



**Cash Store Financial releases Third Quarter results; declares dividend on continued positive performance**

EDMONTON, May 7 /CNW/ - The Cash Store Financial Services Inc. ("Cash Store Financial" or the "Company") (TSX:CSF) today announced its results for the three and nine month periods ended March 31, 2008.

**Third Quarter Highlights from Continuing Operations** (table of results at end of release)

- Income from continuing operations increased 93% to \$2.7 million from \$1.4 million for the same quarter last year.
- Diluted earnings per share from continuing operations increased to \$0.13 compared to \$0.06 for the same quarter last year.
- Branch operating income was \$8.8 million, compared to \$7.6 million for the same quarter last year.
- Same branch sales were \$86,700 compared to \$84,600 for the same quarter last year.
- Revenue increased 5% to \$31.3 million from \$29.9 million for the same quarter last year.
- Retention payments decreased to \$4.8 million (3.9% of loans brokered), from \$5.7 million (4.7% of loans brokered) for the same quarter last year.
- Dividend declared for the quarter of 2.5 cents per common share.
- The Company completed the spin-off of its rental operations.

**Year-To-Date Highlights (9 months)**

- Income from continuing operations increased 39% to \$9.3 million, compared to \$6.7 million for the same period last year.
- Diluted earnings per share from continuing operations increased to \$0.46 compared to \$0.32 for the same period last year.
- Branch operating income was \$28.2 million compared to \$25.9 million for the same period last year.
- Revenue increased 4% to \$96.3 million, compared to \$92.1 million for the same period last year.
- Retention payments decreased to \$15.9 million (4.1% of loans brokered), compared to \$17.9 million (4.8% of loans brokered) for the same period last year.

- The Company's cash increased to \$16.1 million, compared to \$12.3 million as at December 31, 2007, and \$18.2 million as at June 30, 2007.

Mr. Gordon Reykdal, Chairman and CEO commented, "I'm pleased to report continued strong performance in the third quarter of fiscal 2008. Revenues continue to increase relative to the previous year, retention payments are down as a percentage of loans brokered, and net income is up markedly from the previous year. Subsequent to a year-long corporate-wide restructuring program, this quarter marks the fourth consecutive period of positive trending year-over-year and improvements to the same branch sales."

He added, "Management has, in recent periods, concentrated on the continuous training and development of branch associates, with positive overall results. We continue to take a hands-on approach to management of our operations and, along with our Chief Operating Officer, closed the third quarter by beginning a country-wide tour to meet personally with all branch managers to discuss strategic priorities and revenue goals. On this basis, we are confident that such an approach will improve our branch operations."

Mr. Reykdal further added, "The Company maintains strong cash and working capital positions and is fully able to initiate expansion initiatives as market conditions and opportunities arise, inclusive of dividends paid. The Company's cash holdings are fully liquid, held in current accounts with major Canadian banks. We are pleased to declare a third consecutive dividend of 2.5 cents per share for the third quarter of 2008."

The cash dividend of \$0.025 per common share will be payable on June 4, 2008 to shareholders of record on May 20, 2008.

### **Rental Division Spin-off**

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.

### **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 Company's 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 Instalozans, 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.

## Summary Financial Information

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
<b>Consolidated results</b>					
<i>No of branches</i>		<b>378</b>	355	<b>378</b>	355
Revenue					
Brokerage		<b>31,305</b>	29,895	<b>96,077</b>	92,047
Corporate		<b>41</b>	31	<b>181</b>	48
		<b>31,345</b>	29,927	<b>96,258</b>	92,095
Branch Expenses		<b>17,724</b>	16,607	<b>52,218</b>	48,281
Retention payments		<b>4,800</b>	5,707	<b>15,882</b>	17,917
Branch operating income		<b>8,821</b>	7,613	<b>28,158</b>	25,897
Regional expenses		<b>1,730</b>	1,470	<b>5,455</b>	4,150
Corporate expenses		<b>2,827</b>	4,010	<b>7,658</b>	10,753
Other amortization		<b>234</b>	192	<b>577</b>	585
Income from continuing operations before income taxes		<b>4,030</b>	1,941	<b>14,467</b>	10,409
Income from continuing operations		<b>2,706</b>	1,374	<b>9,332</b>	6,657
Loss from discontinued operations		<b>(650)</b>	(924)	<b>(1,716)</b>	(2,366)
EBITA*		<b>5,434</b>	3,336	<b>18,659</b>	14,591
Net income		<b>2,056</b>	450	<b>7,616</b>	4,290
Weighted average number of shares outstanding - basic		<b>19,856</b>	20,693	<b>20,276</b>	20,539
Basic earnings per share					
Income from continuing operations		<b>\$ 0.14</b>	\$ 0.06	<b>\$ 0.46</b>	\$ 0.32
Loss from discontinued operations		<b>\$ (0.04)</b>	\$ (0.04)	<b>\$ (0.08)</b>	\$ (0.11)
Net income		<b>\$ 0.10</b>	\$ 0.02	<b>\$ 0.38</b>	\$ 0.21
Diluted earnings per share					
Income from continuing operations		<b>\$ 0.13</b>	\$ 0.06	<b>\$ 0.46</b>	\$ 0.32
Loss from discontinued operations		<b>\$ (0.03)</b>	\$ (0.04)	<b>\$ (0.09)</b>	\$ (0.11)
Net income		<b>\$ 0.10</b>	\$ 0.02	<b>\$ 0.37</b>	\$ 0.21
Consolidated Balance Sheet Information					
Working capital		<b>14,407</b>	33,991	<b>14,407</b>	33,991
Total assets		<b>81,092</b>	95,655	<b>81,092</b>	95,655
Total long-term liabilities		<b>1,960</b>	1,156	<b>1,960</b>	1,156
Total liabilities		<b>12,246</b>	9,851	<b>12,246</b>	9,851
Shareholders' equity		<b>68,846</b>	85,804	<b>68,846</b>	85,804

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

This press release should be read in conjunction with the unaudited interim consolidated financial statements of The Cash Store for the three and nine month period ended March 31, 2008.

### About The Cash Store Financial Services Inc. (formerly Rentcash Inc.)

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 370 branches across Canada under two 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 other ancillary products.

Cash Store Financial employs more than 1,500 associates and is headquartered in Edmonton, Alberta.

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*This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as plans, anticipated, 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. The Cash Store Financial Services Inc. (formerly Rentcash Inc.) is subject to significant risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements contained in this release. A description of these risk factors can be found in the Management Information Circular of Rentcash Inc. dated October 30, 2007 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) under The Cash Store Financial Services Inc.'s profile. The Cash Store Financial Services Inc. cannot assure investors that actual results will be consistent with these forward-looking statements and The Cash Store Financial Services Inc. assumes no obligation to update or revise the forward-looking statements contained in this release to reflect actual events or new circumstances except as required by applicable securities laws.*

*"EBITA" is earnings before interest, income taxes, stock-based compensation, amortization of capital and intangible assets. EBITA is not a recognized measure under Canadian generally accepted accounting principles ("GAAP"). The Company believes that EBITA is a useful supplemental measure to income (loss), as it provides investors with an indication of cash earnings prior to debt service, capital expenditures, income taxes and certain non-cash items. Investors should be cautioned, however, that EBITA should not be construed as an alternative to net income (loss) determined in accordance with GAAP as an indicator of the Company's performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. The Company's method of calculating EBITA may differ from the methods by which other companies calculate EBITA and, accordingly, the EBITA used herein may not be comparable to measures used by other companies. EBITA can be reconciled to the sum of income before income taxes and interest, stock-based compensation, amortization of capital assets and intangible assets.*