



# Q3 2008 Financial Highlights

## CFO's Review of Financial Performance

### Q3 2008 - Nine Months Ended Financial Highlights Commentary by Nancy Bland (CFO) - May 8<sup>th</sup>, 2008

#### Introduction

As of March 31, 2008, the Company completed the spin-out of its rental division into a separate public company, we 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 and therefore I will focus my comments on continuing operations.

#### Net Income

Income from continuing operations for the three months ended March 31, 2008 increased 93% to \$2.7 million from \$1.4 million in the prior year. On a year-to-date basis, income from continuing operations increased 39% to \$9.3 million from \$4.3 million.

The increased earnings reflect higher brokerage revenue and lower retention payments, partially offset by slightly higher consolidated expenses.

#### Financial Results

The Company's EBITA from continuing operations for the three months ended March 31, 2008 increased 64% to \$5.4 million, compared to \$3.3 million last year mainly due to an increase in revenue and a reduction in retention payments. On a year-to-date basis, the Company's EBITA was 28% higher at \$18.7 million, compared to \$14.6 million in the prior year. This increase was due to increased revenues partially offset by increased expenses associated with the strengthening of operational and management capacity.

The Branch level EBITA for the three months ended March 31, 2008 increased 16% to \$8.1 million from \$7.0 million in the same quarter last year. On a year-to-date basis, branch level EBITA improved 5% to \$25.8 million from \$24.6 million. This improvement has been due to increased revenues partially offset by higher expenses primarily due to opening 23 new branches and increased infrastructure.

#### Working Capital and Cash Flow

The Company is well-positioned to fund future growth initiatives with a cash position of \$16.1 million and positive working capital of \$14.4 million as at March 31, 2008. For the first nine months of the year, working capital has increased \$5.0 million from \$9.4 million at June 30, 2007.

#### Branch Count

During the quarter, the company's total branch count increased as planned to 378 from 367 at December 31st. The Company opened eleven new branches during the quarter. The Company will continue to open 2 - 3 branches per month over the next quarter.

#### Revenue

Revenue from continuing operations for the third quarter was 5% higher at \$31.3 million, compared to \$29.9 million for the same quarter last year. On a year-to-date basis, revenue was 5% higher at \$96.3 million, compared to \$92.1 million for the same period last year.

The improved revenue reflects 23 additional branches over the last year and an increase in average same branch sales of 2% to \$86,700 in the third quarter compared to \$84,600 in the same quarter last year.

Management believes the improvement was due to training and development activities and the renewed emphasis on growth.

## Expenses

Expenses (before retention payments) for the third quarter were consistent with the same quarter last year at \$21.2 million. On a year-to-date basis, expenses (before retention payments) were \$62.0 million, compared to \$60.5 million in the same period last year.

The increase in year-to-date expenses relates to the increase in branches and significant increases in corporate and regional infrastructure. On a go-forward basis these infrastructure costs are expected to remain relatively consistent.

## Retention Payments

Retention payments for the three months ending March 31, 2008 decreased by 16% to \$4.8 million from \$5.7 million for the same quarter last year. On a year-to-date basis, retention payments were \$15.9 million, compared to \$17.9 million for the prior year, which is an 11% decrease.

Retention payments for the third quarter of fiscal 2008 represented 15.3% of brokerage revenue, compared to 19.1% in the same quarter last year showing the efficiencies gained through the collections processes, float management and reduced lender return expectations. On a year-to-date basis, retention payments represented 16.5% of brokerage revenue, compared to 19.5% in the prior year.

## Amortization

The amortization of capital and intangible assets increased to \$1.3 million in the third quarter, compared to \$1.1 million for the same quarter last year primarily due to costs associated with an increased number of branches in the Company. On a year-to-date basis, the amortization of capital and intangible assets was \$3.9 million, compared to \$3.2 million in the prior year.

## For additional information or if you have any questions, please contact:

Michael Thompson  
Senior Vice President and Corporate Secretary  
Phone: (780) 408-5595  
Fax: (780) 443-2653  
Email: michael.thompson@csfinancial.ca

Gordon J. Reykdal  
Chairman and Chief Executive Officer  
Phone: (780) 408-5118  
Fax: (780) 443-2653  
Email: gord@csfinancial.ca