



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended March 31, 2008



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INTRODUCTION

The following management discussion and analysis (“MD&A”) should be read in conjunction with The Cash Store Financial Services Inc.’s (“Cash Store Financial” or the “Company”) unaudited consolidated interim financial statements for the three and nine months ended March 31, 2008 and the audited consolidated financial statements and MD&A for the year ended June 30, 2007, both of which are on SEDAR at www.sedar.com.

This management’s discussion and analysis is dated as of May 7, 2008.

Cautionary Statement Regarding Forward-looking Information

This MD&A 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". Forward-looking information are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company, 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, the availability of alternative transactions, shareholder, legal, regulatory and court approvals, favourable Canada Revenue Agency ruling and third party consents and other factors described in the Company’s Annual Information Form dated September 26, 2007 under the heading “Risk Factors”. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. 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. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Non-GAAP Measures

This MD&A refers to certain financial measures that are not determined in accordance with generally accepted accounting principles (“GAAP”) in Canada. These measures do not have standardized meanings and may not be comparable to similar measures presented by other companies. Although a measure such as ‘*Earnings Before Interest, Income Taxes, Extraordinary Items, Stock-based Compensation, Amortization of Capital and Intangible Assets*’ (“EBITA”) and ‘*Adjusted Loss*’ do not have standardized meanings prescribed by GAAP, these measures are used herein or can be determined by reference to the Company’s financial statements. “Same branch sales” is a non-GAAP measure tracked and reported by the Company and is generally used to



compare the average revenue for a particular group of branches in a current period to that same particular group of branches in a prior period. This non-GAAP measure is a way to gauge the performance of a particular group of branches and is directly related to and helps explain changes in total revenue. Average revenue is defined as revenue for the period divided by the number branches. “Branch Operating Income” (“BOI”) is a non-GAAP measure 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 branch network. “Regional expenses” is a non-GAAP measure which is used to gauge expenditures at the regional and divisional level and includes 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” is a non-GAAP measure which is used to gauge expenditures at the corporate level and includes compensation of associates and related expenses at the corporate office level. These measures are discussed because management believes that they facilitate the understanding of the Company’s results of its operational and financial position.

The following table provides a reconciliation of net income in accordance with GAAP to EBITA.

EBITA Reconciliation

(thousands of dollars)	2008				2007				2006	
	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1	Q4	Q3
Consolidated Results										
Total operations										
Income from continuing operations	2,707	3,090	3,535	9,332	2,013	1,374	2,250	3,033	4,539	3,054
Interest	1	3	2	6	4	9	5	9	16	32
Income tax	1,323	1,940	1,872	5,135	598	567	1,266	1,919	3,250	2,007
Stock-based compensation	106	96	92	294	241	282	316	321	283	216
Amortization of capital and intangible assets	1,297	1,376	1,218	3,891	1,163	1,104	1,084	1,052	967	952
EBITA from continuing operations	5,434	6,505	6,719	18,658	4,019	3,336	4,921	6,334	9,055	6,261
EBITA from discontinued operations	(560)	(396)	(402)	(1,358)	(202)	(579)	(1,025)	(731)	(1,371)	(1,055)



BUSINESS PROFILE AND STRATEGY

The Company operates under two branch banners: The Cash Store and Instaloans. The Cash Store and Instaloans act as brokers to facilitate payday advance services to income earning consumers. At March 31, 2008, the Company owned and operated 378 branches in nine provinces and two territories and employed over 1,500 associates within Canada. Cash Store Financial is listed on the Toronto Stock Exchange under the symbol "CSF" (formerly "RCS").

Building strong fundamentals to support long-term business growth and generate sustainable returns for our shareholders is a cornerstone of our overall corporate strategy. The Company has no debt, strong working capital, and a fully liquid cash position held in current accounts with major Canadian banks. Management believes that maintaining a strong cash position will enable the Company to respond to growth opportunities as they arise.

To further strengthen the Company's forward potential, 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., whose common shares were, upon the completion of this transaction, owned by the shareholders of the Company. Insta-Rent Inc. is now publicly traded on the TSX Venture stock exchange under the symbol "IRR".

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 spin-off transaction enables the Company to focus on its core competencies, being the brokering of small sum short term consumer loans and related alternative financial services products.

Due to its strong cash position, the Company has, over the past three quarters, repurchased 1,208,739 common shares pursuant to a normal course issuer bid at an average share price of \$4.39 and at a total cost of \$5.3 million. Further share repurchase initiatives are being considered for future periods. Also, in the third quarter of 2008, the Company continued its payment of a quarterly dividend. It declared a quarterly dividend of 2.5 cents per share for a total dividend of \$495,000.

The Financial Statements and Management's Discussion and Analysis for the three and nine months ended March 31, 2008 have been presented in a new format. The new format used more closely reflects the disclosures of the Company's North American competitors and the reporting used by management to track the Company's performance. The new presentation format also enables the Company to ensure more accurate expenditure allocations between divisions.

Continued Operations

The Company's strategic approach has been to grow rapidly and secure a dominant market footprint, then build revenues, followed by infrastructure enhancements and product diversification. Since the Company's inception in April 2001, the branch count has grown to a total of 378 locations as at March 31, 2008. Branch count has been increasing at a measured pace, depending on overall performance and market opportunities. Growth in number of branches will continue to be funded through current operations and cash on hand and will be accelerated when circumstances so warrant. Significant changes to the competitive landscape are anticipated



over the next 24-36 months, as provincial governments implement new regulations for the industry.

Revenues continued to improve relative to the third quarter last year. The third quarter of 2008 marked a decline in revenue quarter over quarter due to seasonality. Relative to the third quarter of last year, revenues for the quarter increased 5% from \$29.9 million to \$31.3 million. Branch operating income improved to \$8.8 million from \$7.6 million for the same period last year.

Same branch sales improved to \$86,700 from \$84,600 for the same quarter last year. Net income in the brokerage division for the third quarter was \$4.7 million, compared to \$4.3 million for the same quarter of fiscal 2007. Earnings increased slightly as increased revenues more than offset increased expenses. As revenue rises, expenses are expected to remain relatively constant.

The results of new management initiatives and positive trending in several fundamental areas have been experienced by the Company over the past four quarters. Positive trending includes a steady improvement in overall branch operating performance.

Since December 2006, management's attention has been on driving growth and improving the Company's overall financial performance. In the first quarter of 2008, the Company rolled out its "Freedom Card", a pre-paid credit card with monthly maintenance fees which is proving to be a sustainable and growing revenue stream. As well, a customer loyalty program is currently being tested in some markets. A referral program and additional alternative loan products are in development and will be launched in future quarters. The Company also made positive strides in increasing insurance revenue in the quarter.

Late in the quarter, the Chief Executive Officer and the Chief Operating Officer began a country-wide series of meetings with all branch managers to review strategic priorities of the Company. During these sessions, emphasis is placed on verifying that all associates are committed to the effective pursuit of established goals and objectives.

Over the past twelve months, a strong emphasis has been placed on the reduction of non-profitable branches. The Company continues to work diligently to ensure that all of its branches are adding to the profitability of the Company.

Year Opened	Number of Branches	BOI (Loss)		BOI % of Revenues	
		Q3 2008	Q3 2007	Q3 2008	Q3 2007
2001 *	98	2,697,403	3,208,986	28.7%	31.6%
2002	15	660,869	516,982	39.0%	30.6%
2003	36	1,274,758	1,188,404	36.2%	32.4%
2004	52	1,597,448	1,480,227	35.3%	33.5%
2005	69	1,442,665	1,025,609	27.1%	19.9%
2006	55	750,589	225,292	20.4%	7.5%
2007	27	55,957	(158,785)	4.1%	-26.9%
2008	26	(102,299)	22,214	-13.3%	
Subtotal	378	8,377,390	7,508,929		
Branches not yet open		(37,656)	-		
Closed branches		(8,457)	(171,666)		
Other		489,695	275,381		
Continuing Operations	378	\$ 8,820,972	\$ 7,612,644		

* Instaloan branches were acquired by Cash Store Financial on April 22, 2005, they have been operating since 2001



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., whose common shares were, upon the completion of this transaction, owned by the shareholders of the Company. Insta-Rent Inc. is publicly traded on the TSX Venture stock exchange under the symbol "IRR".

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 net loss from discontinued operations during the third quarter was \$650,000, which includes \$205,000 of spin-off costs related to the transaction, compared to a net loss of \$924,000 for the same quarter last year. For the nine months ended March 31, 2008, the net loss was \$1.7 million, which includes \$678,000 of spin-off costs related to the transaction, compared to a net loss of \$2.4 million in the same period last year. The decrease in the net loss was due to improved branch operating income compared to the prior year.

Consumer Protection Regulations

In May 2007, Bill C-26 *An Act to Amend the Criminal Code (criminal interest rate)* received Royal Assent. Consistent with the provisions of Bill 26, several provinces are expected to establish limits on the total cost of borrowing, including British Columbia, Saskatchewan, Manitoba, Nova Scotia and New Brunswick. Administrative proceedings to establish rate limits are continuing in Nova Scotia and Manitoba. The Public Utility Board in Manitoba recently issued an Order to establish maximum amounts that can be charged in respect of a payday loan. The Company has sought a leave to appeal this Order before the Appellate Court of Manitoba. At this stage, it remains difficult for the Company to specify limits that provinces will set, due to incomplete administrative proceedings in Manitoba and Nova Scotia, as well as anticipated public consultation processes in other jurisdictions which are either underway or have yet to begin. A ban on rollovers is expected in those jurisdictions that are presently developing rate regimes.

Cash Store Financial has been, and continues to be, a long-standing advocate of improved consumer protection measures for the payday loan industry. The Company's long-term strategy has been predicated on the belief that regulatory certainty will have a positive impact on operations. The Company has aggressively built its network of retail branches on this basis.

Class Action Lawsuit

On April 21, 2008, the Company reached a conditional settlement in respect of a class action law suit initiated in the province of Ontario. 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 conditional 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. The Company believes a settlement at this time is prudent and will lead to reduced legal costs and expenditures of management resources.

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.

OVERALL FINANCIAL PERFORMANCE

Thousands of dollars, except for per share amounts and branch figures		Three Months Ended		Nine Months Ended	
		31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Consolidated results	<i>No of branches</i>	378	355	378	355
Revenue					
Brokerage		31,305	29,895	96,077	92,047
Corporate		41	31	181	48
		31,345	29,927	96,258	92,095
Branch Expenses		17,724	16,607	52,218	48,281
Retention payments		4,800	5,707	15,882	17,917
Branch operating income		8,821	7,613	28,158	25,897
Regional expenses		1,730	1,470	5,455	4,150
Corporate expenses		2,827	4,010	7,658	10,753
Other amortization		234	192	577	585
Income from continuing operations before income taxes		4,030	1,941	14,467	10,409
Income from continuing operations		2,706	1,374	9,332	6,657
Loss from discontinued operations		(650)	(924)	(1,716)	(2,366)
EBITA*		5,434	3,336	18,659	14,591
Net income		2,056	450	7,616	4,290
Weighted average number of shares					
outstanding - basic		19,856	20,693	20,276	20,539
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
Consolidated Balance Sheet Information					
Working capital		14,407	33,991	14,407	33,991
Total assets		81,092	95,655	81,092	95,655
Total long-term liabilities		1,960	1,156	1,960	1,156
Total liabilities		12,246	9,851	12,246	9,851
Shareholders' equity		68,846	85,804	68,846	85,804

* EBTA - earnings from continuing operations before interest, income taxes, stock-based compensation, amortization of capital and intangible assets



Third Quarter and Year-to-Date Highlights

Net income for the third quarter was \$2.1 million, compared to \$450,000 for the same quarter last year. For the nine months ended March 31, 2008, net income was \$7.6 million, compared to \$4.3 million in the same period last year. The higher earnings resulted in diluted earnings per share from continuing operations increasing to \$0.13 in the quarter, compared to \$0.06, respectively, for the same period last year, and \$0.46 for the nine months ended March 31, 2008 compared to \$0.32 for the same period last year.

The Company's EBITA (income from continuing operations before interest, income taxes, stock-based compensation, and amortization of capital and intangible assets) for the third quarter was \$5.4 million, compared to \$3.3 million in the same quarter last year. For the nine months ended March 31, 2008, the Company's EBITA was \$18.7 million, compared to \$14.6 million for the same period last year. The operating EBITA increased to \$8.1 million from \$7.0 million in the same quarter last year. For the nine months ended March 31, 2008, the operating EBITA was \$25.8 million, compared to \$24.6 million for the same period last year. This improvement has been due to increased revenues partially offset by higher expenses primarily due to opening 23 new branches, and the Company has, over the past several quarters, increased its infrastructure substantially, including the addition of a centralized cheque cashing department and collections department, and increased capacity in both the internal audit and training departments.

The higher third quarter earnings reflect the following:

- continuation of increased branch-level operating results due to improved revenues, growing same branch sales, and decreased retention payments;
- targeted expenditures on infrastructure enhancements to increase revenue generation, including: a new cheque cashing department, a new centralized collections department, increased capacity in the internal audit and training departments; and, increased capacity for regional and divisional management; and,
- decreased expenditures on stock-based compensation.

Branch revenues have improved by 7%, while same branch sales have increased 2% compared to the same quarter last year.

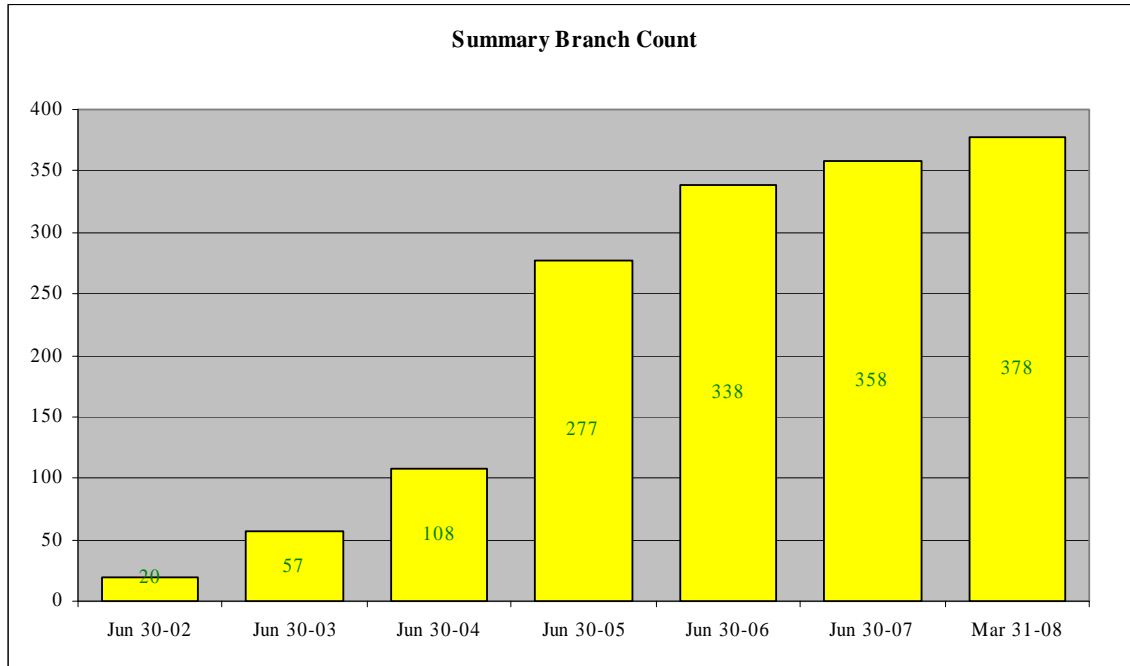
Product and revenue diversification initiatives continue to generate positive results. Fees from other services (including fees from cheque cashing, money transfer, payment protection, debit cards, pre-paid credit cards, collections and telephone re-connect services) increased to \$5.4 million for the quarter, compared to \$5.0 million in the same period last year and \$15.8 million for the nine months ended March 31, 2008, compared to \$14.7 million in the same period last year. A customer loyalty program is currently being tested in some markets. For future periods, the Company is planning to introduce alternative loan products and a customer referral program.

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



Branch Count

At the end of the third quarter, there were a total of 378 branches in operation. During the quarter, eleven new branches were opened. Branch performance continues to be monitored and consolidations will occur when efficiencies can be achieved.



Revenue

Revenue for the third quarter totalled \$31.3 million compared to \$29.9 million in the same quarter last year. Year-to-date, revenue was \$96.3 million, an increase of 4% compared to \$92.1 million in the first nine months of fiscal 2007. Revenue increased 5% to \$31.3 million from \$29.9 million in the same quarter last year. The higher revenue reflects an increase in both brokerage fees and other services.

Year Opened	Number of Branches	Revenues			Average	
		Q3 2008	Q3 2007	%Change	Q3 2008	Q3 2007
2001*	98	9,393,040	10,168,982	-8%	31,949	34,588
2002	15	1,692,410	1,688,444	0%	37,609	37,521
2003	36	3,522,837	3,670,441	-4%	32,619	33,986
2004	52	4,527,230	4,421,194	2%	29,021	28,341
2005	69	5,326,040	5,164,259	3%	25,730	24,948
2006	55	3,671,588	2,996,364	23%	22,252	18,160
2007	27	1,355,961	590,526	130%	16,740	7,290
2008	26	770,972	-	-	9,884	-
Subtotal	378	30,260,078	28,700,210	5%	26,684	25,309
Closed Branches			139	281,510		
Other		1,044,566	913,333			
Continuing Operations		\$ 31,304,783	\$ 29,895,053			

* Instaloan branches were acquired by Cash Store Financial on April 22, 2005, they have been operating since 2001



Broker fees for the third quarter increased 4% to \$25.9 million from \$24.9 million in the same quarter last year as a direct result of an increase in loans brokered and increase in same branch sales. Year-to-date, broker fees totalled \$80.3 million, compared to \$77.3 million for the six months ended March 31, 2007.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	Mar 2008	Mar 2007	Mar 2008	Mar 2007
REVENUES				
Brokerage fees	\$ 25,948,457	\$ 24,899,923	\$ 80,265,081	\$ 77,336,404
Other	5,356,326	4,995,130	15,811,806	14,710,363
Total Brokerage	31,304,783	29,895,053	96,076,887	92,046,767
Corporate	40,542	31,462	180,685	48,341
Total	\$ 31,345,325	\$ 29,926,515	\$ 96,257,572	\$ 92,095,108

Revenue from other services (including fees from cheque cashing, money transfer, payment protection, debit cards, collections and telephone re-connect services) increased to \$5.4 million in the third quarter, up from \$5.0 million in the same quarter last year. Year-to-date, other revenue totalled \$15.8 million, compared to \$14.7 million for the nine months ended March 31, 2007. These improvements demonstrate the progress made against the Company's objective of diversifying its revenue stream.

Loans brokered in the third quarter totalled \$124 million and averaged \$361 (excluding the Company's broker fee), compared to \$121 million and an average of \$353 in the same quarter last year. Year-to-date, the Company brokered \$385 million in loans at an average amount of \$361 (excluding the Company's broker fee), compared to \$371 million in loans at an average amount of \$344 for the nine months ended March 31, 2007.

Same Branch Sales

"Same branch sales" is a non-GAAP measure tracked and reported by the Company and is generally used to compare average revenue for a particular group of branches in a current period to that same group of branches in a prior period.

Same branch sales for the 339 locations open since the beginning of the third quarter of fiscal 2007 increased by 2% compared to the same quarter last year, with same branch sales averaging \$86,700 in the second quarter compared to \$84,600 the previous year. Management believes the increase in same branch sales reflects the impact of training and development activities and the continued emphasis on growth.

Improving same branch sales is an important objective as the cost structure for the existing branch base is relatively fixed.

Expenses (excluding retention payments)

Expenses for the third quarter totalled \$21.2 million, consistent with the third quarter last year. For the nine months ended March 31, 2008, expenses totalled \$62.0 million, a slight increase compared to the \$60.5 million in the same period last year. The increase is primarily due to the number of branches increasing by 23 and the Company has, over the past several quarters, increased its infrastructure substantially, including the addition of a centralized cheque cashing



department and collections department and increased capacity in both the internal audit and training departments. It is anticipated that corporate expenses will increase in the future due to the Company's participation in regulatory proceedings being held in some of the provinces.

Retention Payments

Third-party lender retention payments for the third quarter totalled \$4.8 million (3.9% of loans brokered), compared to \$5.7 million (4.7% of loans brokered) in the same quarter last year. There were lower payments despite the fact that total loans brokered increased to \$124 million this quarter from \$121 million in the same quarter last year. As a percentage of revenue, retention payments have decreased to 15.3% in the third quarter of 2008, compared to 19.1% in the third quarter of 2007.

Year-to-date, retention payments totalled \$15.9 million (4.1% of loans brokered), compared to \$17.9 million (4.8% of loans brokered) in the nine months ended March 31, 2007. As a percentage of brokerage revenue, retention payments have decreased to 16.5% for the nine months ended March 31, 2008, compared to 19.5% in the same period last year. Management believes that the focus on improving processes and controls, as well as the establishment of an internal collection department has resulted in the decrease in retention payments.

Amortization

Amortization of capital and intangible assets for the quarter totalled \$1.3 million, compared to \$1.1 million in the third quarter last year. Year-to-date, amortization of capital and intangible assets was \$3.9 million, compared to \$3.2 million for the first nine months ended March 31, 2007. The increase reflects the increased number of branches.

Income Taxes

The Company's effective tax rate was 35.0% in the third quarter, compared to 29.2% for the third quarter last year. Year-to-date, the Company's effective tax rate was 36.1%, compared to 36.0% for the nine months ended March 31, 2007.

Income from Continuing Operations

Income from continuing operations for the third quarter was \$2.7 million, compared to \$1.4 million for the same quarter of fiscal 2007. Year-to-date income from continuing operations totalled \$9.3 million, compared to \$6.7 million for the nine months ended March 31, 2007. The increase income from continuing operations was due primarily to increased revenues and lower retention payments offset by increased expenses associated with increases in infrastructure and controls.

Discontinued Operations

The net loss from the rental division during the third quarter was \$650,000 (which includes \$205,000 of spin-off costs related to the transaction) compared to a net loss of \$924,000 for the same quarter last year. For the nine months ended March 31, 2008, the net loss was \$1.7 million (which includes \$678,000 of spin-off costs related to the transaction) compared to a net loss of \$2.4 million in the same period last year.



Rental revenue was \$4.9 million in the third quarter, compared to \$6.1 million in the same quarter last year. Year-to-date, rental revenue totalled \$15.5 million, compared to \$18.5 million in the first nine months of fiscal 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash increased to \$16.1 million in the third quarter, compared to \$12.1 million at December 31, 2007 and \$18.2 million at June 30, 2007. Significant items impacting cash and cash equivalents in the third quarter and year-to-date were:

- payment of dividends to shareholders in the quarter of \$495,000 and \$3.1 million year-to-date;
- repurchase of shares in the amount of \$1.5 million in the quarter and \$5.3 million year-to-date;
- cash generated from operating activities, before non-cash operating items, of \$4.1 million and \$13.6 million year-to-date;
- capital asset expenditures of \$1.8 million and \$4.5 million year-to-date;
- cash used by discontinued operations of \$1.8 million and \$2.2 million year-to-date.

At the end of the third quarter, the Company's working capital position totalled a positive \$14.4 million, which is an \$8.0 million improvement compared to March 31, 2007. Year-to-date, working capital has increased \$5.0 million from June 30, 2007. This increase is namely as a result of \$5 million in future income taxes, from the rental division, being utilized by the Company.

CONTROLS AND PROCEDURES

Management has evaluated whether there were changes in the Company's internal controls over financial reporting during the most recent interim period ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. No such changes were identified through management's evaluation.

OUTSTANDING SHARE DATA

As at May 7, 2008, the Company had 19,684,373 common shares outstanding. There were also options to purchase 1,117,000 common shares, which if exercised, would provide the Company with proceeds of approximately \$4.8 million.



SUMMARY OF QUARTERLY RESULTS

The financial results for each of the last nine quarters are summarized in the following table. The results demonstrate a continued emphasis on growth compared to the prior quarters with an equal emphasis on management programs for underperforming branches.

(thousands of dollars, except for per share amounts and store		2008			2007				2006	
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Consolidated Results										
<i>Total operations</i>	<i>No. of branches</i>	378	367	361	358	355	348	344	338	332
Brokerage		\$ 31,305	\$ 32,591	\$ 32,181	\$ 31,451	\$ 29,895	\$ 30,773	\$ 31,378	\$ 31,452	\$ 31,324
Corporate		41	83	57	16	32	6	12	9	1
		31,345	32,674	32,238	31,467	29,927	30,779	31,390	31,461	31,325
Branch expenses		17,724	17,460	17,034	16,903	16,607	16,077	15,598	15,389	15,201
Retention payments		4,800	5,290	5,792	5,501	5,707	6,000	6,210	3,615	6,187
Branch operating income		8,821	9,924	9,413	9,063	7,613	8,702	9,582	12,456	9,936
Regional expenses		1,730	1,991	1,734	1,819	1,470	1,432	1,247	1,364	1,269
Corporate expenses		2,827	2,589	2,243	4,001	4,010	3,494	3,249	3,256	2,942
Other amortization		234	180	163	222	192	203	190	181	301
Income from continuing operations before income taxes		4,030	5,165	5,273	3,021	1,941	3,573	4,896	7,655	5,424
EBITA from continuing operations**		5,434	6,505	6,719	4,019	3,336	4,921	6,334	9,055	6,261
Income from continuing operations		2,706	3,207	3,418	2,013	1,374	2,250	3,033	3,907	3,665
Loss from discontinued operations		(650)	(676)	(390)	(422)	(924)	(860)	(583)	(299)	(860)
Net income		\$ 2,056	\$ 2,531	\$ 3,028	\$ 1,591	\$ 450	\$ 1,390	\$ 2,450	\$ 3,608	\$ 2,805
Basic earnings per share										
Income from continuing operations		\$ 0.14	\$ 0.16	\$ 0.17	\$ 0.10	\$ 0.07	\$ 0.11	\$ 0.15	\$ 0.19	\$ 0.18
Loss from discontinued operations		(0.04)	(0.03)	(0.02)	(0.02)	(0.04)	(0.04)	(0.03)	(0.01)	(0.04)
Net income		0.10	0.12	0.15	0.08	0.02	0.07	0.12	0.18	0.14
Diluted earnings per share										
Income from continuing operations		\$ 0.13	\$ 0.16	\$ 0.17	\$ 0.10	\$ 0.07	\$ 0.11	\$ 0.15	\$ 0.19	\$ 0.18
Loss from discontinued operations		(0.03)	(0.03)	(0.02)	(0.02)	(0.04)	(0.04)	(0.03)	(0.01)	(0.04)
Net income		0.10	0.12	0.15	0.08	0.02	0.07	0.12	0.18	0.14

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

**EBITA - earnings from continuing operations before interest, income taxes, stock-based compensation, amortization of capital and intangible assets.