



Q2 2008 Highlights Chairman's Remarks and Strategic Outlook

Highlights of Q2 2008 - Three and Six Months Ended and Strategic Outlook Commentary by Gordon J. Reykdal (Chairman and CEO) - February 7th, 2008

Introduction

Rentcash is the only payday advance broker in Canada publicly traded on the Toronto Stock Exchange. We operate 427 stores across Canada under three banners: The Cash Store, Instalozans and Insta-rent. We employ 1,800 associates. The brokering of payday loans is our principal business.

With 367 brokerage stores in nine provinces and two territories, we have the largest network of corporately-owned and operated retail payday loan outlets in Canada.

I am pleased to report continued positive performance in the second quarter of fiscal 2008.

For the third consecutive quarter, our year-over-year comps reflect strong revenue and earnings growth, as well as continued declines in expenses as a percentage of revenue.

Following a year long corporate-wide restructuring program that concluded in the third quarter of fiscal '07, improvements to the brokerage division's store operating income are continuing.

Positive strides continue to be made in the rental division, positioning that division well for a successful spin-off, anticipated in the third quarter of fiscal 2008, pending completion of a tax ruling by the Canada Revenue Agency and other applicable regulatory approvals.

The spin-off was approved by shareholders at the Company's special annual general meeting in November, 2007.

In the rental division, same store sales and store operating income have improved relative to the same period last year.

Key initiatives to improve performance in the rental division on a go-forward basis include: changes to and expansion of the regional management structure; an increased focus on processes and controls; and, an increased focus on profitable stores with proven growth potential.

Initiatives to increase higher margin rental revenue and improve the margin on product sales, continue to have a positive impact on the rental division's results.

The divestiture of the rental division is expected to provide better clarity for both business models, thus generating a positive long-term impact on overall shareholder value.

Key Highlights

Second quarter

Increases in same store sales and improvements to operating margins have had a clear positive impact on the bottom line for the second quarter.

- Net income was \$2.5 million compared to \$1.4 million for the same quarter last year. Pro-forma net income was \$3.2 million for the quarter.
- Diluted earnings per share (eps) were \$0.12 compared to \$0.07 for the same quarter last year. Pro-forma, diluted eps was \$0.16.
- Consolidated revenue increased to \$37.8 million, compared to \$36.9 million for the same period last year.
- The Company incurred a non-recurring charge of \$473,000 in the quarter related to the spin-off of the rental division. Excluding spin-off costs, diluted earnings per share would have been \$0.14 cents.

Year-to-date

- Net income increased to \$5.6 million, relative to \$3.8 million for the same period last year. Pro-forma net income was \$6.6 million for the period.
- Earnings per share were up to \$0.27 relative to \$0.19 for the comparable period last year. Pro-forma, diluted eps was \$0.32.
- Consolidated revenue for the six months ending December 31 was \$75.5 million compared to \$74.5 million for the same period last year.

Building strong fundamentals to support long-term business growth is a cornerstone of our overall strategy.

Changes to the regulatory environment over the next 24-36 month period are expected to generate market realignments, potentially creating opportunities for the Company to accelerate its growth program.

Our strong cash, working capital, and cash-flow positions enabled us to begin paying dividends in the fourth quarter of fiscal 2007 and will enable us to comfortably secure market opportunities as they arise.

Additionally, in the first quarter of 2008, the Company initiated a share buy-back program.

The Company currently has no debt, strong working capital, and a fully liquid cash position held in current accounts with major Canadian banks.

We are pleased to declare another dividend of 2.5 cents per share for the second quarter of fiscal 2008.

Other key highlights are:

Brokerage revenue for the second quarter increased to \$32.6 million compared to \$30.7 million for the same period last year; store operating income for the period improved to \$9.8 million, from \$8.8 million last year.

On a per store average basis, same store sales in the brokerage division increased 5% to \$91,600 compared to \$87,300 for the same quarter last year.

On a per store average basis in the rental division, same-store sales were \$83,800 compared to \$76,600 for the same quarter last year.

This improvement in the rental division is a result of initiatives to close poor-performing stores and consolidate their accounts with near-by stores.

In the brokerage division, loans brokered in the second quarter increased six percent to \$130 million from \$123 million for the same period last year.

Third-party lender retention payments for the second quarter declined to \$5.3 million, compared to \$6.0 million in the same quarter last year.

Overall, management is very encouraged by recent trending.

Industry Regulation

Several provinces continue to move ahead with regulation of the payday advance industry including British Columbia, Saskatchewan, Manitoba and Nova Scotia.

Public Utilities Board hearings to set maximum rates for payday loans are currently underway in Manitoba and Nova Scotia. These boards have a mandate to set rates that will allow for a viable industry.

Maximum rates in these provinces are expected to be set in the fourth quarter, with formal implementation expected to occur late in Calendar 2008.

A ban on rollovers is also expected in these jurisdictions.

British Columbia, Saskatchewan and New Brunswick may also establish limits on the total cost of borrowing and implement a ban on rollovers. However it is not possible at this time to determine when this will occur.

Alberta and Ontario are contemplating regulation, although the exact nature of their preferred approach is not yet fully known.

Rentcash is actively engaged with all provinces on regulatory issues.

This Company has been a long-standing advocate of improved consumer measures for the payday loan industry and we will continue to be actively engaged with all provinces in the development process of industry regulations.

We believe that regulatory certainty is in the best interests of this Company.

We have built this Company in anticipation of a stable regulatory environment and our forward growth strategy reflects our belief that regulations are coming.

Summary

In the coming weeks, I, along with the Chief Operating Officer of the brokerage division, will repeat our country-wide series of meetings with all store managers to review the division's strategic priorities.

Our primary strategy since inception has been to build shareholder value by capitalizing on unsatisfied consumer demand for alternative financial services products.

Our approach has been to grow rapidly and secure a dominant market footprint then build revenues followed by infrastructure enhancements and product diversification.

Although new store count is presently planned to continue increasing at a rate of 2-3 per month, the Company will accelerate store growth either organically or through acquisition, should financial performance and market conditions so warrant.

The Company currently holds 25% of market share. We have a solid footprint of stores, with half of our stores being less than 3 years of age.

As operating margins in our younger stores improve, we will expand our network to maintain and grow our overall market share.

We are taking active steps to improve same store sales and thus, grow revenue and earnings.

We are building a strong Company for the long-term and are very focused on increasing shareholder value.

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

Michael Thompson
Vice President Investor Relations and Government Affairs
Phone: (613) 371-4093
Fax: (780) 443-2653
Email: michael.thompson@rentcash.ca

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