to spin-off the Company’s rental operations and certain of its assets and liabilities to Insta-Rent Inc., which is a new publicly traded company whose common shares were, upon the completion of this transaction, owned by the shareholders of the Company.

This spin-off transaction was completed on March 31, 2008 and, accordingly the Company ceased to consolidate those assets and liabilities of the rental division transferred to Insta-Rent Inc. and have presented the results of its operations and its cash flows for the three and nine months ended March 31, 2008 and 2007 as discontinued operations.

The loss from discontinued operations is summarized as follows:

	Three Months Ended		Nine Months Ended	
	March 31 2008	March 31 2007	March 31 2008	March 31 2007
Rental Revenue	\$ 4,929,514	\$ 6,076,274	\$ 15,468,418	\$ 18,457,438
Loss from discontinued operations before tax	(909,988)	(710,060)	(2,492,120)	(2,854,370)
Loss from discontinued operations	\$ (649,988)	\$ (924,060)	\$ (1,716,120)	\$ (2,366,370)

Note 7 – Dividends

On February 6, 2008 the Company declared a quarterly cash dividend of \$0.025 per common share. The dividend was paid on March 5, 2008 to shareholders of record on February 19, 2008. Decisions on future dividends will be subject to Board of Directors’ approval on a quarterly basis.

Note 8 – Subsequent Event

On April 21, 2008, the Company settled the Ontario class action lawsuit in principle. The settlement is conditional upon the lawsuit being certified by the Court as a class proceeding under the Class Proceedings Act and as part of that process, the terms of settlement being approved by the Court. The settlement does not constitute any admission of liability by the Company. As at March 31, 2008 the settlement had not been approved by the Court. A decision is expected to be received before the end of the fourth quarter.

Under the terms of the settlement in principle, the Company is to pay to the Class an aggregate of \$1.5 million in cash and \$1.5 million in credit vouchers to those customers of The Cash Store and Instaloans, outside of Alberta and British Columbia, who were advanced funds under a loan agreement and who repaid the payday loan plus the brokerage fees and interest in full (“the Class”). The credit vouchers may be used to pay existing outstanding brokerage fees and interest or to pay brokerage fees and interest which may arise in the future through new loans advanced to the customer. The credit vouchers are fully transferable and have no expiry date. In addition, the Company is to pay the legal fees and costs of the Class, in an amount to be approved by the Court.

Due to the uncertainty surrounding the court process the Company is not able, at this time, to determine the likelihood of the settlement and therefore has not accrued any amounts.

Note 9 – Comparative Figures

Certain comparative figures have been reclassified to conform to presentation adopted for the current period.