SECURITIES AND EXCHANGE COMMISSION

FORM 6-K

Current report of foreign issuer pursuant to Rules 13a-16 and 15d-16 Amendments

Filing Date: **2013-05-16** | Period of Report: **2013-05-16**
SEC Accession No. 0001279569-13-000696

(HTML Version on secdatabase.com)

FILER

Cash Store Financial Services Inc.

CIK:**1490658**| IRS No.: **000000000** | State of Incorp.:**A6** | Fiscal Year End: **0930**
Type: **6-K** | Act: **34** | File No.: **001-34760** | Film No.: **13850003**
SIC: **6163** Loan brokers

Mailing Address
15511 ? 123 AVENUE,
EDMONTON A0 T5V 0C3

Business Address
15511 ? 123 AVENUE,
EDMONTON A0 T5V 0C3
780-408-5110

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREGIN PRIVATE ISSUER

PURSUANT TO RULE 13A-16 OR 15D-16 OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of **May, 2013**

Commission File Number: **001-34760**

THE CASH STORE FINANCIAL SERVICES INC.

(Translation of registrant's name into English)

15511-123 Avenue
Edmonton, Alberta, Canada T5V 0C3
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☑ Form 40-F £

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

DISCLAIMER

Cash Store Financial is a Canadian corporation that is not affiliated with Cottonwood Financial Ltd., or the outlets Cottonwood Financial Ltd. operates in the United States under the name "Cash Store." Cash Store Financial does not do business under the name "Cash Store" in the United States and does not own or provide any consumer lending services in the United States.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CASH STORE FINANCIAL SERVICES INC.

Date: May 15, 2013

By: /s/ Craig Warnock
Craig Warnock
Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description of Exhibit
99.1	INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013
99.2	MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED MARCH 31, 2013
99.3	CEO AND CFO CERTIFICATIONS

THE CASH STORE FINANCIAL SERVICES INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended		Six Months Ended	
	March 31 2012 Restated Note 1(g)	**March 31 2013**	March 31 2012 Restated Note 1(g)	**March 31 2013**
REVENUE				
Loan fees	$ 30,545	**$ 37,268**	$ 63,437	**$ 75,286**
Other income - Note 5	11,544	**9,389**	24,500	**20,874**
	42,089	**46,657**	87,937	**96,160**
OPERATING EXPENSES				
Salaries and benefits	17,672	**14,325**	34,528	**28,787**
Provision for credit losses - Note 4	10,798	**7,289**	11,466	**16,543**
Retention payments	2,271	**1,665**	8,828	**3,434**
Selling, general and administrative	6,406	**5,076**	12,895	**10,045**
Rent	4,911	**4,457**	9,677	**8,891**
Advertising and promotion	1,063	**1,437**	2,753	**2,806**
Depreciation of property and equipment	1,785	**1,568**	3,561	**3,128**
	44,906	**35,817**	83,708	**73,634**
OPERATING MARGIN	(2,817)	**10,840**	4,229	**22,526**
CORPORATE AND OTHER EXPENSES				
Corporate expenses	6,626	**9,247**	11,584	**15,995**
Interest expense	3,068	**4,644**	3,237	**9,247**
Depreciation of property and equipment	291	**228**	587	**538**
Amortization of intangible assets	1,212	**1,766**	1,499	**3,628**
Impairment of property and equipment	3,017	**-**	3,017	**-**
Expense to settle pre-existing relationships with third-party lenders	36,820	**-**	36,820	**-**
INCOME (LOSS) BEFORE INCOME TAXES	(53,851)	**(5,045)**	(52,515)	**(6,882)**
INCOME TAXES - NOTE 7				
Current (recovery)	(398)	**(287)**	(570)	**(1,634)**
Deferred (recovery)	(12,293)	**(478)**	(11,745)	**734**
	(12,691)	**(765)**	(12,315)	**(900)**
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ (41,160)	**$ (4,280)**	$ (40,200)	**$ (5,982)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - Note 9				
Basic	17,424,946	**17,500,146**	17,422,347	**17,556,731**
Diluted	17,424,946	**17,500,146**	17,422,347	**17,556,731**
BASIC EARNINGS (LOSS) PER SHARE				
Net income (loss) and comprehensive income (loss)	$ (2.36)	**$ (0.24)**	$ (2.31)	**$ (0.34)**
DILUTED EARNINGS (LOSS) PER SHARE				
Net income (loss) and comprehensive income (loss)	$ (2.36)	**$ (0.24)**	$ (2.31)	**$ (0.34)**

See accompanying notes to the interim consolidated financial statements

THE CASH STORE FINANCIAL SERVICES INC.
INTERIM CONSOLIDATED BALANCE SHEETS
(in thousands of Canadian Dollars)
(unaudited)

	September 30 2012 Restated Note 1(g)	**March 31 2013**
ASSETS		
Current Assets		
Cash	$ 13,598	**$ 13,017**
Restricted cash - Note 3	5,541	**9,356**
Consumer advances receivable, net - Note 4	32,440	**30,474**
Other receivables - Note 5	19,481	**14,915**
Prepaid expenses and other assets	2,454	**2,303**
Income taxes receivable	4,576	**2,880**
Deferred tax assets	12,183	**11,390**
	90,273	**84,335**
Long term receivable - Note 5	460	**450**
Deposits and other assets	1,162	**1,155**
Deferred tax assets	424	**715**
Deferred financing costs	7,523	**6,898**
Property and equipment, net of accumulated depreciation of $36,180 and $39,398	23,157	**21,287**
Intangible assets, net of accumulated amortization of $7,831 and $10,101	39,760	**37,524**
Goodwill	39,685	**39,685**
	$ 202,444	**$ 192,049**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 1,055	**$ 1,646**
Accrued liabilities - Note 6	27,882	**21,690**
Current portion of deferred revenue	1,000	**1,000**
Current portion of deferred lease inducements	436	**399**
Current portion of obligations under capital leases and other obligations	1,180	**1,245**
	31,553	**25,980**
Deferred revenue	3,917	**3,417**
Deferred lease inducements	985	**826**
Obligations under capital leases and other obligations	3,608	**4,121**
Senior secured notes - Note 8	126,033	**126,586**
Deferred tax liabilities	2,832	**3,064**
	168,928	**163,994**
SHAREHOLDERS' EQUITY		
Share capital, number of voting common shares, issued and oustanding - 17,496,646 and 17,571,813 - Note 9	46,652	**47,091**
Additional paid-in capital	4,700	**4,782**
Retained earnings	(17,836)	**(23,818)**
	33,516	**28,055**
	$ 202,444	**$ 192,049**

Litigations, Claims and Contingencies - Note 11

Approved by the Board:

<u>Signed "Gordon J. Reykdal"</u>
Director

<u>Signed "J. Albert Mondor"</u>
Director

See accompanying notes to the interim consolidated financial statements

THE CASH STORE FINANCIAL SERVICES INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands of Canadian Dollars)
(unaudited)

	Common Shares	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
Balance, September 30, 2011 (Restated - Note 1(g))	**$ 46,149**	**$ 4,178**	**$ 31,955**	**$ 82,282**
Total comprehensive income	-	-	(43,522)	(43,522)
Dividends to common shareholders	-	-	(6,269)	(6,269)
Issuance of common shares	503	(211)	-	292
Stock-based compensation expense	-	733	-	733
Total of other equity movements	503	522	(6,269)	(5,244)
Balance, September 30, 2012 (Restated - Note 1(g))	$ 46,652	$ 4,700	$ (17,836)	$ 33,516
Net income (loss) and comprehensive income (loss)	-	-	(5,982)	(5,982)
Issuance of common shares	439	(182)	-	257
Stock-based compensation expense	-	264	-	264
Total of other equity movements	439	82	-	521
Balance, March 31, 2013	**$ 47,091**	**$ 4,782**	**$ (23,818)**	**$ 28,055**

See accompanying notes to the interim consolidated financial statements

THE CASH STORE FINANCIAL SERVICES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian Dollars)
(unaudited)

	Three Months Ended		Six Months Ended	
	March 31 2012	**March 31 2013**	March 31 2012	**March 31 2013**
	Restated Note 1(g)		Restated Note 1(g)	
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net income (loss)	$ (41,160)	**$ (4,280)**	$ (40,200)	**$ (5,982)**
Items not affecting cash:				
Depreciation of property and equipment	2,076	**1,796**	4,148	**3,666**
Amortization of intangible assets	1,212	**1,766**	1,499	**3,628**
Impairment of assets	3,017	**-**	3,017	**-**
Provision for credit losses - Note 4	10,798	**7,289**	11,466	**16,543**
Expense to settle pre-existing relationships with third-party lenders	36,820	**-**	36,820	**-**
Stock-based compensation	193	**119**	386	**264**
Accretion of long-term debt discount and amortization of deferred financing costs	353	**611**	353	**1,199**
Deferred income taxes	(12,291)	**(478)**	(11,745)	**734**
Change in non-cash working capital:				
Consumer advances receivable, net - Note 4	3,345	**1,365**	865	**(14,577)**
Other receivables and long-term receivables	(1,833)	**(2,078)**	(6,925)	**4,576**
Prepaid expenses, deposits and other assets	522	**581**	673	**158**
Income taxes receivable	(1,446)	**3,045**	(1,495)	**1,696**
Accounts payable and accrued liabilities	370	**(4,848)**	2,031	**(5,755)**
Income taxes payable	(6)	**-**	(130)	**-**
Deferred revenue	(606)	**(250)**	(694)	**(500)**
Deferred lease inducements	175	**(91)**	138	**(196)**
	1,539	**4,547**	207	**5,454**
INVESTING ACTIVITIES				
Acquisition of short-term advances - Note 4 b (i)	(27,235)	**-**	(27,235)	**-**
Expense to settle pre-existing relationships with third-party lenders	(36,820)	**-**	(36,820)	**-**
Cash restricted - Note 3	(3,100)	**3,394**	3,157	**(3,815)**
Funding from (paid to) third-party lenders	1,275	**(3,394)**	(235)	**474**
Purchase of intangible assets	(29,822)	**(236)**	(29,860)	**(505)**
Purchase of property and equipment	(668)	**(588)**	(2,433)	**(1,698)**
	(96,370)	**(824)**	(93,426)	**(5,544)**
FINANCING ACTIVITIES				
Repayment of obligations under capital leases and other obligations	(175)	**(317)**	(413)	**(727)**
Proceeds from issuance of senior secured notes	102,577	**-**	102,577	**-**
Deferred financing costs	(6,357)	**8**	(7,373)	**(21)**
Dividends paid on common shares	(2,092)	**-**	(4,183)	**-**
Issuance of common shares	34	**-**	50	**257**
	93,987	**(309)**	90,658	**(491)**

INCREASE (DECREASE) IN UNRESTRICTED CASH	(844)	**3,414**	(2,561)	**(581)**
UNRESTRICTED CASH, BEGINNING OF PERIOD	11,317	**9,603**	13,034	**13,598**
UNRESTRICTED CASH, END OF PERIOD	$ 10,473	**$ 13,017**	$ 10,473	**$ 13,017**
Supplemental cash flow information:				
Interest paid	$ 28	$ 112	$ 133	$ 226
Interest received	1	12	3	13
Income taxes paid (inclusive of tax refunds)	1,056	(3,330)	1,056	(3,330)
Non-cash investing and financing activities:				
Addition of capital lease obligations and other obligations	$ 363	$ 1,198	$ 639	$ 1,311
Addition of consumer loans portfolio in exchange for senior secured notes	22,779	-	22,779	-

See accompanying notes to the interim consolidated financial statements

Nature of Business

The Cash Store Financial Services Inc. (TSX: CSF, NYSE: CSFS) (the "Company" or "The Cash Store Financial") operates primarily under two branch banners: Cash Store Financial and Instaloans. The Company acts as a lender and broker to facilitate short-term advances and lines of credit, as well as, to provide other financial services to income-earning consumers. The Company has operations in Canada and the United Kingdom.

Although the Company's business is not significantly affected by seasonality, the Company typically experiences its strongest revenues in the third and fourth quarters (which correspond with tax season and the summer months) followed by the first quarter (Christmas/holiday season). The second quarter is typically the weakest. In addition to seasonal demand, quarterly results are impacted by the number and timing of new branch openings.

The Cash Store Financial is a Canadian corporation that is not affiliated with Cottonwood Financial Ltd. or the outlets Cottonwood Financial Ltd. operate in the United States under the name "Cash Store". The Cash Store Financial does not do business under the name "Cash Store" in the United States and does not own or provide any consumer lending services in the United States.

Note 1 – Summary of Significant Accounting Policies and Other Matters

(a) Basis of Presentation

These interim consolidated financial statements have been prepared by management in accordance with United States generally accepted accounting principles ("U.S. GAAP") and include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated.

These interim consolidated financial statements do not include all information and footnotes required by U.S. GAAP for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2012 filed with Canadian securities regulators and the Company's Annual Report on Form 20-F for the fiscal year ended September 30, 2012 filed with the United States Securities and Exchange Commission. Refer to Note 1(g) for details of adjustments related to prior period financial statements.

In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three and six months ended March 31, 2013 are not necessarily indicative of the results that may be expected for a full fiscal year.

All figures are presented in Canadian dollars, unless otherwise disclosed.

Note 1 – Summary of Significant Accounting Policies and Other Matters (continued)

(b) Use of Estimates

The preparation of the interim consolidated financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures reported in these consolidated financial statements and accompanying notes and the reported amounts of revenue and expenses during the reporting periods. Certain significant judgments, estimates and assumptions, such as those related to the provision for credit losses, valuation of acquired loans and line of credit advances, valuation of goodwill and intangible assets, deferred income taxes, the inputs in the calculation of financial covenants under the indenture governing the senior secured notes, and accrued liabilities related to litigation and claims, depend upon subjective or complex judgments about matters that may be uncertain, and changes in those estimates could materially impact the consolidated financial statements. Actual results could differ from those estimates made by management.

(c) Revenue Recognition

Revenue arising from direct lending of consumer advances (including: short-term advances and line of credit advances) to customers is recognized on a constant yield basis ratably over the term of the related loan, in loan fees in the consolidated statement of operations. Direct loan origination costs are deferred and recognized as a reduction in the yield of the related loan over its life. The Company charges late interest and default fees on direct lending consumer advances in default status. Late interest and default fees are recorded once collected.

Revenue from brokering short-term advances for customers is reported in loan fees on the statement of operations and is recognized once all services have been rendered, all advance amounts have been received by the customer, and the brokerage fee has been collected.

Revenue from brokering and the credit assessment of lines of credit advances for customers is reported in loan fees on the statement of operations and is recognized once all services have been rendered, all advance amounts have been received by the customer, and the brokerage and credit assessment fees have been collected.

Included in other income in the consolidated statement of operations is revenue from insurance products, card fees, banking services, interest and default fees collected, money transfer, cheque cashing and other miscellaneous services and fees. For these services, revenue is recognized when the transactions are completed at the point-of-sale in the branch and the related fee charged has been collected from the customer. Services where the Company acts as an agent on behalf of third-party providers include banking services, card products, money transfers, bill payment services, and insurance products and is classified as agency fee income in Note 5(b).

(d) Retention Payments

When the Company acts as a broker on behalf of income earning consumers seeking short-term advances and lines of credit advances, the funding is provided by third-party lenders. These short-term advances and lines of credit advances provided by the third-party lenders are repayable by the customer to the third-party lenders and represent assets of the lenders; accordingly, they are not included on the Company's consolidated balance sheet.

Note 1 – Summary of Significant Accounting Policies and Other Matters (continued)

(d) Retention Payments (continued)

To facilitate the short-term advance and line of credit advance business, the Company has entered into agreements with third-party lenders who are prepared to consider lending to the Company's customers. Pursuant to these agreements, the Company provides services to the lenders related to the collection of documents and information as well as collection services. Under the terms of the Company's agreements with third-party lenders, responsibility for losses suffered on account of uncollectible advances rests with the third-party lender, unless the Company has not properly performed its duties as set forth under the terms of the agreement. The significant duties under the terms of the agreements generally include ensuring that any proposed short-term advance or line of credit advance was applied for through an authorized outlet, ensuring each potential customer meets the short-term advance or line of credit advance selection criteria as set forth by the third-party lender prior to approval and release of funding, satisfying the documentation requirements in a full and timely manner, providing management services throughout the term of the short-term advance or line of credit advance and providing collection services on behalf of the third-party lender for all short-term advances and lines of credit advances funded which are not paid in full by the due date, all of which while ensuring information system integrity is maintained. In the event the Company does not properly perform its duties and the lenders make a claim as required under the agreement, the Company may be liable to the lenders for losses they have incurred. A liability is recorded when it is determined that the Company has a liability under the agreement.

The Company's board of directors (the "Board of Directors") regularly approves a resolution which authorizes management to pay an amount of retention payments per quarter to third-party lenders as consideration to those lenders that continue to be willing to fund advances to the Company's customers. While the third-party lenders have not been guaranteed a return, the decision has been made to voluntarily make retention payments. Retention payments are recorded in the period in which a commitment is made to a lender pursuant to the resolution approved by the Board of Directors.

Also included in retention payments are amounts paid to third-party lenders to purchase line of credit advances that exceed the advances fair value. The arrangements with the third party lenders permit the Company to purchase advances brokered for consideration of at least the fair value at the Company's discretion.

(e) Provision for Credit Losses

Advances in default consist of direct lending consumer advances originated by the Company which are past due. The Company defines a past due or delinquent advance whereby payment has not been received in full from the customer on or before its maturity. A provision for credit loss is recorded when the Company no longer has reasonable assurance of timely collection of the full amount of principal and interest. In determining whether the Company will be unable to collect all principal and interest payments due, the Company assesses relevant internal and external factors that affect loan collectability, including the amount of outstanding advances owed to the Company, historical percentages of advances written off, current collection patterns and other current economic trends. The provision for credit losses reduces the carrying amount of consumer advances receivables to their estimated realizable amounts. The provision is primarily based upon models that analyze specific portfolio statistics, and also reflects, to a lesser extent, management's judgement regarding overall accuracy. The provision is reviewed monthly, and any additional provision as a result of historical loan performance, current and expected collection patterns and current economic trends is included in the provision for credit losses at that time. If the advances remain past due for an extended period of time, a provision for the entire amount of the advance is recorded. The Company's policy for charging off uncollectible consumer advances originated by the Company is to write the advance off when a it remains in default status for an extended period of time without any extended payment arrangements made. Advances to customers who file for bankruptcy are written off upon receipt of the bankruptcy notice. Recoveries on previous amounts written off are credited against the provision for credit losses expense.

Note 1 – Summary of Significant Accounting Policies and Other Matters (continued)

(f) Consumer Advances Receivable

Unsecured short-term advances that the Company originates on its own behalf are reflected on the balance sheet in consumer advances receivable. Consumer advances receivable are reported net of a provision as described above in “Provision for Credit Losses” and any deferred fees or costs. Origination fees on these advances, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the effective interest method.

Consumer advances receivable that bear interest are placed on nonaccrual status once the loan becomes past due. Interest and default fees on past due advances receivable is recorded once collected.

Acquired Short-Term Advances and Line of Credit Advances

Short-term advances and line of credit advances acquired from the Company’s third-party lenders fall within the scope of FASB ASC 310-30, “Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality” as they have evidence of deterioration in credit quality since origination and for which it is probable, at acquisition, that all contractually required payments will not be collected. As such, acquired short-term advances and line of credit advances are accounted for separately from short-term advances and line of credit advances originated by the Company and are initially recorded at fair value, which represents expected cash flows discounted at a market rate of interest. The Company’s estimate of fair value of acquired short-term advances and line of credit advances includes assumptions regarding the amount and timing of both principal and interest payments, future credit losses, prepayments and discount rates. A provision for credit losses is not recorded at the acquisition date on acquired short-term advances because the fair value incorporates an estimate of expected credit losses. A loss on the acquisition of lines of credit advances is included in retention payments expense if the purchase price is greater than the fair value of the pooled portfolio of line of credit advances acquired. Quarterly acquisitions of the lines of credit advances are pooled for reporting purposes.

Note 1 – Summary of Significant Accounting Policies and Other Matters (continued)

(f) Consumer Advances Receivable (continued)

Acquired Short-Term Advances and Line of Credit Advances (continued)

Income recognition on acquired short-term advances and line of credit advances is based on a reasonable expectation of the timing and amount of cash flows to be collected. The expected cash flows in excess of fair value are recorded as interest income over the remaining life of the loan (accretable difference). The excess of contractual principal and interest over the expected cash flows is not recorded (non accretable difference). Subsequent to the acquisition date, any increases in cash flow over those expected at the purchase date in excess of the fair value that are significant and probable are recorded as an adjustment to the accretable difference on a prospective basis. Any subsequent decreases in cash flow below those expected at the purchase date that are significant and probable are recognized through an immediate reduction in the carrying amount of the portfolio and included in the provision for credit loss expense.

The determination of fair value of acquired short-term advances and line of credit advances relies heavily on estimates and significant judgements regarding future collections. Changes in those estimates could materially impact the interim consolidated financial statements.

Transfer of Short Term Advances

Short term advances that the Company has originated on its own behalf may be transferred to third-party lenders in exchange for cash. When advances are transferred to third-party lenders it is done so at fair value. The determination of fair value relies on estimates and judgements regarding future collections using the methodology described in Note 1 (e) to these interim consolidated financial statements.

Under the terms of the arrangements with the Company's third-party lenders, the Company is maintained as the lender on record for the transferred advances and must continue to deal with, collect, maintain and enforce such advances on the third-party lenders behalf in all respects. The Company must pay a participation fee to the third-party lenders based on the principal of all advances collected for the agreed term of the advance at a rate that is equivalent to the interest rate accrued on the transferred advance. The participation fee is recorded in retention payments expense.

(in thousands, except share and per share amounts)

Note 1 – Summary of Significant Accounting Policies and Other Matters (continued)

(g) Adjustments Related to Prior Period Financial Statements

The consolidated financial statements for the comparative periods, including the year ended September 30, 2012, the three and the six months ended March 31, 2012 and the three months ended December 31, 2012, as initially reported, have been amended and restated to correct for an error resulting from the misunderstanding of the settlement terms and conditions of the March 5, 2004 British Columbia Class Action claim, which resulted in the application of an accounting principle to measure and record the liability as at September 30, 2010 and subsequent reporting periods, that was not appropriate in the circumstances. The restatement impacts the years ended September 30, 2012 and September 30, 2011 and the fifteen months ended September 30, 2010. The restatement resulted in a reduction in net income in the fifteen months ended September 30, 2010 of $6,601, an increase in net income in the year ended September 30, 2011 of $1,537 and an increase in net loss of $433 in the year ended September 30, 2012.

The effect of the restatement on the consolidated balance sheet as at September 30, 2012 is as follows:

	September 30, 2012		
	As Reported	Adjustments	Restated
Other receivables	$ 17,332	$ 2,149	$ 19,481
Deferred tax assets (current)	10,486	1,697	12,183
Long term receivable	2,609	(2,149)	460
Accrued liabilities	20,688	7,194	27,882
Retained earnings (deficit)	(12,339)	(5,497)	(17,836)

The effect of the restatement on the consolidated statement of operations and comprehensive income (loss) for the three and six months ended March 31, 2012 and the three months ended December 31, 2012 is as follows:

March 31, 2012	Three Months Ended			Six Months Ended		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
Corporate expenses	$ 6,626	$ -	$ 6,626	$ 11,653	$ (69)	$ 11,584
Interest expense	2,892	176	3,068	2,892	345	3,237
INCOME (LOSS) BEFORE INCOME TAXES	(53,675)	(176)	(53,851)	(52,239)	(276)	(52,515)
Provision for income taxes - Current (recovery)		-	-		-	-
Provision for income taxes - Deferred (recovery)	(12,247)	(46)	(12,293)	(11,628)	(117)	(11,745)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(41,030)	(130)	(41,160)	(40,041)	(159)	(40,200)
BASIC EARNINGS (LOSS) PER SHARE	$ (2.35)	(0.01)	$ (2.36)	$ (2.29)	(0.02)	$ (2.31)
DILUTED EARNINGS (LOSS) PER SHARE	$ (2.35)	(0.01)	$ (2.36)	$ (2.29)	(0.02)	$ (2.31)

December 31, 2012	Three Months Ended		
	As Reported	Adjustments	Restated

Corporate expenses	$ 6,712	$ 33	$ 6,745
Interest expense	4,400	203	4,603
INCOME (LOSS) BEFORE INCOME TAXES	(1,598)	(236)	(1,834)
Provision for income taxes - Current (recovery)	401	(1,748)	(1,347)
Provision for income taxes - Deferred (recovery)	(347)	1,562	1,215
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(1,652)	(50)	(1,702)
BASIC EARNINGS (LOSS) PER SHARE	$ (0.09)	(0.01)	$ (0.10)
DILUTED EARNINGS (LOSS) PER SHARE	$ (0.09)	(0.01)	$ (0.10)

(in thousands, except share and per share amounts)

Note 1 – Summary of Significant Accounting Policies and other matters (continued)

(g) Adjustments Related to Prior Period Financial Statements (continued)

The effect of the restatement on the consolidated statement of cash flows for the three and six months ended March 31, 2012 and the three months ended December 31, 2012 is as follows:

March 31, 2012	Three Months Ended			Six Months Ended		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
Net income (loss)	$ (41,030)	$ (130)	$ (41,160)	$ (40,041)	$ (159)	$ (40,200)
Deferred income taxes	(12,245)	(46)	(12,291)	(11,628)	(117)	(11,745)
Other receivables and long-term receivables	(5,942)	4,109	(1,833)	(6,925)	-	(6,925)
Accounts payable and accrued liabilities (i)	5,578	(5,208)	370	1,520	511	2,031
OPERATING ACTIVITIES	2,814	(1,275)	1,539	(28)	235	207
Funding from (paid to) third-party lenders (i)	-	1,275	1,275	-	(235)	(235)
INVESTING ACTIVITIES	(97,645)	1,275	(96,370)	(93,191)	(235)	(93,426)

December 31, 2012	Three Months Ended		
	As Reported	Adjustments	Restated
Net income (loss)	$ (1,652)	$ (50)	$ (1,702)
Deferred income taxes	(347)	1,562	1,215
Other receivables and long-term receivables	463	6,191	6,654
Income taxes receivable	399	(1,748)	(1,349)
Accounts payable and accrued liabilities (i)	8,915	(9,822)	(907)
OPERATING ACTIVITIES	4,778	(3,867)	911
Funding from (paid to) third-party lenders (i)	-	3,868	3,868
INVESTING ACTIVITIES	(8,592)	3,868	(4,724)

(i) In addition to the restatement described above, the Company has chosen to correct certain immaterial errors in presentation in the statement of cash flows in the comparative periods. The correction involved reclassifying the change in amounts due to third-party lenders from operating activities to investing activities in the comparative periods presented.

As a result of the restatements, the previously filed consolidated financial statements of the Company for the years ended September 30, 2012 and September 30, 2011, and the fifteen month period ended September 30, 2010, as well as, the interim unaudited consolidated financial statements for the periods ended December 31, 2011, March 31, 2012, June 30, 2012 and December 31, 2012 and the associated MD&A disclosure for the applicable periods should no longer be relied upon. The Company is in the process of preparing restated financial statements, as well as the related MD&A disclosures for such periods and expects to file these as soon as possible.

Note 2 – Changes in Accounting Policies and Practices

The following standards were adopted for the three and six month period ended March 31, 2013:

In September 2011, FASB issued ASU No. 2011-08 “Intangibles – Goodwill and Other”. This ASU will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. The ASU is effective for fiscal years beginning after December 15, 2011. The adoption of the provisions of ASU No. 2011-08 has not had a material impact on the Company’s interim consolidated financial statements.

In December 2011, FASB issued ASU No. 2011-11 “Disclosures about Offsetting Assets and Liabilities”. This ASU attempts to provide users of financial statements with information to understand the extent of offsetting in the statement of financial position and improve comparability between International Financial Reporting Standards and U.S. GAAP. The adoption of the provisions of ASU No. 2011-11 has not had a material impact on the Company’s interim consolidated financial statements.

In July 2012, FASB issued ASU No. 2012-02 “Intangibles – Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment”. This ASU attempts to reduce the cost and complexity of performing an impairment test for indefinite-lived intangible assets by simplifying how an entity tests those assets for impairment and to improve consistency in impairment testing guidance among long-lived asset categories. The amendments permit an entity first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with “Intangibles – Goodwill and Other – General Intangibles Other than Goodwill (Subtopic 350-30)”. The adoption of the provisions of ASU No. 2012-02 has not had a material impact on the Company’s interim consolidated financial statements.

Accounting Pronouncements Not Yet Adopted:

In February 2013, FASB issued ASU No. 2013-04 “Liabilities – Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date - (Topic 405)”. This ASU provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date except for obligations addressed within existing guidance in U.S. GAAP. The Company is currently evaluating the impact of the adoption of the provisions of ASU No. 2013-04 on its consolidated financial statements.

Note 3– Restricted Cash

As at March 31, 2013, restricted cash includes $3,100 (September 30, 2012 - $3,100) of funds held by a vendor as security related to agency arrangements and $6,256 (September 30, 2012 - $2,441) advanced from third-party lenders in excess of consumer advances written to customers.

(in thousands, except share and per share amounts)

Note 4 – Consumer Advances Receivable, net

	September 30 2012	**March 31 2013**
Short-term advances receivable	$ 50,834	**$ 61,310**
Term loans receivable	569	**569**
Lines of credit advances receivable	849	**834**
Allowance for credit losses	(26,397)	**(38,559)**
Consumer advances originated by the Company	25,855	**24,154**
Acquired short-term advances and line of credit advances	6,585	**6,320**
	$ 32,440	**$ 30,474**

a) Consumer Advances Receivable Originated by the Company:

Age analysis of Consumer Advances Receivable:

	September 30 2012	**March 31 2013**
Current	$ 17,019	**$ 14,279**
1-30 days past due date	8,791	**6,883**
31-60 days past due date	3,934	**4,812**
61-90 days past due date	3,469	**3,714**
Greater than 90 days past due date	19,039	**33,025**
	52,252	**62,713**
Allowance for credit losses	(26,397)	**(38,559)**
	$ 25,855	**$ 24,154**

Analysis of Provision for Credit Losses:

	12 months ended September 30 2012	**6 months ended March 31 2013**
Balance, beginning of period	$ 2,783	**$ 26,397**
Provisions made for credit losses	31,004	**16,543**
Write-offs	(7,408)	**(4,098)**
Effect of foreign exchange translation	18	**(283)**
Balance, end of period	$ 26,397	**$ 38,559**

(in thousands, except share and per share amounts)

Note 4 – Consumer Advances Receivable, net

a) Consumer Advances Receivable Originated by the Company (continued):

Transfer of Short Term Advances

During the three and six months ended March 31, 2013, the Company transferred $nil and $11,009, respectively, of gross short-term advances receivable to a third-party lender in exchange for cash. The gross advances were transferred at fair value and no gain or loss was recorded. The fair value of the transferred advances of $9,236 was determined using the gross value less a provision for credit losses of $1,773. Included in retention payments expense is $243 of participation fees paid to the third-party lender.

b) Acquired Short-Term Advances and Line of Credit Advances

	September 30 2012	**March 31 2013**
January 31, 2012 short-term advances acquisition (Note 4b(i))	$ 6,585	**$ 4,407**
Fiscal Q2 2013 acquired line of credit advances (Note 4b(ii))	-	**1,913**
	$ 6,585	**$ 6,320**

(i) January 31, 2012 Acquisition

On January 31, 2012, the Company acquired a portfolio of short-term advances from various third-party lenders. At the date of purchase, the undiscounted contractual cash flows of the acquired short-term advances portfolio totaled $319,906 and the expected cash flows at acquisition totaled $51,491. The Company recorded the fair value of the advances acquired of $50,014 as the carrying value of the acquired short-term advances as of the acquisition date. After collections and accretion of $45,607, the remaining carrying value of the acquired short-term advances balance as of March 31, 2013 was $4,407 (September 30, 2012: $6,585). There has been no subsequent recoveries or impairments recorded to date on this acquisition.

(ii) Purchase of Line of Credit Advances

Commencing in February 2013, in order to better facilitate the collections of past due advances on its brokered lines of credit, the Company decided to purchase line of credit advances in Ontario from third-party lenders. All advances acquired during the three months ended March 31, 2013 have been reported on a pooled basis.

Over the period from February 1, 2013 to March 31, 2013, the Company purchased line of credit advances from the third-party lenders for total consideration of $7,138, representing the total contractual value of the line of credit advances. The purchase price in excess of fair value of $756 is recorded in retention payments on the statement of operations. As at the acquisition dates, the undiscounted contractual cash flows of the acquired line of credit advances totaled $7,138 and the undiscounted expected cash flows totaled $6,412. The Company recorded the fair value of the line of credit advances acquired of $6,382 as the carrying value of the acquired loans on the acquisition date. After collections and accretion of $4,469, the remaining carrying value of the acquired line of credit advances as of March 31, 2013 is $1,913.

(in thousands, except share and per share amounts)

Note 5 – Other Receivables and Other Income

(a) Other Receivables

	September 30 2012 Restated Note 1(g)	**March 31 2013**
Due from investee corporations	$ 3	**$ 10**
Due from vendors for agency services	12,332	**13,324**
Other	7,606	**2,031**
	$ 19,941	**$ 15,365**
Long term portion:		
Other	460	**450**
	$ 19,481	**$ 14,915**

Due from Vendors

Due from vendors includes $13,324 (September 30, 2012 - $12,332) of short term receivables from our vendors, with which the Company has agency arrangements to provide bank accounts, debit and prepaid mastercard and insurance products to our customers. Included in this amount is $12,084 (September 30, 2012 - $10,492) due from one vendor.

Other

Amounts included in Other are amounts related to the BC Consumer Protection compliance order (Note 11 (b)(ii)), the third party administration of the British Columbia class actions settlement fund as at September 30, 2012 (Note 11 (a)(i)), amounts from the sale of a business and other amounts due in the normal course of business.

(b) Other Income

	Three Months Ended		**Six Months Ended**	
	March 31 2012	**March 31 2013**	**March 31 2012**	**March 31 2013**
Agency fee income	**$ 10,060**	**$ 6,062**	**$ 21,346**	**$ 14,297**
Other income	**1,484**	**3,327**	**3,154**	**6,577**
	$ 11,544	**$ 9,389**	**$ 24,500**	**$ 20,874**

(in thousands, except share and per share amounts)
(unaudited)

Note 6 – Accrued Liabilities

	September 30 2012 Restated Note 1(g)	**March 31 2013**
Class-action settlements Note 11 (a)	$ 11,448	**$ 5,471**
Accrued salaries and benefits	2,807	**2,937**
Amounts due to third party lenders - Note 12	5,782	**6,256**
Interest accrued on long-term debt - Note 8	2,540	**2,540**
Other accruals	5,305	**4,486**
	$ 27,882	**$ 21,690**

The amounts due to third-party lenders include funds made available by lenders but not yet advanced to customers, any liability under the lending agreement, any approved and unpaid retention payments, less repayments and interest amounts collected from customers. Amounts due to third-party lenders are non-interest bearing, unsecured and have no specified repayment terms.

Note 7 – Income Taxes

The effective income tax rate as a percentage of income (loss) before income taxes was (15.2%) and (13.1%) for the three and six months ended March 31, 2013 respectively (for the three and six months ended March 31, 2012 – (23.6%) and (23.5%)) compared to a statutory rate of 25.3%. The effective tax rate differs from the Company's statutory tax rate primarily due to a valuation allowance which has been recorded against losses generated in the United Kingdom during the current period and the prior year.

As at March 31, 2013, the Company has a tax loss carry forward in the amount of $13,484 (September 30, 2012 - $9,826).

The Company's tax positions for 2008 to present in Canada remain subject to examination by Canadian tax authorities. The Company's tax position for the current fiscal year and all open periods in the United Kingdom remains subject to examination by United Kingdom tax authorities.

(in thousands, except share and per share amounts)

Note 8 – Senior Secured Notes

On January 31, 2012, the Company issued, through a private placement in Canada and the U.S., $132.5 million of 11.5% Senior Secured Notes (the "Notes"). The Notes mature on January 31, 2017 and bear interest on the aggregate principal amount from the date of issue at 11.5% per annum payable on a semi-annual basis in equal installments on January 31 and July 31 of each year, commencing in July of 2012. The notes were issued at a price of 94.608% resulting in an effective interest rate of 13.4%.

The Notes are guaranteed, jointly and severally, on a senior secured basis, by each of the Company's existing and future restricted subsidiaries that guarantee indebtedness or indebtedness of any subsidiary guarantor under any carve-out for credit facility. The Notes are secured on a second-priority basis by liens on all of the Company's and its restricted subsidiaries' existing and future property subject to specified permitted liens and exceptions. Any future credit facility as well as certain other future debt will be secured by a first-priority lien on this collateral.

The Notes are redeemable at the option of the Company, in whole or in part, at any time on or after July 31, 2014 at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, to, but excluding, the redemption date if redeemed during the periods set forth below.

For the period below	Percentage
On or after July 31, 2014	103.084%
On or after January 31, 2015	102.091%
On or after July 31, 2015	101.127%
On or after January 31, 2016	101.194%
On or after July 31, 2016	100.000%

Prior to July 31, 2014, the Company is entitled at its option on one or more occasions to redeem up to 35% of the aggregate principal amount of the Notes originally issued under a trust indenture (the "Trust Indenture") at a redemption price of 111.5% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date if:

- such redemption is made with the proceeds of one or more Equity Offerings as defined in the Trust Indenture;
- at least 65% of the aggregate principal amount of the Notes (including additional notes) originally issued under the Trust Indenture remain outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company or any of its subsidiaries); and
- the redemption occurs within 90 days of such Equity Offering.

If a change in control occurs, the holders of the Notes will have the right to require the Company to purchase all or a portion of the Notes, at a purchase price in cash equal to 101% of the principal amount of the Notes offered for repurchase plus accrued interest to the date of purchase.

As at March 31, 2013, the Company was in compliance with all of the covenants in the Trust Indenture.

(in thousands, except share and per share amounts)
(unaudited)

Note 9 – Share Capital

(a) Issued share capital

	12 months ended September 30 2012		**6 months ended March 31 2013**	
	Number of Shares	Amount	**Number of Shares**	**Amount**
Authorized:				
Unlimited common shares with no par value				
Issued:				
Balance, beginning of period	17,419,214	$ 46,149	**17,496,646**	**$ 46,652**
Transfer from contributed surplus for stock options exercised	-	211	**-**	**182**
Options exercised	77,432	292	**75,167**	**257**
Balance, end of period	17,496,646	$ 46,652	**17,571,813**	**$ 47,091**

(b) Options to Employees and Directors

The Company has a stock option plan for certain employees, officers and directors. Options issued under the plan have vesting terms that vary depending on date granted and other factors. All stock options must be exercised over specified periods not to exceed five years from the date granted.

	12 months ended September 30 2012		**6 months ended March 31 2013**	
	Total Options for Shares	Weighted Average Price	**Total Options for Shares**	**Weighted Average Price**
Outstanding, beginning of period	979,168	$ 9.42	**1,219,236**	**$ 8.84**
Granted	325,000	5.88	**-**	**-**
Exercised	(77,432)	3.77	**(75,167)**	**3.39**
Expired	-	-	**(12,667)**	**3.39**
Forfeited	(7,500)	8.80	**-**	**-**
Outstanding, end of period	1,219,236	8.84	**1,131,402**	**9.26**
Exercisable, end of period	662,573	$ 8.87	**653,069**	**$ 9.78**

At March 31, 2013, the number outstanding, the weighted average remaining contractual life, the weighted average exercise price and the number of options exercisable are as follows:

Fiscal Year Granted	**Number Outstanding**	**Weighted Average Remaining Term**	**Weighted Average Exercise Price**	**Number Exercisable**

2008	75,000	9 days	$	4.45	75,000
2009	169,733	12 mos.		6.65	169,733
2010	406,669	22 mos.		12.53	356,671
2011	155,000	40 mos.		12.96	51,665
2012	325,000	58 mos.		5.88	-
	1,131,402	32 mos.	$	9.26	653,069

(in thousands, except share and per share amounts)

Note 9 – Share Capital (continued)

(b) Options to Employees and Directors (continued)

The Company is authorized to issue an additional 1,715,568 equity share options under its existing stock option plan.

A summary of the status of the Company's nonvested share options as of March 31, 2013, and the changes during the twelve months ended September 30, 2012, is presented below:

	September 30 2012		**March 31 2013**	
	Total Options for Shares	Weighted Average Price	**Total Options for Shares**	**Weighted Average Price**
Nonvested, beginning of period	473,336	$ 12.17	**556,663**	**$ 8.80**
Granted	325,000	5.88	**-**	**-**
Vested	(239,173)	11.51	**(78,330)**	**10.26**
Forfeited	(2,500)	8.80	**-**	**-**
Nonvested, end of period	556,663	$ 8.80	**478,333**	**$ 8.56**

The pre-tax intrinsic value of options exercised during the three and six months ended March 31, 2013 was $nil and $93 respectively (twelve months ended September 30, 2012 - $162). The total fair value of options that vested during the three and six months ended March 31, 2013, was $nil and $222 respectively (twelve months ended September 30, 2012 - $765).

As at March 31, 2013, the aggregate intrinsic value of options outstanding was $nil (September 30, 2012 - $296), while the aggregate intrinsic value of the options that are currently exercisable was $nil (September 30, 2012 - $296).

As at March 31, 2013, there was $537 of total unrecognized compensation costs related to non-vested stock options. The Company expects to recognize this expense over a weighted average period of 2.3 years.

For the three and six months ended March 31, 2013, the total cash received for stock options exercised totaled $nil and $255 respectively ($292 for the year ended September 30, 2012).

Note 10 – Per Share Amounts

For the three and six months ended March 31, 2013, the effect of dilutive securities was $nil. For the six months ended March 31, 2013, there were 1,131,402 of stock options which were anti-dilutive and therefore were not considered in computing diluted earnings per share.

Note 11 – Litigation, Claims and Contingencies

(a) Litigation and Claims

(i) British Columbia

March 5, 2004 Claim

On March 5, 2004, an action under the Class Proceedings Act was commenced in the Supreme Court of British Columbia by Andrew Bodnar and others proposing that a class action be certified on his own behalf and on behalf of all persons who have borrowed money from the defendants, The Cash Store Financial and All Trans Credit Union Ltd. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Criminal Code of Canada (the “Code”). On May 25, 2006, the claim in British Columbia was affirmed as a certified class proceeding of Canada by the B.C. Court of Appeal. In fiscal 2007, the plaintiffs in the British Columbia action brought forward an application to have certain of the Company’s customers’ third-party lenders added to the claim. On March 18, 2008, another action commenced in the Supreme Court of British Columbia by David Wournell and others against The Cash Store Financial, Instaloans Inc., and others in respect of the business carried out under the name Instaloans since April 2005. Collectively, the above actions are referred to as the “British Columbia Related Actions”.

On May 12, 2009, the Company settled the British Columbia Related Actions in principle and on February 28, 2010 the settlement was approved by the Court. Under the terms of the court approved settlement, the Company is to pay to the eligible class members who were advanced funds under a loan agreement and who repaid the payday loan plus brokerage fees and interest in full, or who met certain other eligibility criteria, a maximum estimated amount including legal expenses of $18,800, consisting of $9,400 in cash and $9,400 in credit vouchers. The credit vouchers can be used to pay existing outstanding brokerage fees and interest, to pay a portion of brokerage fees and interest which may arise in the future through new loans advanced, or can be redeemed for cash from January 1, 2014 to June 30, 2014. The credit vouchers are not transferable and have no expiry date. After approved legal expenses of $6,438 were paid in March 2010, the balance of the settlement amount remaining to be disbursed was $12,362, consisting of $6,181 of cash and $6,181 of vouchers.

By September 30, 2010, the Company received approximately 6,300 individual claims representing total valid claims in excess of the settlement fund. As the valid claims exceed the balance of the remaining settlement fund, under the terms of the settlement agreement, the entire settlement fund of $12,362 was disbursed to claimants in November 2012.

In arriving at the liability recorded at the balance sheet date, the voucher portion of the settlement fund of $6,181 has been discounted using a discount rate of 16.2%. During the three and six month periods ended March 31, 2013, the Company recorded accretion expense of $224 and $428 respectively in interest expense. The total liability related to the settlement at March 31, 2013 is $5,371 (September 30, 2012 - $11,303).

Note 11 – Litigation, Claims and Contingencies (continued)

(a) Litigation and Claims (continued)

(i) British Columbia (continued)

September 11, 2012 Claim

On September 11, 2012, an action under the British Columbia Class Proceedings Act was commenced in the Supreme Court of British Columbia by Roberta Stewart against The Cash Store Financial and Instaloans Inc. claiming on behalf of the plaintiff and class members who, on or after November 1, 2009 borrowed a loan from the Company, and that the Company charged, required or accepted an amount that is in excess of 23% amount loaned of the principal which is contrary to s. 17(1) of the Payday Loans Regulation and s. 112.02(2) of the Business Practices Consumer Protection Act ("BPCPA") and charged, required or accepted an amount in relation to each cash card issued to a class member which is contrary to s. 112.04(1)(f) of the BPCPA; made the provision of each payday loan contingent on class members purchasing a cash card and services related thereto, contrary to s. 19(1) of the Payday Loans Regulation and s. 112.08(1)(m) of the BPCPA; and discounted the amount in the payday loan agreement to be the loan amount borrowed, by deducting and withholding from the loan advance an amount representing a portion of the total costs of credit, contrary to s.112.08(1)(e) of the BPCPA.

The class members, in an order pursuant to s. 112.10(2) and s. 172(3)(a) of the BPCPA are seeking that the Company refund all monies paid in excess of the loan principal of each payday loan, including the cash card fee amounts, the loan fees, and any other fees or charges collected by the Company in relation to the payday loan, damages and interest pursuant to the Court Order Interest Act at the rate of 30% compounded annually, as set out in the payday loan agreements or such other rate as the Court considers appropriate.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

(ii) Alberta

January 19, 2010 Claim

The Company has been served in prior fiscal periods with a statement of claim issued in Alberta alleging that the Company is in breach of s. 347 of the Code (the interest rate provision) and certain provincial consumer protection statutes.

On January 19, 2010, the plaintiffs in the Alberta action brought forward an application to have a related subsidiary, as well as certain of our customers' third-party lenders, directors and officers added to the claim.

The Company agreed to a motion to certify the class proceeding if the third party lenders, officers and directors were removed as defendants. Class counsel agreed to the Company's proposal. Consequently, the certification motion was granted in November of 2011.

The Company believes that it conducted its business in accordance with applicable laws and is defending the action vigorously. As at March 31, 2013, a total of $100 (September 30, 2012 - $100) has been accrued related to this matter. However, the likelihood of loss, if any, is not determinable at this time.

Note 11 – Litigation, Claims and Contingencies (continued)

(a) Litigation and Claims (continued)

(ii) Alberta (continued)

September 18, 2012 Claim

On September 18, 2012, an action under the Alberta Class Proceedings Act was commenced in the Alberta Court of Queen's Bench by Kostas Efthimiou against The Cash Store Financial and Instaloans Inc. on behalf of all persons who, on or after March 1, 2010, borrowed a loan from the Company that met the definition of a "payday loan" proposing that the Company has violated s. 11 and 12 of the Payday Loan Regulations in that all amounts charged to and collected from the plaintiff and class members by the Company in relation to the payday loans advanced were in excess of the loan principal are unlawful charges under the Payday Loan Regulation and therefore seek restitution of damages for unlawful charges paid by the plaintiff and class members, repayment of unlawful charges paid by the plaintiff and class members, damages, interest on all amounts found to be owing and any such associated legal costs.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

(iii) Saskatchewan

On October 9, 2012, an action under the Saskatchewan Class Actions Act was commenced in the Saskatchewan Court of Queen's Bench by John Ironbow against The Cash Store Financial and Instaloans Inc. on behalf of all persons who, on or after January 1, 2012, borrowed a loan from the Company that met the definition of a "payday loan" proposing that the Company has violated s. 11 and 12 of the Payday Loan Regulations in that all amounts charged to and collected from the plaintiff and class members by the Company in relation to the payday loans advanced in excess of the loan principal are unlawful charges under the Payday Loan Regulation and therefore seek restitution of damages for unlawful charges paid by the plaintiff and class members, repayment of unlawful charges paid by the plaintiff and class members, damages, interest on all amounts found to be owing and any such associated legal costs.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

(iv) Manitoba

April 23, 2010 Claim

On April 23, 2010, an action under the Manitoba Class Proceedings Act was commenced in the Manitoba Court of Queen's Bench by Scott Meeking against The Cash Store Financial and Instaloans Inc. proposing that a class action be certified on his own behalf and on behalf of all persons in Manitoba and others outside the province who obtained a payday loan from The Cash Store Financial or Instaloans Inc. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Code.

Note 11 – Litigation, Claims and Contingencies (continued)

(a) Litigation and Claims (continued)

(iv) Manitoba (continued)

April 23, 2010 Claim (continued)

On February 22, 2012, the Manitoba Court determined that large portions of the plaintiff's claim could not proceed as they had already been resolved in a judgment and settlement approved by the Ontario Superior Court of Justice in 2008. To the extent that limited portions of the Ontario judgment were not enforced in Manitoba, Cash Store has appealed the Manitoba decision.

On January 30, 2013 a hearing was held where the appeal was heard. The court reserved its decision. It is estimated that it will take four months to receive the decision.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

November 1, 2012 Claim

On November 1, 2012, an action was commenced in Manitoba under The Class Proceedings Act by Sheri Rehill against the Company, The Cash Store Inc., Instaloans Inc. and other defendants, on behalf of all persons who, on or after October 18, 2010, borrowed a loan from the Company in Manitoba where that loan met the definition of a "payday loan" as defined by the Payday Loans Act, S.S. 2007, c. P-4.3. The action alleges that the Company charged amounts in excess of the maximum allowable limit on the total cost of credit permitted by the Consumer Protection Act, R.S.M. 1987, c. C-200, as am., and the Payday Loan Regulation, Man. Reg. 99/2007, as am. The plaintiff pleads for restitution and repayment of all amounts paid by borrowers as a cost of credit for their payday loans, damages for an alleged conspiracy, and interest on all amounts alleged to be owing.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

(v) Ontario

On August 1, 2012, an action under the Ontario Class Proceedings Act was commenced in the Ontario Supreme Court of Justice by Timothy Yeoman against The Cash Store Financial and Instaloans Inc. claiming on behalf of the plaintiff and class members who entered into payday loan transactions with the Company in Ontario between September 1, 2011 and the date of judgment, that the Company operated an unlawful business model as the Company did not provide borrowers with the option to take their payday loan in an immediate liquid form and thereby misrepresenting the total cost of borrowing as the cost of additional services and devices should have been included.

Note 11 – Litigation, Claims and Contingencies (continued)

(a) Litigation and Claims (continued)

(v) Ontario (continued)

The class members plead entitlement to damages and costs of investigation and prosecution pursuant to s. 36 of the Competition Act inclusive of the fees, interest and other amounts that the Company charged to the class members.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

(b) Contingencies

(i) Third-Party Lenders

The funding of advances for brokered products is provided to the customers by third-party lenders. The Company has entered into business arrangements with a number of third-party lenders that have decided to lend to its customers. Pursuant to these agreements, services related to the collection of documents and information, as well as, loan collection services are provided to the third party lenders. The agreements also provide that the third party lenders are responsible for losses suffered as a result of uncollectible loans provided the required duties under the terms of the agreements have been properly performed by the Company. In the event the duties are not properly performed, the advances have defaulted and the third-party lenders make a claim as required under the agreement, the Company may be liable to the lenders for losses they have incurred. The Company's contingent risk is the balance of the third-party lender's loan portfolio (short-term advances and lines of credit advances) which totaled $28,640 as at March 31, 2013 (September 30, 2012 - $27,792).

To date, no claims have been made by the third-party lenders and no payments have been made or accrued by the Company pursuant to this clause in the agreements. Risk is managed through compliance with the loan limits, procedures and selection criteria established by the third-party lenders.

(ii) British Columbia Compliance Order

On March 23, 2012, the Company was issued a compliance order (the "Order") and administrative penalty from Consumer Protection BC. The Order directs the Company to refund to all borrowers with loan agreements negotiated with the Company or its subsidiaries between November 1, 2009 and the date of the order, the amount of any issuance fee charged, required or accepted for or in relation to the issuance of a cash card. The Order also directed the Company to pay an administrative penalty of $25 in addition to costs. The Company has agreed to abide by the Order.

On November 30, 2012, Consumer Protection BC issued a supplementary compliance order directing that unclaimed refund amounts to a maximum of $1.1 million be deposited into a consumer protection fund. The Company is appealing the supplementary compliance order; however, in accordance with a January 28, 2013 court order, during the three months ended March 31, 2013, the Company deposited $1.1 million in trust pending the outcome of the appeal. The estimated exposure with respect to this order is between $248 and $1.1 million including penalties, legal costs and additional costs. The Company has accrued $187 (September 30, 2012 - $248) related to the Order in other accruals as at March 31, 2013. $61 was paid for penalties and legal costs subsequent to September 30, 2012. The appeal will be heard May 8 and 9, 2013 however it is not known as to when a final decision will be reached.

Note 11 – Litigation, Claims and Contingencies (continued)

(b) Contingencies (continued)

(iii) Special Investigation

The Company's Audit Committee was made aware of written communications that contained questions about the acquisition of the consumer loan portfolio from third-party lenders in late January 2012 (the "Transaction") and included allegations regarding the existence of undisclosed related party transactions in connection with the Transaction. In response to this allegation, legal counsel to a special committee of independent directors of the Company (the "Special Committee") retained an independent accounting firm to conduct a special investigation. The investigation followed a review conducted by the Company's internal auditor under the direction of the Audit Committee of the Board, and the restatement by the Company in December 2012 of its unaudited interim quarterly financial statements and MD&A for periods ended March 31, 2012 and June 30, 2012.

The investigation covered the period from December 1, 2010 to January 15, 2013 and was carried out over four months. It involved interviews of current and former officers, directors, employees and advisors of the Company and a review of relevant documents and agreements as well as electronically stored information obtained from Company computers and those of employees, former employees and directors most likely to have information relevant to the investigation.

The Special Committee has reported its findings on the allegations to the Board of Directors and, consistent with the recommendation made to the Board of Directors by the Special Committee, the Board has determined that no further corrections or restatements of previously reported financial statements and other public disclosures are required in related to the Transaction.

For the three and six months ended March 31, 2013 costs of $1,746 attributable to the special investigation are included in selling, general and administrative expense. Included in accrued liabilities at March 31, 2013 is $343 related to costs associated with the special investigation.

Note 12 – Related Party and Other Transactions

(a) The Cash Store Australia Holdings Inc. ("AUC")

The Company owns 3,000,000 shares, or approximately 18.3% of the outstanding common shares of AUC, acquired at a price of $0.06 per share. As at March 31, 2013, the carrying amount of this investment is $nil (September 30, 2012 - $nil). At March 31, 2013, the aggregate quoted market value of the Company's investment in AUC was $nil (September 30, 2012 - $570).

The Company previously provided administrative services to AUC. The Company had a services agreement with AUC to provide ongoing services such as financial and accounting support, administrative services, and the use of the Company's information technology and telecommunication systems. The agreement lapsed on June 30, 2012.

Included in selling, general, and administrative expenses is a recovery of $nil for the three and six months ended March 31, 2013 respectively (three and six months ended March 31, 2012 - $95 and $189) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount. As at March 31, 2013, the Company has a $9 (September 30, 2012 - $3) receivable from AUC. Amounts due are non-interest bearing, unsecured and have no specified terms of repayment.

(b) RTF Financial Holdings Inc. ("RTF")

The Company owns 6,000,000 shares, or approximately 15.7%, of RTF acquired at a price of $0.06 per share. As at March 31, 2013, the carrying amount of this investment is $nil (September 30, 2012 - $nil). No aggregate quoted market value of the Company's investment in RTF exists as RTF is not publicly traded.

The Company had a services agreement with RTF to provide services such as financial and accounting support and contracts administrative services. The agreement lapsed on June 30, 2012.

Included in selling, general, and administrative expenses is a recovery of $nil for the three and six months ended March 31, 2013 (three and six months ended March 31, 2012 - $50 and $110 respectively) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount.

(c) Third-party Lenders

(i) A privately held entity that raises capital and provides advances to the Company's customers (third-party lender) is controlled by the father of Cameron Schiffner, the Senior Vice President of Operations of the Company. In addition, Cameron Schiffner's brother was a member of management of AUC and is a member of management of the third-party lender. The Company's relationship with the third-party lender predates Cameron Schiffner's employment with the Company. Included in retention payments are $259 and $825 for the three and six months ended March 31, 2013 respectively (three and six months ended March 31, 2012 - $905 and $3,727) of amounts paid or payable directly to this third-party lender. As at March 31, 2013 included in accrued liabilities is $680 (September 30, 2012 - $659) due to this third-party lender. This amount has been included in the Company's restricted cash balance. The Company's contingent risk in this third-party lender's loan portfolio totalled $7,262 as at March 31, 2013 (September 30, 2012 - $7,240).

Note 12 – Related Party and Other Transactions (continued)

(c) Third-party Lenders (continued)

(i) As part of the acquisition of the short-term advances portfolio on January 31, 2012 as described in Note 4, $45,520 of the total purchase consideration was paid to this third-party lender, of which $14,407 is an estimate of this third-party lender's proportionate share of the expense to settle pre-existing relationships, which was approximated based on the proportion of the consideration paid to each third-party lender. The acquisition agreement was signed on behalf of the third-party lender by Cameron Schiffner's brother.

As part of the acquisition of the lines of credit advances over the period from February 1, 2013 to March 31, 2013 as described in Note 4, $2,427 of the total purchase consideration was paid to this third-party lender, of which $275 is the loss on acquisition included in retention payment expenses.

(ii) An immediate family member of Michael Shaw, a director of the Company, advanced funds to a privately held entity that raised capital and provided loans to the Company's customers (third-party lender) and acted as a third-party lender prior to the acquisition of the consumer loans portfolio on January 31, 2012. The Company's relationship with the third-party lender predates Michael Shaw's directorship with the Company. Bruce Hull, who is a director of AUC, also advanced funds to this third-party lender. There have been no transactions between the Company and this third-party lender subsequent to January 31, 2012. Included in retention payments for the three and six months ended March 31, 2012 are $314 and $1,377 respectively paid or payable directly to this third-party lender. The Company's contingent risk in this third-party lender's loan portfolio totalled $nil as at March 31, 2013 (September 30, 2012 - $nil).

As part of the acquisition of the short-term advances portfolio on January 31, 2012 as described in Note 4, $23,944 of the total purchase consideration was paid to this third-party lender, of which $7,578 is an estimate of this third-party lender's proportionate share in the expense to settle pre-existing relationships which was approximated based on the proportion of the consideration paid to each third-party lender.

(iii) A privately held entity that began acting as a third-party lender after January 31, 2012 is controlled by Bruce Hull. Included in retention payments are $6 and $6 for the three and six months ended March 31, 2013 respectively (three and six months ended March 31, 2012 - $5 and $5) paid or payable directly to this third-party lender. As at March 31, 2013, included in accrued liabilities is $165 (September 30, 2012 - $166) due to this third-party lender. The Company's contingent risk in this third-party lender's loan portfolio totalled $180 as at March 31, 2013 (September 30, 2012 - $171).

Note 13 – Financial Instruments

(a) Classification of Financial Instruments

The Company has made the following classifications: cash as held-for-trading, other receivables, consumer advances receivables and long term receivable as loans and receivables, and accounts payables and accrued liabilities, obligations under capital leases and other obligations, and senior secured notes as other financial liabilities.

(b) Fair Values

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs used in a valuation technique are not based on observable market data in determining fair values of these instruments.

The fair values of financial instruments are determined with respect to the hierarchy that prioritizes the input to fair value measurement. In the absence of an active market, the Company determines fair value by using valuation techniques that refer to observable market data or estimated market prices. Fair values are inherently judgmental, thus the estimated fair values do not necessarily reflect amounts that would be received or paid in case of immediate settlement of these instruments. The use of different estimations, methodologies and assumptions could have a material effect on the estimated fair value amounts. The fair value of consumer advances receivable, net (Level 3 measurement) and other receivables, accounts payable and accrued liabilities (Level 2 measurements) approximate their carrying values due to the relatively short-term nature of these balances. The fair value of obligations under capital leases and senior secured notes are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using a rate which takes into account the Company's spread for credit risk for similar terms and types of arrangements. Based on estimates, the fair values (a Level 2 measurement) of the Company's obligations under capital lease and other obligations and senior secured notes as at March 31, 2013 and September 30, 2012 are not significantly different than their carrying value.

(in thousands, except share and per share amounts)

Note 14 – Segmented Information

The Company conducts business through two operating segments; Canada and the United Kingdom. The segments were determined based on information that the Chief Executive Officer and Chief Operating Officer review. For certain disclosure requirements the Company's two operating segments have been aggregated together based on the similar nature of the operations, customers and regulatory environment.

	Three Months Ended		Six Months Ended	
	March 31 2012	**March 31 2013**	March 31 2012	**March 31 2013**
REVENUE				
Canada	$ 39,633	**$ 44,237**	$ 83,659	**$ 90,986**
United Kingdom	2,456	**2,421**	4,278	**5,174**
	$ 42,089	**$ 46,658**	$ 87,937	**$ 96,160**

	September 30 2012	**March 31 2013**
LONG-LIVED ASSETS		
Canada	$ 99,972	**$ 95,662**
United Kingdom	2,630	**2,834**
	$ 102,602	**$ 98,496**

Long-lived assets include property and equipment, intangible assets and goodwill.

Management's Discussion and Analysis

For the three and six months ended March 31, 2013

Note
Cash Store Financial is a Canadian corporation and is not affiliated with Cottonwood Financial Ltd. or the outlets Cottonwood Financial Ltd. operates in the United States under the name "Cash Store". Cash Store Financial does not conduct business under the name "Cash Store" in the United States and does not own or provide any consumer lending services in the United States.

May 15, 2013

The following discussion of the financial condition and results of operations of The Cash Store Financial Services Inc. ("Cash Store Financial" or the "Company") should be read in conjunction with the Company's unaudited consolidated financial statements and related notes for the three and six months ended March 31, 2013 and the audited consolidated financial statements and MD&A for the year ended September 30, 2012. The Company's board of directors (the "Board of Directors"), on the recommendation of the Company's audit committee ("Audit Committee"), approved the content of this MD&A on May 15, 2013.

Unless otherwise stated, all dollar amounts are presented in thousands of Canadian dollars and have been prepared according to United States generally accepted accounting principles (U.S. GAAP).

Adjustments related to prior period financial statements
The consolidated financial statements for the comparative periods, including the year ended September 30, 2012, the three and the six months ended March 31, 2012 and the three months ended December 31, 2012, as initially reported, have been amended and restated to correct for an error resulting from the misunderstanding of the settlement terms and conditions of the March 5, 2004 British Columbia Class Action claim, which resulted in the application of an accounting principle to measure and record the liability as at September 30, 2010 and subsequent reporting periods, that was not appropriate in

the circumstances. The restatement impacts the years ended September 30, 2012 and September 30, 2011 and the fifteen months ended September 30, 2010. The restatement resulted in a reduction in net income in the fifteen months ended September 30, 2010 of $6,001, an increase in net income in the year ended September 30, 2011 of $1,537 and an increase in net loss of $433 in the year ended September 30, 2012.

The correction of the error will result in the previously disclosed maximum settlement exposure of $18.8 million being expensed with the majority of the expense being recognized in the fifteen month period ended September 30, 2010. The correction had an impact on our Consolidated Statements of Operations and Comprehensive Income and resulted in decreases in diluted earnings per share of $0.03 and $0.38 for the fiscal year ended September 30, 2012 and the fifteen months ended September 30, 2010 and an increase in diluted earnings per share of $0.09 for the fiscal year ended September 30, 2011. The correction had no impact on total revenues, operating margin, or cash position and had no impact on compliance with debt covenants in any periods presented.

As a result of the restatements, the previously filed consolidated financial statements of the Company for the years ended September 30, 2012 and September 30, 2011, and the fifteen month period ended September 30, 2010, as well as, the interim unaudited consolidated financial statements for the periods ended December 31, 2011, March 31, 2012, June 30, 2012 and December 31, 2012 and the associated MD&A disclosure for the applicable periods should no longer be relied upon. The Company is in the process of preparing restated financial statements, as well as the related MD&A disclosures for such periods and expects to file these as soon as possible.

Business and Strategy Overview

Cash Store Financial is Canada's leading provider of alternative financial products and services, serving everyday people for whom traditional banking may be inconvenient or unavailable. The Company owns and operates Canada's largest network of retail branches in the alternative financial products and services industry, with 513 branches in 241 communities in Canada under the banners "Cash Store Financial", "Instaloans" and "The Title Store". Cash Store Financial also owns and operates 25 branches in the UK.

The Company is listed on both the Toronto Stock Exchange (TSX:CSF) and New York Stock Exchange (NYSE:CSFS).

Cash Store Financial acts as both a broker and lender of short term advances and offers a range of other products and services to help customers meet their day to day financial service needs. The Company employs a combination of payday loans and lines of credit as its primary consumer lending product offering and earns fees and interest income on these consumer lending products, just as a bank does on longer-term lending products. Cash Store Financial also offers a wide range of financial products and services including bank accounts, prepaid MasterCard and private label credit and debit cards, cheque cashing, money transfers, payment insurance and prepaid phone cards. The Company has agency arrangements with a variety of companies to provide these products.

On October 1, 2012 and February 1, 2013 the Company launched a new suite of line of credit products in Manitoba and Ontario, respectively, and payday loans are no longer being offered in those provinces. The lines of credit are traditional, unsecured, medium term revolving credit lines, with regular minimum payments tailored to customers' needs and profiles. This suite of line of credit products enables consumers to move up the credit ladder toward credit-scored products that will eventually enable access to mainstream lending products. In Manitoba, beginning in April 2013 the Company has graduated eligible customers from its Basic line of credit to its Progressive line of credit that offers better rates and more flexible minimum repayment terms. Similarly, the Company expects to begin graduating its eligible Ontario customers in the coming months. These lines of credit supplement the Company's lowest cost Elite line of credit that has been offered to qualifying customers across Canada starting Q1 of FY2012.

The table below illustrates the Company's primary consumer lending offerings summarized by jurisdiction since October 1, 2011:

Jurisdiction	**Branches**	*October 1, 2011 to January 31, 2012*	*February 1, 2012 to September 30, 2012*	*Oct 1, 2012 to Jan 31, 2013*	*February 1, 2013 to Present*
British Columbia, Alberta Saskatchewan Nova Scotia	278	Payday Loans (Brokered)	Payday Loans (Direct Lending)		
Manitoba	24	Payday Loans (Brokered)	Payday Loans (Direct Lending)	Lines of Credit (Brokered)	
Ontario	178	Payday Loans (Brokered)	Payday Loans (Direct Lending)		Lines of Credit (Brokered)
New Brunswick Newfoundland Prince Edward Isl. Yukon / NWT	33	Payday Loans (Brokered)			

United Kingdom	25	Payday Loans (Direct Lending)

Strategy Update

Element	Fiscal YTD Progress
Platform & Distribution Growth • Continue to optimize branch operations • Continue methodical expansion into underserved markets • Grow branch network through training and incentive programs • Develop online lending platform and internet presence	• Increased revenue per branch for the three and six months ended March 31, 2013 compared to the same periods last year. • Continued development of online lending platform
Product Growth • Continue to focus on non-loan products • Continue to move upstream and bridge the gap between payday loans and the products of traditional banks • Help customers achieve greater financial freedom through graduated products that will help them rebuild their credit	• Introduced new lines of credit in Manitoba and Ontario that will help customers rebuild their credit rating. • Graduated eligible customers in Manitoba from our Basic line of credit to our lower cost Progressive line of credit.
Improved Margin Management • Continue to focus on cost savings and branch operating metrics • Improve collections	• Reduction in sales expenses of 16% and 15% for the three and six months ended March 31, 2013 compared to the same periods last year.
Financial Risk Management and Funding Model • Continue to proactively manage risk to protect Cash Store Financial from changes in funding markets, interest rate, currency fluctuations and regulatory environment • Diversify and lower capital costs	• Exit from payday loans in Manitoba and Ontario and introduction of lines of credit.

Focusing on the Results of Operations

The Company has reported a net loss of $4.3 million and $6.0 million for the three and six months ended March 31, 2013. During the six months ended March 31, 2013, the Company incurred costs of $2.7 million in connection with the restatement of fiscal 2012 quarterly results and the special investigation. Refer to the section entitled “Risks and Uncertainties” in this MD&A for additional information on the special investigation. The key areas of focus for improvement of future results of operations are as follows:

1. Increase loan volume to drive an increase in consumer lending products and overall loan fee revenue; and

2. Grow other income by executing on bank accounts, payment card products, payment insurance, and various transactional service offerings that focus on providing long term value for customers.

Performance

Selected Second Quarter and Year to Date Information

($000s, except for per share amounts, number of loans and branch count)		3 Months Ended 31-Mar-12 Restated	31-Mar-13	% Change	**6 Months Ended** 31-Mar-12 Restated	31-Mar-13	% Change
Consolidated results							
No. of branches	Canada	573	**513**		573	**513**	
	United Kingdom	23	**25**		23	**25**	
		596	**538**	-10%	596	**538**	-10%
Loan volume	Direct	$ 120,487	**$ 127,050**		$ 133,563	**$ 307,649**	
	Brokered	70,543	**59,273**		257,079	**82,136**	
		191,030	**186,323**	-2%	390,642	**389,785**	0%
Revenue							
Loan fees		$ 30,545	**$ 37,268**	22%	$ 63,437	**$ 75,286**	19%
Other income		11,544	**9,389**	-19%	24,500	**20,874**	-15%
		42,089	**46,657**	11%	87,937	**96,160**	9%
Sales expenses							
Salaries and benefits		17,672	**14,325**	-19%	34,528	**28,787**	-17%
Rent		4,911	**4,457**	-9%	9,677	**8,891**	-8%
Selling, general and administrative		6,406	**5,076**	-21%	12,895	**10,045**	-22%
Advertising and promotion		1,063	**1,437**	35%	2,753	**2,806**	2%
Depreciation of property and equipment		1,785	**1,568**	-12%	3,561	**3,128**	-12%
		31,837	**26,863**	-16%	63,414	**53,657**	-15%
Provision for credit losses		10,798	**7,289**	-32%	11,466	**16,543**	44%
Retention payments		2,271	**1,665**	-27%	8,828	**3,434**	-61%
Corporate expenses		6,626	**9,247**	40%	11,584	**15,992**	38%
Interest expense		3,068	**4,644**	51%	3,237	**9,247**	186%
Impairment of property and equipment		3,017	**-**	-100%	3,017	**-**	-100%
Expense to settle pre-existing relationships with third-party lenders		36,820	**-**	-100%	36,820	**-**	-100%
Class action settlements		-	**-**		-	**-**	
Other depreciation and amortization		1,503	**1,994**	33%	2,086	**4,166**	100%
Income before income taxes		(53,851)	**(5,045)**	-91%	(52,515)	**(6,879)**	-87%
Net income (loss) and comprehensive income (loss)		$ (41,160)	**$ (4,280)**	90%	$ (40,200)	**$ (5,982)**	85%
EBITDA		(47,467)	**3,161**	107%	(43,500)	**9,662**	122%
Adjusted EBITDA		749	**6,681**	792%	10,300	**15,833**	54%
Weighted average number of shares outstanding - basic		17,425	**17,500**	0%	17,422	**17,557**	1%
- diluted		17,425	**17,500**	0%	17,422	**17,557**	1%
Basic earnings (loss) per share		$ (2.36)	**$ (0.24)**	90%	$ (2.31)	**$ (0.34)**	85%
Diluted earnings (loss) per share		$ (2.36)	**$ (0.24)**	90%	$ (2.31)	**$ (0.34)**	85%
Consolidated Balance Sheet Information							
Working capital		$ 58,321	**$ 58,355**	0%	$ 58,321	**$ 58,355**	0%

Total assets	217,161	**192,049**	-12%	217,161	**192,049**	-12%
Total long-term financial liabilities*	137,484	**130,707**	-5%	137,484	**130,707**	-5%
Total long-term liabilities	144,688	**138,014**	-5%	$ 144,688	**138,014**	-5%

*Total long-term financial liabilities excludes long term portion of deferred revenue, deferred lease inducements and deferred tax liabilities

Second Quarter and Year to Date Highlights

Increased revenue combined with a reduction in sales expenses have positively impacted operating margins for the three and six months ended March 31, 2013 compared to the prior year.

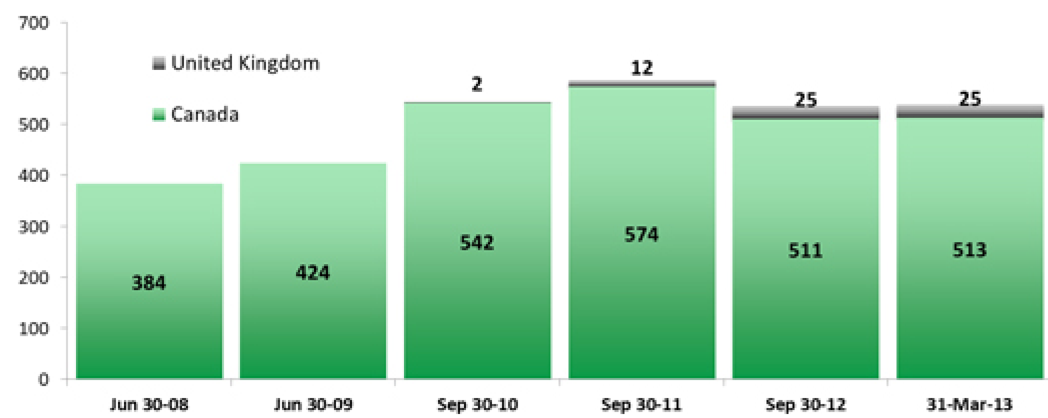
Revenue of $46.7 million and $96.2 million for the three and six months ended March 31, 2013 increased by 11% and 9% compared to $42.1 million and $87.9 million in the same periods last year. The total increase was driven primarily through a change in the timing of revenue recognition as result of transitioning to the brokered line of credit products in Ontario and offset by a reduction in other income.

The Company has also realized a reduction in sales expenses of 16% and 15% as a result of increased focus on cost control and the consolidation underperforming branches in FY2012.

Adjusted EBITDA of $6.7 million and $15.8 million for the three and six months ended March 31, 2013 increased compared to $749,000 and $10.3 million in the same periods last year. During the six months ended March 31, 2013 the Company incurred costs of $2.7 million in connection with the restatement of fiscal 2012 quarterly results and the special investigation. Refer to the section entitled “Risks and Uncertainties” in this MD&A for additional information the special investigation.

Results of Operations

Branches



Total branch count of 538 reflects the addition of two “The Title Store” branches during the three months ended March 31, 2013. Compared to March 31, 2012, total branch count was reduced by 56 branches from 594 to 538. During FY2012, the Company consolidated underperforming branches in Canada and transferred customers from affected branches to nearby branches. The Company expects to open six to eight additional branches in FY2013.

Revenue

Loan Volume

Total loan volume of $186.3 million and $389.8 million for the three months ended March 31, 2013 decreased by 2% and was flat for the six months ended March 31, 2013 compared to $191.0 million and $390.6 million in the same periods last year. On a year to date basis the loan volume remained flat despite having 56, or approximately 10% fewer branches compared to the same periods last year. The Company measures loan volume based on the total principal advanced.

Loan Fees

Loan fees include payday loan fees and interest on direct loans and fees charged for the credit assessment and brokering of advances and lines of credit on behalf of customers.

	Third Party Advances	Direct Advances	Total
For the 3 months ended March 31, 2013:			
Loan fees	$ 12,349	$ 24,920	**$ 37,269**
Interest and other	257	2,197	**2,454**
For the 3 months ended March 31, 2012:			
Loan fees	$ 11,398	$ 19,147	**$ 30,545**
Interest and other	21	1,072	**1,093**
For the 6 months ended March 31, 2013:			
Loan fees	$ 17,166	$ 58,120	**$ 75,286**
Interest and other	393	4,485	**4,878**
For the 6 months ended March 31, 2012:			
Loan fees	$ 42,054	$ 21,383	**$ 63,437**
Interest and other	244	1,975	**2,219**

Loan fees of $37.3 million and $75.3 million for the three and six months ended March 31, 2013 increased by 22% and 19% compared to $30.6 million and $63.4 million in the same periods last year. The increase represents a combination of a change in the timing of revenue recognition as result of transitioning to the brokered line of credit products in Ontario and the cessation of paying the interest portion of the loan fees to third-party lenders up to January 31, 2012 when payday loans were brokered in Ontario and other provinces. The Company now retains all broker and credit assessment fees associated with the line of credit products and third-party lenders receive interest.

Increases in interest and other recoveries recognized as revenue for the three and six months ended March 31, 2013 are a result of the accounting treatment of acquired loans. In the comparative periods, the majority of interest and other recoveries related to acquired loans, were recorded as a reduction to the acquired loans portion of consumer advances receivable, net. In the current period the majority of interest and other recoveries are related to direct loans and are recognized as income when received.

Same Branch Revenue

Same branch revenue of $84 and $174 for the three and six months ended March 31, 2013 increased by 15% and 13% compared to $73 and $154 for the same periods last year, calculated on the branches in Canada that were open for both the current quarter and the same quarter last year. The increases were driven by changes in the mix of brokering and direct lending activities as well as transitioning to lines of credit advances in Ontario. This caused a change in revenue recognition and the cessation of paying a portion of the loan fees to third-party lenders up to January 31, 2012 when payday loans were brokered in Ontario and other provinces.

Other Income

Other income includes fees earned on other financial products and services such as bank accounts, debit cards and prepaid credit cards, cheque cashing, insurance, money transfers and prepaid phone cards as well as other loan fees.

Consolidated other income of $9.4 million and $20.9 million for the three and six months ended March 31, 2013 decreased by 19% and 15% compared to $11.5 million and $24.5 million in the same periods last year. The decrease in other income is related to fewer customers choosing to purchase optional services. The Company continues to refine and optimize the value of other services to customers with a view to establish relationships and offerings that will increase long term profitability.

Sales Expenses

Sales expenses of $26.9 million and $53.7 million for the three and six months ended March 31, 2013 decreased by 16% and 15% compared to $31.8 million and $63.4 million in the same periods last year. The Company attributes these savings to an increased focus on cost control and to the branch consolidations that occurred during FY2012. The Company expects to maintain the current level of sales expenses for FY2013 as compared to FY2012.

Credit Losses and Recoveries

The Company's provision for credit losses recorded on the consolidated statement of operations includes all estimated uncollectible contractual principal and loan fees. The provision for credit losses is reduced by any recoveries realized after advances are charged off. Collections of late interest and fees on advances that have not been charged off are recorded in other income on the consolidated statement of operations. Further, all amounts collected in relation to acquired loans and advances are recorded as a reduction to the acquired loans and advances portion of consumer advances receivable, net.

When evaluating the Company's overall credit loss rate, management considers the provision for credit losses, recoveries recorded in other income and recoveries recorded against the acquired portion of consumer advances receivable, net. The table below presents a pro-forma calculation of credit losses considering the items described above:

	3 Months Ended 31-Mar-2012	*% of loan vol.*	**3 Months Ended 31-Mar-2013**	***% of loan vol.***	6 Months Ended 31-Mar-2012	*% of loan vol.*	**6 Months Ended 31-Mar-2013**	***% of loan vol.***
Provision for credit losses	$ 10,798	*9.0%*	**$ 7,289**	***5.7%***	$ 11,466	*8.6%*	**$ 16,543**	***5.4%***
Recoveries recognized as revenue	(1,072)	*-0.9%*	**(2,197)**	***-1.7%***	(1,975)	*-1.5%*	**(4,485)**	***-1.5%***
Recoveries on acquired loans and advances recognized as a reduction to consumer advances receivable, net	(1,380)	*-1.1%*	**(293)**	***-0.2%***	(2,247)	*-1.7%*	**(562)**	***-0.2%***
	8,346	*6.9%*	**4,799**	***3.8%***	7,244	*5.4%*	**11,496**	***3.7%***
Loan volume for direct loans and advances	120,487		**127,050**		**133,563**		**307,649**	

Credit losses net of recoveries as a percentage of the related loan volume for the three and six months ended March 31, 2013 have decreased 3.1% and 1.7% respectively. In the FY2012 comparative periods the Company incurred a $3.0 million additional provision related to the UK operations. Adjusting for this item, credit losses net of recoveries have remained relatively stable for direct advances.

Retention Payments, Provision for Credit Losses, and Interest Expense related to Senior Secured Notes

The nature of the Company's funding and credit loss expenses under the direct lending model differ from those under the broker model. Under the broker model, funding and credit loss costs are realized through the voluntary retention payments to third-party lenders as well as an interest component of loan fees paid to third-party lenders. Under the direct lending model, the Company records interest expense on senior secured notes and a provision for credit losses.

Due to changes over time in the mix of brokering and direct lending activities, when comparing the Company's current cost structure with prior periods, management considers the interest revenue portion of loan fees paid to third-party lenders, provision for credit losses, retention payments, and interest expense together. The following table provides a comparison of total funding and credit loss related costs:

	3 Months Ended 31-Mar- 2012	**3 Months Ended 31-Mar-2013**	6 Months Ended 31-Mar- 2012	**6 Months Ended 31-Mar-2013**
Interest revenue portion of loan fees paid to third party lenders	1,390	**-**	5,298	**-**
Credit losses as calculated in the table above	8,346	**4,799**	7,244	**11,496**
Retention payments	2,271	**1,665**	8,828	**3,434**
Interest expense related to senior secured notes	2,892	**4,420**	2,892	**8,820**
Total	14,899	**10,884**	24,262	**23,750**
Total loan volume	191,030	**186,322**	390,641	**389,785**
Total as a percentage of loan volume	7.8%	***5.8%***	*6.2%*	***6.1%***

The decrease in the percentage compared to the same periods last year is as a result of the FY2012 comparative periods including a $3.0 million additional provision related to the UK operations.

Depreciation of Property and Equipment and Amortization of Intangible Assets
Depreciation of property and equipment of $1.6 million and $3.1 million for the three and six months ended March 31, 2013 decreased by 11% and 14% compared to $1.8 million and $3.6 million in the same periods last year. This reduction was a result of a lower cost base due to the $3.4 million in impairment charges and subsequent branch closures during FY2012.

Amortization of intangible assets increased to $1.8 million and $3.6 million for the three and six months ended March 31, 2013 compared to $1.2 million and $1.5 million in the same periods last year because the Company acquired proprietary knowledge, non-compete agreements and favorable supplier relationships when loans were acquired from third-party lenders in the second quarter of last fiscal year.

Net Income (Loss)

Net losses of $4.3 million and $6.0 million for the three and six months ended March 31, 2013 improved compared to losses of $41.2 million and $40.2 million in the same periods last year. The comparative periods included an expense of $36.8 million for the settlement of pre-existing relationships with third-party lenders.

During the first quarter of FY2013 the Company incurred non-recurring expenses of $0.9 million relating to professional and director fees incurred as a result of the additional efforts required to restate the Company's FY2012 quarterly results. During the second quarter of FY2013 the Company incurred additional non-recurring expenses of $1.7 million related to the special investigation. Refer to the section entitled "Risks and Uncertainties" in this MD&A for additional information on the special investigation.

Summary of Quarterly Results

($000's, except for per share amounts and branch figures)		2011		2012				**2013**	
		Q3	Q4	Q1	Q2	Q3	Q4	**Q1**	**Q2**
		Restated	Restated	Restated	Restated	Restated	Restated	**Restated**	
Consolidated Results									
No. of branches	Canada	574	574	573	569	529	511	511	**513**
	United Kingdom	8	12	23	25	25	25	25	**25**
		582	586	596	594	554	536	536	**538**
Loan Volume	Direct	$ 13,657	$ 13,008	$ 13,076	$ 120,487	$ 188,485	$ 195,027	$ 180,599	**$ 127,050**
	Brokered	190,959	188,712	186,535	70,543	11,376	12,183	22,864	**59,272**
		204,616	201,720	199,611	191,030	199,861	207,210	**203,463**	**186,322**
Revenue									
Loan fees		$ 33,944	$ 33,552	$ 32,892	$ 30,545	$ 36,204	$ 38,353	$ 38,018	**$ 37,268**
Other income		14,985	13,625	12,956	11,544	12,454	12,464	11,485	**9,389**
		48,929	47,177	45,848	42,089	48,658	50,817	49,503	**46,657**
Sales expenses									
Salaries and benefits		17,002	16,984	16,856	17,672	16,493	14,921	14,462	**14,325**
Rent		4,647	4,706	4,766	4,911	4,719	4,548	4,434	**4,457**
Selling, general and administrative		6,127	6,041	6,489	6,406	5,725	4,971	4,969	**5,076**
Advertising and promotion		1,367	1,492	1,690	1,063	1,212	1,215	1,369	**1,437**
Depreciation of property and equipment		1,710	1,744	1,776	1,785	1,675	1,607	1,560	**1,568**
		30,853	30,967	31,577	31,837	29,824	27,262	26,794	**26,863**
		18,076	16,210	14,271	10,252	18,834	23,555	22,709	**19,794**
Provision for loan losses		662	580	668	10,798	10,104	9,434	9,254	**7,289**
Retention payments		6,775	6,244	6,557	2,271	554	586	1,769	**1,665**
Corporate expenses		4,804	5,171	4,960	6,626	5,394	5,706	6,745	**9,247**
Interest expense		157	163	169	3,068	4,536	4,566	4,603	**4,644**
Branch closures costs		-	-	-	-	908	666	-	**-**
Impairment of property and equipment		-	-	-	3,017	-	408	-	**-**
Expense to settle pre-existing relationships with third-party lenders		-	-	-	36,820	-	-	-	**-**
Other depreciation and amortization		456	570	583	1,503	1,770	2,117	2,172	**1,994**
Net income (loss) before income taxes and class action settlements		5,222	3,482	1,334	(53,851)	(4,432)	72	(1,834)	**(5,045)**
Taxes		1,806	1,568	374	(12,691)	(861)	(177)	(132)	**(765)**
Net income (loss) and comprehensive income (loss)		$ 3,416	$ 1,914	$ 960	$ (41,160)	$ (3,571)	$ 249	$ (1,702)	**$ (4,280)**
EBITDA		7,581	5,991	3,967	(47,467)	3,577	8,425	6,501	**3,161**
Adjusted EBITDA		12,859	11,321	9,551	749	5,544	10,129	9,152	**6,681**
Basic earnings (loss) per share		$ 0.20	$ 0.11	$ 0.06	$ (2.36)	$ (0.20)	$ 0.01	$ (0.10)	**$ (0.24)**
Diluted earnings (loss) per share		$ 0.19	$ 0.11	$ 0.05	$ (2.36)	$ (0.20)	$ 0.01	$ (0.10)	**$ (0.24)**

Loan volume and revenue have increased steadily in the last half of FY2012. Results for FY2011 and early FY2012 were negatively impacted by rate compression in the regulated provinces partially offset by growth in other revenue. In Q2-2012, the Company transitioned to the direct lending model and began a comprehensive evaluation of its branch network, resulting in charges for impairment and branch closure costs in the last half of FY2012. The transition to the direct lending model also impacted the Company's revenue recognition policies.

Although the Company's business is not significantly affected by seasonality, the Company typically experiences its strongest revenues in the third and fourth quarters (which correspond with tax season and the summer months) followed by the first quarter (Christmas/holiday season). The second quarter is typically the weakest. In addition to seasonal demand, quarterly results are impacted by the number and timing of new branch openings.

Liquidity and Capital Resources

Consolidated cash balances increased to $22.4 million as at March 31, 2013 compared to $19.1 million at September 30, 2012. At March 31, 2013 $9.4 million (September 30, 2012 - $5.5 million) of the Company's cash was restricted for consumer lending use where the Company acts as a broker.

Cash (used in) provided by	3 Months Ended 31-Mar-2012 (Restated)	**3 Months Ended 31-Mar-2013**	6 Months Ended 31-Mar-2012 (Restated)	**6 Months Ended 31-Mar-2013**
Operating activities	1,539	**4,547**	207	**5,454**
Investing activities	(96,370)	**(824)**	(93,426)	**(5,544)**
Financing activities	93,987	**(309)**	90,658	**(491)**

Cash provided by operating activities was $4.5 million and $5.5 million for the three and six months ended March 31, 2013, an increase of $3.0 million and $5.2 million compared to the same periods last year. The increase has been driven primarily by an increase in revenues and decreases in sales expenses and to a lesser extent by changes in operating working capital in the current year.

Cash used in investing activities for the three and six months ended March 31, 2013 decreased compared to the same periods last year as the comparative periods reflect a significant acquisition of a portfolio of loans, intangible assets and an expense to settle pre-existing relationships with third-party lenders. Changes in restricted cash and funds held on behalf of third-party lenders are also classified as investing activities.

Cash used in financing activities for the three and six months ended March 31, 2013 decreased compared to the same periods last year as the comparative periods reflect the issuance of Senior Secured Notes. In addition, Company did not pay a quarterly dividend in the current period.

Consumer Advances Receivable, Net

As at March 31, 2013, the consumer advances receivable, net balance was $30.5 million, compared to $32.4 million at September 30, 2012. The decrease is primarily a result of the introduction of the lines of credit products in Ontario, which are brokered by the Company on behalf of third-party lenders and therefore the advances are not recorded on the Company's balance sheet.

The Company's consumer advances receivable balance at March 31, 2013 is comprised of $24.2 million (September 30, 2012: $25.9 million), representing gross loans and advances of $62.7 million net of a provision for credit losses of $38.6 million (September 30, 2012: $52.3 million gross advances and a provision of $26.4 million), that the Company has made directly to consumers and $6.3 million (September 30, 2012: $6.6 million) in loans and advances that the Company has purchased from third-party lenders.

The Company closely monitors the provision for credit losses on direct advances based on historic loss rates, current collection patterns, and economic trends. The provision for credit losses relies on estimates of future collections. Changes to the Company's estimates could materially impact the Company's consolidated financial statements.

The Company records acquired loans and advances at fair value based on the estimated discounted future cash flows at acquisition date. All cash inflows received on the acquired loans and advances reduces the carrying amount and changes to the estimated future cash flows are factored into the carrying amount at each reporting period in accordance with FASB ASC 310-30, “Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality.” The Company closely monitors the performance and collections on acquired loans and advances and the carrying amount is heavily dependent on internal estimates of the ultimate collectability of the loans and advances and the Company’s ability to continue to maintain its targeted level of cash collections. Changes to the Company’s estimates could materially impact the Company’s consolidated financial statements.

Commencing in February, 2013, in order to better facilitate the collections of past due advances on its brokered lines of credit in Ontario, the Company has purchased line of credit advances from third-party lenders. All advances acquired during the three months ended March 31, 2013 have been reported on a pooled basis. As the total consideration paid to acquire the line of credit advances exceeded the fair value, the Company recorded a loss of $756 in retention payments expense.

The Company pools acquired loans and advances for reporting purposes, as follows:

	Contractual Value at Acquisition Date	Fair Value at Acquisition Date	Remaining Carrying Value 31-Mar-2013
January 31, 2012 loan acquisition	$ 319.9 Million	$ 50.0 Million	$ 4.4 Million
Fiscal Q2, 2013 acquired line of credit advances	$ 7.2 Million	$ 6.4 Million	$ 1.9 Million

Dividends

The Company’s Board of Directors has determined not to issue a dividend for the quarter ended March 31, 2013.

The Board of Directors reviews the Company’s dividend distribution policy on a quarterly basis. This review includes evaluating the Company’s financial position, profitability, cash flow and other factors that the Board of Directors considers relevant. The ability to declare and pay dividends is subject to compliance with a restricted payment covenant stipulated in the indenture governing the Notes.

Outstanding Share Data

As at April 30, 2013, the Company had 17,571,813 common shares outstanding. There were also 1,056,402 options to purchase common shares outstanding, which if exercised, would provide the Company with proceeds of approximately $10.1 million. Each option is exchangeable for one common share of the Company.

Other Financial Information

Off-Balance Sheet Arrangements, Contractual Obligations, Financial Instruments, Critical Accounting Estimates and Changes in Accounting Policies

There are no material changes to the above titled sections at March 31, 2013 since the September 30, 2012 annual MD&A.

Related Party and Other Transactions

The Cash Store Australia Holdings Inc. ("AUC")
The Company owns 18.3% of the outstanding common shares of AUC, which currently operates payday loan branches in Australia under the name "The Cash Store Pty." AUC is publicly listed on the TSX Venture exchange under the symbol "AUC". As at March 31, 2013 the carrying value of the Company's investment in AUC was $nil (September 30, 2012 - $nil).

The Company had a services agreement with AUC to provide ongoing services such as financial and accounting support, administrative services, and the use of the Company's information technology and telecommunication systems. The agreement lapsed on June 30, 2012.

Included in selling, general, and administrative expenses is a recovery of $nil for the three and six months ended March 31, 2013 respectively (three and six months ended March 31, 2012 - $95 and $189) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount.

RTF Financial Holdings Inc. ("RTF")
The Company owns 15.7% of the outstanding common shares of RTF Financial Holdings Inc., a private company in the business of short-term lending by utilizing highly automated mobile technology (SMS text message lending). RTF Financial Holdings Inc. currently operates in Finland, Sweden, Denmark, the Netherlands and the UK with plans to expand to other European countries. As at March 31, 2013 the carrying value of the Company's investment in RTF was $nil (September 30, 2012 - $nil).

The Company had a services agreement with RTF to provide ongoing services such as financial and accounting support and contracts administrative services. The agreement lapsed on June 30, 2012.

Included in selling, general, and administrative expenses is a recovery of $nil the three and six months ended March 31, 2013 (three and six months ended March 31, 2012 - $50 and $110 respectively) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount.

Third-party lenders

i. A privately held entity that raises capital and provides advances to the Company's customers (third-party lender) is controlled by the father of Cameron Schiffner, the Senior Vice President of Operations of the Company. In addition, Cameron Schiffner's brother was a member of management of AUC and is a member of management of the third-party lender. The Company's relationship with the third-party lender predates Cameron Schiffner's employment with the Company. Included in retention payments are $259 and $825 for the three and six months ended March 31, 2013 respectively (three and six months ended March 31, 2012 - $905 and $3.7 million) of amounts paid or payable directly to this third-party lender. As at March 31, 2013 included in accrued liabilities is $680 (September 30, 2012 - $659) due to this third-party lender. This amount has been included in the Company's restricted cash balance. The Company's contingent risk in this third-party lender's loan portfolio totalled $7.3 million as at March 31, 2013 (September 30, 2012 - $7.2 million).

As part of the acquisition of the short-term advances portfolio on January 31, 2012 $45.5 million of the total purchase consideration was paid to this third-party lender, of which $14.4 million is an estimate of this third-party lender's proportionate share of the expense to settle pre-existing relationships, which was approximated based on the proportion of the consideration paid to each third-party lender. The acquisition agreement was signed on behalf of the third-party lender by Cameron Schiffner's brother.

As part of the acquisition of the lines of credit advances over the period from February 1, 2013 to March 31, 2013, $2.4 million of the total purchase consideration was paid to this third-party lender, of which $275 is the loss on acquisition included in retention payment expenses.

ii. An immediate family member of Michael Shaw, a director of the Company, advanced funds to a privately held entity that raised capital and provided loans to the Company's customers (third-party lender) and acted as a third-party lender prior to the acquisition of the consumer loans portfolio on January 31, 2012. The Company's relationship with the third-party lender predates Michael Shaw's directorship with the Company. Bruce Hull, who is a director of AUC, also advanced funds to this third-party lender. There have been no transactions between the Company and this third-party lender subsequent to January 31, 2012. Included in retention payments for the three and six months ended March 31, 2012 are $314 and $1.4 million respectively paid or payable directly to this third-party lender. The Company's contingent risk in this third-party lender's loan portfolio totalled $nil as at March 31, 2013 (September 30, 2012 - $nil).

As part of the acquisition of the consumer loans portfolio on January 31, 2012, $23.9 million of the total purchase consideration was paid to this third-party lender, of which $7.6 million is an estimate of this third-party lender's proportionate share in the expense to settle pre-existing relationships, which was approximated based on the proportion of the consideration paid to each third-party lender.

iii. A privately held entity that began acting as a third-party lender after January 31, 2012 is controlled by Bruce Hull. Included in retention payments are $6 and $6 for the three and six months ended March 31, 2013 respectively (three and six months ended March 31, 2012 - $5 and $5) paid or payable directly to this third-party lender. As at March 31, 2013, included in accrued liabilities is $165 (September 30, 2012 - $166) due to this third-party lender. The Company's contingent risk in this third-party lender's loan portfolio totalled $180 as at March 31, 2013 (September 30, 2012 - $171).

All transactions with third-party lenders have been measured at the exchange amount, which is the amount of consideration agreed to by the Company and the third-party lenders.

EBITDA and Adjusted EBITDA Reconciliation

	2011		2012				**2013**	
	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**	**Q2**
	Restated	Restated	Restated	Restated	Restated	Restated	**Restated**	
Consolidated Results								
Net income (loss) and comprehensive income (loss)	$ 3,416	$ 1,914	$ 960	$ (41,160)	$ (3,571)	$ 249	$ (1,702)	**$ (4,280)**
Interest expense and other interest	191	196	274	3,096	4,564	4,629	4,603	**4,644**
Income tax	1,806	1,568	374	(12,691)	(861)	(177)	(132)	**(765)**
Depreciation of property and equipment and amortization of intangible assets	2,168	2,313	2,359	3,288	3,445	3,724	3,732	**3,562**
EBITDA	$ 7,581	$ 5,991	$ 3,967	$ (47,467)	$ 3,577	$ 8,425	$ 6,501	**$ 3,161**
Adjustments:								
Class action settlements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Stock-based compensation	171	218	193	193	189	158	145	**119**
Expense to settle pre-existing relationships with third-party lenders	-	-	-	36,820	-	-	-	**-**
Loan loss provision one-time addition	-	-	-	3,091	-	-	-	**-**
Branch closures costs	-	-	-	-	908	666	-	**-**
Impairment of property and equipment	-	-	-	3,017	-	408	-	**-**
Revenue impact related to transitioning to a direct lending model	-	-	-	3,210	316	-	-	**-**
Expenses related to restatement of fiscal 2012 quarters	-	-	-	-	-	-	904	**125**
Expenses related to the special investigation	-	-	-	-	-	-	-	**1,666**
Effective interest component of retention payments	5,107	5,112	5,391	1,885	554	472	1,602	**1,610**
Adjusted EBITDA	$ 12,859	$ 11,321	$ 9,551	$ 749	$ 5,544	$ 10,129	$ 9,152	**$ 6,681**

Note – in this MD&A the Company has made certain retroactive changes to the presentation of EBTIDA and Adjusted EBITDA. In comparison to previous filings, stock-based compensation expense was removed from the calculation of EBITDA and added to the Calculation of Adjusted EBITDA. In addition, the line item entitled "income impact of separately accounting of the acquired loan portfolio" was removed from the Q2-2012 through Q1-2013 presentation of Adjusted EBITDA. The section of this MD&A entitled "credit losses and recoveries" provides a reconciliation of the collections on acquired loans. The Company also removed the line entitled "Unrealized foreign exchange (gains)/losses" from the calculation of adjusted EBITDA.

Internal Controls over Financial Reporting and Disclosure Controls

Management has evaluated whether there were changes in Internal Controls over Financial Reporting (ICFR) as at and for the three and six months ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect ICFR. No changes were identified; however, during the financial statement close process for the three and six months ended March 31, 2013, management identified a material weakness in ICFR related to a prior period error as described in Note 1 (g) of the financial statements. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of ICFR and Disclosure Controls and Procedures (DC&P) and determined that ICFR and DC&P were ineffective due to the material weaknesses described below.

The Company has two material weaknesses as at March 31, 2013. Each of these material weaknesses creates a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis.

1) During the preparation of the Company's March 31, 2013 interim financial statements, Management determined that the Company did not design and implement effective ICFR related to the review and interpretation of complex legal agreements. Specifically, the Company's ICFR did not correctly interpret how the terms and conditions of the March 5, 2004 British Columbia Class Action claim impacted the measurement of the associated liability as at September 30, 2010. As a result of these ineffective controls, the Company incorrectly measured and recorded the liability at inception of the agreement. This error was not detected or corrected in subsequent reporting periods by the Company's ICFR until March 31, 2013.
   The accounts that could reasonably be affected by this material weakness are class action settlement expense, interest expense, income tax expense, other receivables (current and long term), deferred tax asset and accrued liabilities.

2) As described in the September 30, 2012 Annual MD&A, management concluded that the Company's ICFR contained a material weakness with respect to the determination of the provision for credit losses. Management did not maintain effective processes and controls specific to the determination of the provision for credit losses. Senior finance personnel did not effectively communicate with operations to obtain a sufficient understanding in making the determination of the provision for credit losses.
   The accounts that could reasonably be affected by this material weakness are provision for loan losses and consumer advances receivable, net.

The Company has taken the following remedial actions:

1) In response to the first material weakness described above, in April 2013 management established a process to coordinate internally as well as regularly consult with legal counsel and the third party settlement administrator. This new control involves a review of the status of all litigation and claims at each reporting period in order to assess their impact on the Company's consolidated financial statements.

2) In response to the second material weakness identified as part of the preparation of the 2012 annual financial statements and as part of the transition from brokering to direct lending, the Company formally adopted an accounting policy and established a credit committee, comprised of senior financial and operational executives, to meet on a regular basis to monitor credit loss rates and approve provisioning levels. Management also hired additional senior finance personnel in the fourth fiscal quarter of 2012 to assist in the monitoring of the provision for credit losses.

There have been significant improvements made to ICFR prior to and subsequent to March 31, 2013 in relation to the material weaknesses described above. However, management needs sufficient time to assess the effectiveness of the changes and to implement further improvements before the Company can conclude that the above material weaknesses have been remediated.

Outlook

The regulatory environment will continue to be a key area of focus for the Company. Regulation in the payday loan sector is in varying states of regulation in Canada and the UK. Regulation affecting the other consumer lending operations, bank accounts, card, and other financial services is stable. The Company believes it is important to continue its work with various compliance bodies in various jurisdictions in order to remain current with the regulatory environment.

Demand for products remains strong and the Company's Canadian branch network is relatively young, with approximately two-thirds of branches falling in the 1-5 year range. Management believes there is upside potential to both revenue and operating income as these young branches mature and establish larger customer bases.

New product development initiatives remain a priority. In expanding the portfolio, the Company has focused on products and platforms that will lead to longer-term relationships with customers and increase customer loyalty. The Company plans to introduce new products that will extend distribution channels and target new customers in the near future.

To prepare for future growth in the UK, the Company has established the corporate infrastructure to support an increased footprint in the region.

Risks and Uncertainties

There are many risks and uncertainties that may affect the Company's ability to capitalize on market opportunities and/or financial results. The Company continually monitors and evaluates these risk factors and takes action to mitigate them, however some of these risks are beyond the Company's control. A more fulsome description of risks that may affect the Company's operations is contained in the September 30, 2012 Annual MD&A.

Regulatory Environment

Securities Regulations
On April 2, 2013, the Company received notice from the New York Stock Exchange ("NYSE") that it is not in compliance with certain NYSE standards for continued listing of its common shares. Specifically, the Company is below the NYSE's continued listing criteria because its average total market capitalization over a recent 30 consecutive trading day period was less than $50 million at the same time that reported shareholders' equity was less than $50 million. Under the NYSE's continued listing criteria, a NYSE listed company must maintain average market capitalization of not less than $50 million over a 30 consecutive trading day period or reported shareholders' equity of not less than $50 million.

Under NYSE rules, the Company has 90 days from the date of the notice to submit a plan to the NYSE demonstrating its ability to achieve compliance with the listing standards within 18 months of receiving the notice. Cash Store Financial intends to submit such a plan. During such 18-month period, the Company's common shares will continue to be listed and traded on the NYSE, subject to compliance with other NYSE continued listing standards.

The notice from the NYSE does not impact the Company's listing on the Toronto Stock Exchange ("TSX") and the Company's common shares will continue to be listed and traded on the TSX, subject to compliance with TSX continued listing standards.

Consumer Lending Regulations

The Company offers its consumer lending products in compliance with general consumer protection regulations governing relevant products, including the Canadian federal criminal interest rate provisions of the Criminal Code, and all applicable laws and regulations related to payday loans. Industry rate regulations and other measures specific to payday loans have been implemented in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia. Current regulatory developments include the following:

Ontario

On February 4, 2013, the Registrar for payday loans in Ontario issued a proposal to revoke the payday lending licenses of the Cash Store Inc. and Instaloans Inc. Sections 13(2) and 14(1) of the Payday Loans Act provide that licensees are entitled to a hearing before the License Appeal Tribunal in respect of the Registrar's proposal. The Company has requested a hearing, which it expects to take place in the fall of 2013.

Since September 2011, the Consumer Protection Branch of the Ministry of Consumer Affairs has attempted to force the Company to deliver payday loans in cash, rather than the much safer and efficient electronic methods that are now used. The Company has indicated that they are unwilling to place employees and customers at risk of physical harm. The Consumer Protection Branch of the Ministry of Consumer Affairs has also attempted to prohibit the Company from selling products other than payday loans. The Company has indicated that they are not prepared to accept these onerous restrictions.

As a result of the Company's recently announced introduction of its line of credit products in Ontario, the Company does not offer payday loans in the province, so the Registrar's proposal to revoke the Company's payday loan licenses is not expected to cause any interruptions to the Company's current operations. The Registrar's proposal to revoke payday loan licenses is not related to the Company's line of credit offerings.

British Columbia

On March 23, 2012, the Company was issued a compliance order (the "Order") and administrative penalty from Consumer Protection BC. The Order directs the Company to refund to all borrowers with loan agreements negotiated with the Company or its subsidiaries between November 1, 2009 and the date of the order, the amount of any issuance fee charged, required or accepted for or in relation to the issuance of a cash card. The Order also directed the Company to pay an administrative penalty of $25,000 in addition to costs. The Company has agreed to abide by the Order.

On November 30, 2012, Consumer Protection BC issued a supplementary compliance order directing that unclaimed refund amounts to a maximum of $1.1 million be deposited into a consumer protection fund. The Company is appealing the supplementary compliance order; however, in accordance with a January 28, 2013 court order, during the three months ended March 31, 2013, the Company deposited $1.1 million in trust pending the outcome of the appeal. The estimated exposure with respect to this order is between $248,000 and $1.1 million including penalties, legal costs and additional costs. The Company has accrued $187,000 (September 30, 2012 - $248,000) related to the Order in other accruals as at March 31, 2013. $61,000 was paid for penalties and legal costs subsequent to September 30, 2012. The appeal will be heard May 8 and 9, 2013 however it is not known as to when a final decision will be reached.

United Kingdom

On December 19, 2012, in the United Kingdom, The Financial Services Act (the "Act") received Royal Assent. Among other things, the Act transfers the responsibility for regulating consumer credit from the Office of Fair Trading to the Financial Conduct Authority. This transfer is anticipated to take effect in April 1, 2014. This Bill grants authority to the Financial Conduct Authority to set maximum allowable charges for prescribed types of credit and to determine what types of charges connected to the prescribed types of credit are to be included within the maximum allowable charges. How these authorities will be implemented is not yet known.

Legal Proceedings

The Company is currently subject to several legal proceedings, which it is vigorously defending. In addition, the Company is likely to be subject to additional legal proceedings in the future. The resolution of any current or future legal proceeding could cause Cash Store Financial to have to refund fees and/or interest collected, refund the principal amount of advances, pay damages or other monetary penalties and/or modify or terminate operations in particular local and federal provinces. The Company may also be subject to adverse publicity. Defense of any legal proceedings, even if successful, requires substantial time and attention of senior officers and other management personnel that would otherwise be spent on other aspects of the business and requires the expenditure of significant amounts for legal fees and other related costs. Settlement of lawsuits may also result in significant payments and modifications to operations. Any of these events could have a material adverse effect on business, prospects, results of operations and financial condition of the Company.

British Columbia

March 5, 2004 Claim

On March 5, 2004, an action under the Class Proceedings Act was commenced in the Supreme Court of British Columbia by Andrew Bodnar and others proposing that a class action be certified on his own behalf and on behalf of all persons who have borrowed money from the defendants, The Cash Store Financial and All Trans Credit Union Ltd. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Criminal Code of Canada (the "Code"). On May 25, 2006, the claim in British Columbia was affirmed as a certified class proceeding of Canada by the B.C. Court of Appeal. In fiscal 2007, the plaintiffs in the British Columbia action brought forward an application to have certain of the Company's customers' third-party lenders added to the claim. On March 18, 2008, another action commenced in the Supreme Court of British Columbia by David Wournell and others against The Cash Store Financial, Instaloans Inc., and others in respect of the business carried out under the name Instaloans since April 2005. Collectively, the above actions are referred to as the "British Columbia Related Actions".

On May 12, 2009, the Company settled the British Columbia Related Actions in principle and on February 28, 2010 the settlement was approved by the Court. Under the terms of the court approved settlement, the Company is to pay to the eligible class members who were advanced funds under a loan agreement and who repaid the payday loan plus brokerage fees and interest in full, or who met certain other eligibility criteria, a maximum estimated amount including legal expenses of $18.8 million consisting of $9.4 million in cash and $9.4 million in credit vouchers. The credit vouchers can be used to pay existing outstanding brokerage fees and interest, to pay a portion of brokerage fees and interest which may arise in the future through new loans advanced, or can be redeemed for cash from January 1, 2014 to June 30, 2014. The credit vouchers are not transferable and have no expiry date. After approved legal expenses of $6.4 million were paid in March 2010, the balance of the settlement amount remaining to be disbursed was $12.4 million, consisting of $6.2 million of cash and $6.2 million of vouchers.

By September 30, 2010, the Company received approximately 6,300 individual claims representing total valid claims in excess of the settlement fund. As the valid claims exceed the balance of the remaining settlement fund, under the terms of the settlement agreement, the entire settlement fund of $12.4 million was disbursed to claimants in November 2012.

On April 16, 2013, $5.1 million of the $6.1 million cash claims had been deposited/ cleared the bank. At March 31, 2013, approximately $250,000 vouchers had been redeemed.

In arriving at the liability recorded at the balance sheet date, the voucher portion of the settlement fund of $6.2 million has been discounted using a discount rate of 16.2%. During the three and six month periods ended March 31, 2013, the Company recorded accretion expense of $224,000 and $428,000 respectively in interest expense. The total liability related to the settlement at March 31, 2013 is $5.4 million (September 30, 2012: $11.3 million).

September 11, 2012 Claim

On September 11, 2012, an action under the British Columbia Class Proceedings Act was commenced in the Supreme Court of British Columbia by Roberta Stewart against Cash Store Financial and Instaloans Inc. claiming on behalf of the plaintiff and class members that the Company charged, required or accepted an amount that is in excess of 23% of the principal which is contrary to s. 17(1) of the Payday Loans Regulation and s. 112.02(2) of the Business Practices Consumer Protection Act ("BPCPA") and charged, required or accepted an amount in relation to each cash card issued to a class member which is contrary to s. 112.04(1)(f) of the BPCPA; made the provision of each payday loan contingent on class members purchasing a cash card and services related thereto, contrary to s. 19(1) of the Payday Loans Regulation and s. 112.08(1)(m) of the BPCPA; and discounted the amount in the payday loan agreement to be the loan amount borrowed, by deducting and withholding from the loan advance an amount representing a portion of the total costs of credit, contrary to s.112.08(1)(e) of the BPCPA.

The class members, in an order pursuant to s. 112.10(2) and s. 172(3)(a) of the BPCPA are seeking that the Company refund all monies paid in excess of the loan principal of each payday loan, including the cash card fee amounts, the loan fees, and any other fees or changes collected by the Company in relation to the payday loan, damages and interest pursuant to the Court Order Interest Act at the rate of 30% compounded annually, as set out in the payday loan agreements or such other rate as the Supreme Court of British Columbia considers appropriate.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

Alberta

January 19, 2010 Claim

The Company has been served in prior fiscal periods with a statement of claim issued in Alberta alleging that it is in breach of s. 347 of the Code (the interest rate provision) and certain provincial consumer protection statutes.

On January 19, 2010, the plaintiffs in the Alberta action brought forward an application to have a related subsidiary, as well as certain third-party lenders, directors and officers added to the claim.

The Company has agreed to a motion to certify the class proceeding if the third-party lenders, officers and directors are removed as defendants. Class counsel has agreed to the Company's proposal. Consequently, the certification motion was granted in November of 2011.

As at March 31, 2013, a total of $100 (September 30, 2012 - $100) has been accrued for ongoing legal fees related to this matter. However, the likelihood of loss, if any, is not determinable at this time.

September 18, 2012 Claim

On September 18, 2012, an action under the Alberta Class Proceedings Act was commenced in the Alberta Court of Queen's Bench by Kostas Efthimiou against Cash Store Financial and Instaloans Inc. on behalf of all persons who, on or after March 1, 2010, borrowed a loan from the Company that met the definition of a "payday loan" proposing that the Company has violated s. 11 and 12 of the Payday Loan Regulations in that all amounts charged to and collected from the plaintiff and class members by the Company in relation to the payday loans advanced in excess of the loan principal are unlawful charges under the Payday Loan Regulation and therefore seek restitution of damages for unlawful charges paid by the plaintiff and class members, repayment of unlawful charges paid by the plaintiff and class members, damages, interest on all amounts found to be owing and any such associated legal costs.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

Saskatchewan

On October 9, 2012, an action under the Saskatchewan Class Actions Act was commenced in the Saskatchewan Court of Queen's Bench by John Ironbow against Cash Store Financial and Instaloans Inc. on behalf of all persons who, on or after January 1, 2012, borrowed a loan from the Company that met the definition of a "payday loan" proposing that the Company has violated s. 11 and 12 of the Payday Loan Regulations in that all amounts charged to and collected from the plaintiff and class members by the Company in relation to the payday loans advanced in excess of the loan principal are unlawful charges under the Payday Loan Regulation and therefore seek restitution of damages for unlawful charges paid by the plaintiff and class members, repayment of unlawful charges paid by the plaintiff and class members, damages, interest on all amounts found to be owing and any such associated legal costs.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

Manitoba

April 23, 2010 Claim

On April 23, 2010, an action under the Manitoba Class Proceedings Act was commenced in the Manitoba Court of Queen's Bench by Scott Meeking against The Cash Store (Canada), Instaloans, and Cash Store Financial proposing that a class action be certified on his own behalf and on behalf of all persons in Manitoba and others outside the province and who obtained a payday loan from the Cash Store Financial or Instaloans. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Criminal Code of Canada.

On February 22, 2012, the Manitoba Court determined that large portions of the plaintiff's claim could not proceed as they had already been resolved in a judgment and settlement approved by the Ontario Superior Court of Justice in 2008. To the extent that limited portions of the Ontario judgment were not enforced in Manitoba, Cash Store has appealed the Manitoba decision.

On January 30, 2013 a hearing was held where the appeal was heard. The court reserved its decision. It is estimated that it will take four months to receive the decision.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

November 1, 2012 Claim

On November 1, 2012, an action was commenced in Manitoba under The Class Proceedings Act by Sheri Rehill against The Cash Store Financial Services Inc., The Cash Store Inc., Instaloans Inc. and other defendants, on behalf of all persons who, on or after October 18, 2010, borrowed a loan from the Company in Manitoba where that loan met the definition of a "payday loan" as defined by the Payday Loans Act, S.S. 2007, c. P-4.3. The action alleges that the Company charged amounts in excess of the maximum allowable limit on the total cost of credit permitted by the Consumer Protection Act, R.S.M. 1987, c. C-200, as am., and the Payday Loan Regulation, Man. Reg. 99/2007, as am. The plaintiff pleads for restitution and repayment of all amounts paid by borrowers as a cost of credit for their payday loans, damages for an alleged conspiracy, and interest on all amounts alleged to be owing.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

Ontario

On August 1, 2012, an action under the Ontario Class Proceedings Act was commenced in the Ontario Supreme Court of Justice by Timothy Yeoman against Cash Store Financial and Instaloans Inc. claiming on behalf of the plaintiff and class members who entered into payday loan transactions with the Company in Ontario between September 1, 2011 and the date of judgment, that the Company operated an unlawful business model as the Company did not provide borrowers with the option to take their payday loan in an immediate liquid form and thereby misrepresenting the total cost of borrowing as the cost of additional services and devices should have been included.

The class members plead entitlement to damages and costs of investigation and prosecution pursuant to s. 36 of the Competition Act inclusive of the fees, interest and other amounts that the Company charged to the class members.

The Company is vigorously defending this action and the likelihood and amount of liability, if any, is not determinable at this time.

Special Investigation

The Company's Audit Committee was made aware of written communications that contained questions about the acquisition of the consumer loan portfolio from third-party lenders in late January 2012 (the "Transaction") and included allegations regarding the existence of undisclosed related party transactions in connection with the Transaction. In response to this allegation, legal counsel to a special committee of independent directors of the Company (the "Special Committee") retained an independent accounting firm to conduct a special investigation. The investigation followed a review conducted by the Company's internal auditor under the direction of the Audit Committee of the Board, and the restatement by the Company in December 2012 of its unaudited interim quarterly financial statements and MD&A for periods ended March 31, 2012 and June 30, 2012.

The investigation covered the period from December 1, 2010 to January 15, 2013 and was carried out over four months. It involved interviews of current and former officers, directors, employees and advisors of the Company and a review of relevant documents and agreements as well as electronically stored information obtained from Company computers and those of employees, former employees and directors most likely to have information relevant to the investigation.

The Special Committee has reported its findings on the allegations to the Board of Directors and, consistent with the recommendation made to the Board of Directors by the Special Committee, the Board has determined that no further corrections or restatements of previously reported financial statements and other public disclosures are required in related to the Transaction.

Non-GAAP Performance Measures

Throughout this MD&A, terms that are not specifically defined under U.S. GAAP are referenced and used. These non-U.S. GAAP measures may not be comparable to similar measures presented by other companies. These non-U.S. GAAP measures are presented because the Company believes that they provide investors with additional insight into the Company's financial results. The non-U.S. GAAP measures mentioned in this MD&A, along with the way in which management calculates them, are defined below.

- **Same branch revenue** is used to explain changes in total revenue by comparing the average revenue for a particular group of branches in a current period to that same particular group of branches in a prior period, excluding income from centralized collections. Average revenue is defined as revenue for the period divided by the number of branches.

- **EBITDA and Adjusted EBITDA** are used as a measure of cash income. EBITDA is calculated as net income (loss) and comprehensive income (loss) before interest expense, income tax expense, depreciation of property and equipment and amortization of intangible assets. Based on EBITDA, the effects of other items and/or non-cash expenses are removed to calculate Adjusted EBITDA. Please refer to page 14 for a reconciliation of EBITDA and Adjusted EBITDA to Net Income.

- **Working capital** is calculated as current assets less current liabilities.

Forward-Looking Information

In order to help investors understand the Company's current results and future prospects, this MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and United States federal securities legislation. Management refers to these types of statements collectively, as "forward-looking information". 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.

Forward-looking information can generally be identified by the use of words 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. They may also be identified by statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved".

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 to be materially different from those expressed or implied. These risks and uncertainties may include (but are not limited to) changes in economic and political conditions, legislative or regulatory developments, technological developments, third party arrangements, competition, litigation, market conditions, the availability of alternative transactions, shareholder, legal, regulatory and court approvals and third party consents and other factors described under the heading "Risks and Uncertainties".

Management has attempted to identify the important factors that could cause actual results to differ materially from those contained in forward-looking information, but other factors unknown to us at the time of writing could cause results to vary. There can be no assurance that forward-looking information will prove to be accurate. Actual results could differ materially. Management cautions readers not to place undue reliance on forward-looking information. Unless required by law, the Company does not undertake to update any forward-looking information.

Other Information

Additional information about Cash Store Financial, including its annual information form, information circular, and annual and quarterly reports, is available on SEDAR at www.sedar.com and EDGAR at http://www.sec.gov/edgar.shtml.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Gordon J. Reykdal, Chief Executive Officer of The Cash Store Financial Services Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of The Cash Store Financial Services Inc. (the "issuer") for the interim period ended March 31, 2013.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

A. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

   I. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

   II. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

B. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control — Integrated Framework (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR – material weakness relating to design:*** The issuer has disclosed in its interim MD&A for each material weakness relating to design existing at the end of the interim period

A. a description of the material weakness;

B. the impact of the material weakness on the issuer's financial reporting and its ICFR; and

C. the issuer's current plans, if any, or any actions already undertaken, for remediating the material weakness.

5.3 N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2013 and ended on March 31, 2013, that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 15, 2013

"Gordon J. Reykdal"

____

Gordon J. Reykdal
Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Craig Warnock, Chief Financial Officer of The Cash Store Financial Services Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of The Cash Store Financial Services Inc. (the "issuer") for the interim period ended March 31, 2013.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

C. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

    I. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

    II. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

D. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control — Integrated Framework (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR – material weakness relating to design:*** The issuer has disclosed in its interim MD&A for each material weakness relating to design existing at the end of the interim period

D. a description of the material weakness;

E. the impact of the material weakness on the issuer's financial reporting and its ICFR; and

F. the issuer's current plans, if any, or any actions already undertaken, for remediating the material weakness.

5.3 N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2013 and ended on March 31, 2013, that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 15, 2013

"Craig Warnock"

____

Craig Warnock, FCMA
Chief Financial Officer
