



News Release

August 26, 2009

Cash Store Financial achieves record annual revenue of \$150.5 million and record net income of \$14.6 million

EDMONTON, August 26, 2009 /CNW/ - The Cash Store Financial Services Inc. ("Cash Store Financial") today announced fourth quarter and year-end results for the period ended June 30, 2009.

Fourth Quarter Highlights (table of results at end of release)

- Record quarterly revenue of \$39.7 million, up 15% from \$34.5 million for the same period last year.
- Income, excluding class action settlement costs of \$5.0 million, up 44% to \$4.6 million from \$3.2 million for the fourth quarter last year. Inclusive of class action costs, net income was \$1.2 million, compared to \$3.2 million last year.
- Diluted earnings per share excluding class action settlement costs up 69% to \$0.27 per share from \$0.16 per share in the fourth quarter last year. Inclusive of class action costs, diluted earnings per share was \$0.07 per share.
- Adjusted EBITA up 18% to \$9.0 million (before non-recurring items), compared to \$7.6 million for the same period last year.
- Branch operating income was a record \$14.8 million, up 27%, compared to \$11.8 million for the same quarter last year.
- Same branch revenues for the locations opened since the beginning of fourth quarter of fiscal 2008 increased 12% to \$99,800 from \$89,100 for the same quarter last year.

Year ended June 30, 2009 highlights

- Record annual revenue of \$150.5 million, up 15% from \$130.8 million the prior year.
- Income, excluding class action settlement costs of \$6.9 million, up 55% to \$19.4 million from \$12.5 million in the prior year. Inclusive of class action costs, net income increased 17% to \$14.6 million, compared to \$12.5 million in the prior year.
- Diluted earnings per share excluding class action settlement costs up 74% to \$1.08 per share from \$0.62 for fiscal 2008. Inclusive of class action costs, diluted earning per share increased to \$0.81 per share.
- Adjusted EBITA up 35% to \$35.6 million (before non-recurring items), compared to \$26.3 million in the prior year.
- Branch operating income was a record \$54.6 million, up 37% from \$39.8 million for the same period last year.
- Same branch revenues for the locations open since the beginning of the first quarter of fiscal 2008 increased 11% to \$392,800 from \$354,900 for the same period last year.
- Branch count up 40 net new branches to 424 from 384 at fiscal year-end 2008.
- Repurchase of 2.7 million shares pursuant to issuer bids at an average price of \$ 5.96 per share repurchased for a total cost of \$16.1 million.

Mr. Gordon Reykdal, Chairman and CEO commented, "We achieved record net income of \$14.6 million, an improvement of 17% over the previous year. Excluding provisions for the settlement of class-action law suits in Ontario and British Columbia we achieved net income of \$19.4 million, an improvement of 56% over the previous year's net income of \$12.5 million. We believe that the settlement of these suits removes a significant uncertainty in our company. The settlement of these class action suits frees senior management's time to concentrate on strategic initiatives. We also anticipate a reduction in professional and other related fees associated with managing these suits. "

Mr. Reykdal further commented: "The fourth quarter of fiscal 2009 was exceptional, with continued improvements across the Company. Record levels were achieved in revenue, branch operating income and net income. Despite the recent correction in the economy, overall performance has improved steadily on a year-over-year basis. For the quarter we again achieved a marked increase in same branch revenues, and improved contributions to earnings from our

ancillary products. Our continued concentration on the training and development of our associates has resulted in improved branch operating income. The maturation of our branch network, in combination with steadily improving associate retention within our regional and branch manager group, is expected to fuel further gains in subsequent periods.”

Mr. Reykdal concluded, “Several provinces continue working on a process to establish consumer protection measures for the industry, inclusive of rate caps on payday loans and bans on rollovers. Cash Store Financial has been a leader in advancing needed consumer protection measures and we are fully confident that a regulated environment will have a significant positive impact on our earnings over the long-term. We anticipate that most provinces will have provided full clarity on rate caps by the close of calendar 2009. With our strong cash position we have a solid platform from which to drive our aggressive expansion.”

About Cash Store Financial

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 424 branches across Canada under the banners: The Cash Store and Instaloans.

The Cash Store and Instaloans 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 a prepaid credit card - the Freedom MasterCard, and other ancillary products.

Cash Store Financial employs more than 1,600 associates and is headquartered in Edmonton, Alberta.

Summary Financial Information

<i>Thousands of dollars, except for per share amounts and branch figures</i>		Three Months Ended		Twelve Months Ended	
Consolidated results		June 30	June 30	June 30	June 30
		2009	2008	2009	2008
	<i>No. of branches</i>	424	384	424	384
Revenue					
Brokerage		\$ 39,700	\$ 34,490	\$ 150,253	\$ 130,567
Corporate		31	52	252	232
		39,731	34,542	150,505	130,799
Branch expenses		20,299	18,634	77,881	70,852
Retention payments		4,600	4,229	17,988	20,111
Branch operating income		14,832	11,679	54,636	39,836
Regional expenses		2,333	1,985	8,218	7,440
Corporate expenses		5,038	3,525	16,656	11,182
Other amortization		527	244	1,333	822
Income from continuing operations before income taxes, class action settlement and discontinued operations		6,934	5,925	28,429	20,392
Class action settlement		5,000	-	6,910	-
Income from continuing operations		1,232	3,190	14,647	12,522
Loss from discontinued operations		-	-	-	(1,716)
EBITA *		3,891	7,614	28,583	26,271
Net income and comprehensive income		\$ 1,232	\$ 3,190	\$ 14,647	\$ 10,806
Weighted average number of shares outstanding - basic		16,929	19,652	17,958	20,124
Basic earnings per share					
Income from continuing operations		\$ 0.07	\$ 0.16	\$ 0.82	\$ 0.62
Loss from discontinued operations		-	-	-	(0.08)
Net income and comprehensive income		0.07	0.16	0.82	0.54
Diluted earnings per share					
Income from continuing operations		0.07	0.16	0.81	0.62
Loss from discontinued operations		-	-	-	(0.09)
Net income and comprehensive income		\$ 0.07	\$ 0.16	\$ 0.81	\$ 0.53
Consolidated Balance Sheet Information					
Working capital		\$ 9,667	\$ 16,740	\$ 9,667	\$ 16,740
Total assets		83,796	81,787	83,796	81,787
Total long-term liabilities		2,959	1,800	2,959	1,800
Total liabilities		17,944	10,585	17,944	10,585
Shareholders' equity		\$ 65,852	\$ 71,202	\$ 65,852	\$ 71,202

For further information on Cash Store Financial, please contact:

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This News Release 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". In particular this News Release contains forward-looking statements in connection with the Cash Store Financials goals and strategic priorities, introduction of products, share repurchase initiatives and branch openings. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Cash Store Financial, 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, and other factors described in our Annual Information Form ("AIF") dated August 26, 2009 under the heading "Risk Factors". All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including our knowledge of the current credit, interest rate and liquidity conditions affecting us and the Canadian economy. Although we believes the assumptions used to make such statements are reasonable at this time and have attempted to identify in our continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material factors or assumptions are applied by us in making forward-looking statements, include without limitation, factors and assumptions regarding our continued ability to fund our payday loan business, rates of customer defaults, relationships with, and payments to, third party lenders, demand for our products, as well as our operating cost structure and current consumer protection regulations. 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. We do not undertake to update any forward-looking information, except in accordance with applicable securities laws.