SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(MARK ONE)
[X]QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2003

OR

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROM ______________ TO _____________

COMMISSION FILE NUMBER 000-19424

EZCORP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	74-2540145
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION	(IRS EMPLOYER IDENTIFICATION NO.)

1901 CAPITAL PARKWAY
AUSTIN, TEXAS 78746
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)
(ZIP CODE)

(512) 314-3400
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

NA
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS:

The only class of voting securities of the registrant issued and outstanding is the Class B Voting Common Stock, par value $.01 per share, 100% of which is owned by one record holder who is an affiliate of the registrant. There is no trading market for the Class B Voting Common Stock.

As of June 30, 2003, 10,997,831 shares of the registrant's Class A Non-voting Common Stock, par value $.01 per share and 1,190,057 shares of the registrant's Class B Voting Common Stock, par value $.01 per share were outstanding.

EZCORP, INC.
INDEX TO FORM 10-Q

PART I

ITEM 1. FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets

	June 30, 2003	June 30, 2002	September 30, 2002
	(In thousands)		
Assets:	(Unaudited)		
Current assets:			
Cash and cash equivalents	$ 248	$ 1,418	$ 1,492
Pawn loans	48,149	47,648	49,248
Payroll advances	3,116	1,784	2,326
Pawn service charges receivable, net	8,806	8,253	8,819
Payroll advance service charges receivable, net	611	382	485
Inventory, net	28,853	32,634	32,097
Deferred tax asset	6,418	6,434	6,418
Federal income tax receivable	683	--	359
Prepaid expenses and other assets	2,209	2,359	1,898
Total current assets	99,093	100,912	103,142
Investment in unconsolidated affiliates	15,113	13,932	14,406
Property and equipment, net	27,141	34,214	32,190
Goodwill, net	--	11,274	11,148
Notes receivable from related parties	1,500	1,539	1,522
Deferred tax			

asset, non-
current 1,948
-- -- Other
assets, net
3,848 3,439
3,562 -------
------ ------
------- -----

Total assets
$ 148,643 $
165,310 $
165,970
=============
=============
=============
Liabilities
and
stockholders'
equity:
Current
liabilities:
Current
maturities of
long-term
debt $ -- $
43,445 $
2,936
Accounts
payable and
other accrued
expenses
9,186 10,666
11,615
Customer
layaway
deposits
1,471 1,811
2,166 -------
------ ------
------- -----

Total current
liabilities
10,657 55,922
16,717 Long-
term debt,
less current
maturities
33,000 --
39,309
Deferred tax
liability --
1,193 1,191
Deferred
gains and
other long-
term
liabilities
4,408 4,200
4,209 -------
------ ------
------- -----

Total long-
term
liabilities
37,408 5,393
44,709
Commitments
and
contingencies
-- -- --
Stockholders'
equity:
Preferred
Stock, par
value $.01
per share;
Authorized
5,000,000

shares; none issued and outstanding - - -- -- Class A Non-Voting Common Stock, par value $.01 per share; Authorized 40,000,000 shares; 11,006,864 issued and 10,997,831 outstanding at June 30, 2003; 10,985,675 issued and 10,976,642 outstanding at June 30, 2002 and September 30, 2002 110 110 110 Class B Voting Common Stock, convertible, par value $.01 per share; Authorized 1,198,990 shares; 1,190,057 issued and outstanding 12 12 12 Additional paid-in capital 114,796 114,723 114,729 Accumulated deficit (13,724) (9,774) (9,523) ------------- ------------- --- ---------- 101,194 105,071 105,328 Treasury stock, at cost (9,033 shares) (35) (35) (35) Receivable from stockholder (729) (729) (729) Accumulated other comprehensive income (loss) 148 (312) (20) ------------- ------------- ------------- Total stockholders' equity 100,578 103,995 104,544 -----

Total liabilities and stockholders' equity	$ 148,643	$ 165,310	$ 165,970

See Notes to Condensed Consolidated Financial Statements (unaudited).

Condensed Consolidated Statements of Operations (Unaudited)

Three Months
Ended Nine
Months Ended
June 30, June
30, ---------

----- -------

------- 2003
2002 2003
2002 --------
- --------- -
-------- ----
----- (In
thousands,
except per
share
amounts)
Revenues:
Sales $
30,012 $
28,175 $
99,980 $
97,066 Pawn
service
charges
13,619 12,795
43,576 41,927
Payroll
advance
service
charges 3,047
1,959 8,798
5,500 Other
225 211 770
709 ---------
--------- ---
------ ------
--- Total
revenues
46,903 43,140
153,124
145,202 Cost
of goods sold
19,714 17,601
63,708 60,591
--------- ---
------ ------
--- ---------
Net revenues
27,189 25,539
89,416 84,611
Operating
expenses:
Operations
20,811 19,165
63,670 58,762
Administrative
4,021 3,639
12,711 11,510
Depreciation
and
amortization
2,179 2,501
6,636 7,631 -
-------- ----
----- -------
-- ---------
Total
operating
expenses
27,011 25,305
83,017 77,903
--------- ---
------ ------
--- ---------
Operating

income 178 234 6,399 6,708 Interest expense, net 403 972 1,534 3,711 Equity in net income of unconsolidated affiliate (333) (110) (1,062) (422) Loss on sale of assets 27 186 26 319 --------- --------- --------- --------- Income (loss) before income taxes and cumulative effect of adopting a new accounting principle 81 (814) 5,901 3,100 Income tax expense (benefit) 28 (301) 2,065 1,147 --------- --------- --------- --------- Income (loss) before cumulative effect of adopting a new accounting principle 53 (513) 3,836 1,953 Cumulative effect of adopting a new accounting principle, net of tax -- -- (8,037) -- --------- --------- --------- --------- Net income (loss) $ 53 $ (513) $ (4,201) $ 1,953 ========= ========= ========= ========= Income (loss) per common share - basic: Income (loss) before cumulative effect of adopting a new accounting principle $ -- $ (0.04) $ 0.31 $ 0.16 Cumulative effect of

adopting a
new
accounting
principle,
net of tax --
-- (0.65) --
--------- ---
------ ------
--- ---------
Net income
(loss) $ -- $
(0.04) $
(0.34) $ 0.16
=========
=========
=========
=========
Income (loss)
per common
share -
assuming
dilution:
Income (loss)
before
cumulative
effect of
adopting a
new
accounting
principle $ -
- $ (0.04) $
0.31 $ 0.16
Cumulative
effect of
adopting a
new
accounting
principle,
net of tax --
-- (0.65) --
--------- ---
------ ------
--- ---------
Net income
(loss) $ -- $
(0.04) $
(0.34) $ 0.16
=========
=========
=========
=========
Weighted
average
shares
outstanding:
Basic 12,188
12,148 12,178
12,133
Assuming
dilution
12,528 12,148
12,474 12,275
Proforma
amounts
assuming the
new
accounting
principle is
applied
retroactively:
Net income
(loss) $ 53 $
(347) $ 3,836
$ 2,452 Net
income (loss)
per diluted
share $ -- $
(0.03) $ 0.31
$ 0.20

See Notes to Interim Condensed Consolidated Financial Statements (unaudited).

Condensed Consolidated Statements of Cash Flows (Unaudited)

Nine Months Ended June 30, ---------------------------------- 2003 2002 ---------- ---------- (In thousands) Operating Activities: Net income (loss) $ (4,201) $ 1,953 Adjustments to reconcile net income (loss) to net cash provided by operating activities: Cumulative effect of adopting a new accounting principle 8,037 -- Depreciation and amortization 6,636 7,631 Deferred taxes (3,139) 979 Net loss on sale or disposal of assets 26 319 Deferred compensation expense 3 5 Income from investment in unconsolidated affiliate (1,062) (422) Changes in operating assets and liabilities: Service charges receivable, net (113) 206 Inventory 3,244 1,597 Notes receivable from related parties 22 48 Prepaid expenses, other current assets, and other assets, net 2,267 (998) Accounts payable and accrued expenses (2,219) 1,268 Customer layaway deposits

(695) (270)
Deferred
gains and
other long-
term
liabilities
(274) (247)
Federal
income taxes
(324) -- ----
------ ------
---- Net cash
provided by
operating
activities
8,208 12,069
Investing
Activities:
Pawn loans
forfeited and
transferred
to inventory
53,210 52,345
Pawn loans
made
(137,755)
(138,931)
Pawn loans
repaid 85,644
86,082 ------
---- --------
-- Net
decrease
(increase) in
pawn loans
1,099 (504)
Net increase
in payroll
advances
(790) (534)
Additions to
property and
equipment
(1,946)
(1,281)
Dividends
from
unconsolidated
affiliate 523
327 Proceeds
from sale of
assets 907
5,902 -------
--- ---------
- Net cash
provided by
(used in)
investing
activities
(207) 3,910
Financing
Activities:
Net payments
on bank
borrowings
(9,245)
(16,747) ----
------ ------
---- Net cash
used in
financing
activities
(9,245)
(16,747) ----
------ ------
---- Change
in cash and
cash
equivalents
(1,244) (768)
Cash and cash

equivalents at beginning of period 1,492 2,186 - --------- --- ------- Cash and cash equivalents at end of period $ 248 $ 1,418 ========== ========== Non-cash Investing and Financing Activities: Foreign currency translation adjustment $ 168 $ 25 Deferred gain on sale-leaseback $ 506 $ 1,278 Issuance of stock to 401k plan $ 63 $ 60

See Notes to Interim Condensed Consolidated Financial Statements (unaudited).

NOTE A: BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring entries) considered necessary for a fair presentation have been included. The accompanying financial statements should be read with the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2002. The balance sheet at September 30, 2002 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The Company's business is subject to seasonal variations, and operating results for the nine-month period ended June 30, 2003 are not necessarily indicative of the results of operations for the full fiscal year.

NOTE B: ACCOUNTING PRINCIPLES AND PRACTICES

In order to state inventory at the lower of cost (specific identification) or market (net realizable value), the Company provides an allowance for shrinkage and excess, obsolete, or slow-moving inventory. The Company's inventory allowance is based on the type and age of merchandise as well as recent sales trends and margins. At June 30, 2003, June 30, 2002, and September 30, 2002, the valuation allowance deducted from the carrying value of inventory was $2.5 million, $1.0 million, and $1.7 million, respectively.

Property and equipment is shown net of accumulated depreciation of $63.6 million, $55.1 million and $57.2 million at June 30, 2003, June 30, 2002, and September 30, 2002, respectively.

The Company's payroll advance bad debt expense, included in store operating expense, was $0.9 million and $2.3 million for the three-month and nine-month periods ended June 30, 2003 (the "Fiscal 2003 Quarter" and the "Fiscal 2003 Period," respectively), representing 5.0% and 4.7% of loans made. In the comparable 2002 periods (the "Fiscal 2002 Quarter" and the "Fiscal 2002 Period," respectively), payroll advance bad debt expense was $0.6 million and $2.2 million, representing 6.0% and 7.1%, respectively, of loans made.

The provision for federal income taxes has been calculated based on the Company's estimate of its effective tax rate for the full fiscal year.

The Company accounts for its stock based compensation plans in accordance with the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations ("APB 25"). Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock Based Compensation" encourages expensing the fair value of employee stock options, but allows an entity to continue to account for stock based compensation to employees under APB 25 with disclosures of the pro forma effect on net income had the fair value accounting provisions of SFAS No. 123 been adopted. The Company has calculated the fair value of options granted in these periods using the Black-Scholes option-pricing model and has determined the pro forma impact on net income. See Note H, Common Stock, Warrants, and Options.

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" effective October 1, 2002. Under the provisions of SFAS No. 142, goodwill and other intangible assets having an indefinite useful life are no longer subject to amortization but will be tested for impairment at least annually. The effects of the adoption of this new accounting principle are discussed in Note I.

Certain prior year balances have been reclassified to conform to the fiscal 2003 presentation.

NOTE C: EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30		Nine Months Ended June 30	
	2003	2002	2003	2002
	(In thousands, except per share amounts)			
Numerator				
Income (loss) before cumulative effect of adopting a new accounting principle	$ 53	$ (513)	$ 3,836	$ 1,953
Cumulative effect of adopting a new accounting principle, net of tax	--	--	(8,037)	--
Net income (loss)	53	(513)	$ (4,201)	1,953
Denominator				
Denominator for basic earnings per share: weighted average shares	12,188	12,148	12,178	12,133
Effect of				

dilutive
securities:
Warrants
and
options
340 -- 296
142 ------
-- -------
- --------

Dilutive
potential
common
shares 340
-- 296 142
-------- -
------- --
------ ---

Denominator
for
diluted
earnings
per share:
adjusted
weighted
average
shares and
assumed
conversions
12,528
12,148
12,474
12,275
========
========
========
========
Basic
earnings
(loss) per
share $
0.00 $
(0.04) $
(0.34) $
0.16
========
========
========
========
Diluted
earnings
(loss) per
share $
0.00 $
(0.04) $
(0.34) $
0.16
========
========
========
========

The following table presents the weighted average shares subject to options outstanding during the periods indicated. Anti-dilutive options have been excluded from the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive. Options outstanding at June 30, 2002 were excluded from the computation of loss per share because the Company incurred a loss in the three-month period of that year.

Three
Months
Ended Nine
Months
Ended June
30 June 30

	2003	2002	2003	2002
Total options outstanding				
Weighted average shares subject to options	1,972,915	1,456,699	2,002,651	1,462,918
Average exercise price per share	$ 6.12	$ 7.71	$ 6.14	$ 7.69
Anti-dilutive options outstanding				
Weighted average shares subject to options	886,516	935,508	911,643	937,792
Average exercise price per share	$ 10.74	$ 10.88	$ 10.70	$ 10.88

NOTE D: INVESTMENT IN UNCONSOLIDATED AFFILIATE

The Company owns 13,276,666 common shares of Albemarle & Bond Holdings, plc ("A&B"), approximately 29% of A&B's total outstanding shares. The Company accounts for its investment in A&B using the equity method. Since A&B's fiscal year ends three months prior to the Company's fiscal year, the income reported by the Company for its investment in A&B is on a three-month lag. In accordance with U.K. securities regulations, A&B files only semi-annual financial reports, for its fiscal periods ending December 31 and June 30. The Company estimates A&B's results of operations for the March 31 quarter for its financial statements. The income reported for the Company's Fiscal 2003 Period represents its percentage interest in the results of A&B's operations from July 2002 through March 2003, as estimated. Below is summarized financial information for A&B's most recently reported results:

	Six months ended December 31,	
	2002	2001
	(Pound Sterling000's)	
Turnover (gross revenues)	10,666	9,424
Gross profit	7,075	6,079
Profit after tax (net income)	1,578	1,287

NOTE E: CONTINGENCIES

From time to time, the Company is involved in litigation and regulatory actions arising from its normal business operations. Currently, the Company is a defendant in several actions, some of which involve claims for substantial amounts. While the ultimate outcome of these actions cannot be determined, after consultation with counsel, the Company believes the resolution of these actions will not have a material adverse effect on the Company's financial condition, results of operations, or liquidity. However, there can be no assurance as to the ultimate outcome of these actions.

NOTE F: COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) includes net income (loss) and other revenues, expenses, gains and losses that are excluded from net income (loss) but are included as a component of total stockholders' equity. Comprehensive loss for the Fiscal 2003 Quarter was $0.1 million and comprehensive loss for the Fiscal 2003 Period was $4.0 million. Comprehensive income (loss) for the comparable 2002 periods was $(0.6) million and $2.0 million, respectively. The difference between comprehensive income (loss) and net income (loss) results primarily from the effect of foreign currency translation adjustments determined in accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." The accumulated balance of foreign currency activity excluded from net income (loss) is presented in the Condensed Consolidated Balance Sheets as "Accumulated other comprehensive income (loss)."

NOTE G: LONG-TERM DEBT

The Company's $42.5 million credit agreement (increased from $40 million on June 5, 2003) matures March 31, 2005. Availability of funds under the revolving credit facility is tied to loan and inventory balances, and advances are secured by the Company's assets. The Company may choose either a Eurodollar rate or the agent bank's base rate. Interest accrues at the Eurodollar rate plus 250 to 325 basis points or the agent bank's base rate plus 100 to 175 basis points, depending on the leverage ratio computed at the end of each quarter. Interest cannot be less than 4.5%. Terms of the agreement require, among other things, that the Company meet certain financial covenants. In addition, payment of dividends is prohibited and additional debt is restricted. The credit agreement excludes the cumulative effect of adopting SFAS No. 142, described in Note I below, from the calculation of its consolidated net worth covenant.

The Company has a $0.7 million letter of credit as required by an insurance policy.

NOTE H: COMMON STOCK, WARRANTS, AND OPTIONS

The Company accounts for its stock based compensation plans in accordance with the intrinsic value method prescribed in APB 25. SFAS No. 123 encourages expensing the fair value of employee stock options, but allows an entity to continue to account for stock based compensation to employees under APB 25 with disclosures of the pro forma effect on net income had the fair value accounting provisions of SFAS No. 123 been adopted. The Company has calculated the fair value of options granted using the Black-Scholes option-pricing model and has determined the pro forma impact on net income. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period.

The Company's pro forma results are as follows:

	Three Months Ended June 30		Nine Months Ended June 30	
	2003	2002	2003	2002
	(In thousands, except per share amounts)			
Net income (loss), as reported	$ 53	$ (513)	$ (4,201)	$ 1,953
Add: stock based employee compensation expense included in reported net income (loss), net of related tax effects	--	1	2	3
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(135)	(127)	(402)	(381)
Pro forma net income (loss)	$ (82)	$ (639)	$ (4,601)	$ 1,575
Earnings (loss) per share - basic:				
As reported	$ --	$ (0.04)	$ (0.34)	$ 0.16
Pro forma	$ (0.01)	$ (0.05)	$	

(0.38) $
0.13
Earnings
(loss) per
share -
assuming
dilution:
As reported
$ -- $
(0.04) $
(0.34) $
0.16 Pro
forma $
(0.01) $
(0.05) $
(0.37) $
0.13

NOTE I: CHANGE IN ACCOUNTING PRINCIPLE - GOODWILL AND OTHER INTANGIBLE ASSETS

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" effective October 1, 2002. Under the provisions of SFAS No. 142, goodwill and other intangible assets having indefinite lives are no longer subject to amortization but will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired. With the adoption of SFAS No. 142, the Company ceased amortization of goodwill and pawn licenses, which lowered amortization expense approximately $603,000 annually, beginning October 1, 2002. The Company also ceased goodwill amortization related to its equity investment in A&B, which resulted in a $453,000 annual increase in "equity in net income of unconsolidated affiliates." During the quarter ended December 31, 2002, the Company completed impairment tests of its goodwill and pawn licenses. The testing indicated no impairment of pawn licenses and an $8.0 million impairment charge for goodwill, recorded as a cumulative effect of adopting a new accounting principle. The Company's implied fair value of goodwill was $0 as a result of the Company's allocation of enterprise value to all of the Company's assets and liabilities. With the assistance of independent valuation specialists, enterprise value was estimated based on discounted cash flows and market capitalization. In accordance with SFAS No. 142, the Company also reassessed the useful lives of intangible assets other than goodwill and pawn licenses, resulting in no change.

The following table presents the results of the Company on a comparable basis as
if SFAS No. 142 had been effective for all periods presented.
Three Months
Ended Nine
Months Ended
June 30,
June 30, ---

------- ----

------ 2003
2002 2003
2002 -------
--- --------
-- ---------
- ----------
(In
thousands)
Net income
(loss) as
reported $
53 $ (513) $
(4,201) $
1,953
Goodwill and
pawn license
amortization,
net of tax -
- 95 -- 285
Amortization
of goodwill
related to
A&B, net of
tax -- 71 --
214
Cumulative
effect of
adopting a
new
accounting
principle,
net of tax -
- -- 8,037 -
- ----------
---------- -
--------- --

Adjusted net
income
(loss) 53
(347) 3,836
2,452 Basic
earnings
(loss) per
share: Net
income
(loss) as
reported $ -
- $ (0.04) $
(0.34) $
0.16
Goodwill and
pawn license
amortization,
net of tax -
- 0.01 --
0.02
Amortization
of goodwill
related to
A&B, net of
tax -- -- --
0.02
Cumulative
effect of
adopting a
new
accounting
principle,

net of tax -
- -- 0.65 --
---------- -
--------- --
-------- ---

Adjusted net
income
(loss) $ --
$ (0.03) $
0.31 $ 0.20
Diluted
earnings
(loss) per
share: Net
income
(loss) as
reported $ -
- $ (0.04) $
(0.34) $
0.16
Goodwill and
pawn license
amortization,
net of tax -
- 0.01 --
0.02
Amortization
of goodwill
related to
A&B, net of
tax -- -- --
0.02
Cumulative
effect of
adopting a
new
accounting
principle,
net -- of
tax -- --
0.65 -- ----
------ -----
----- ------
---- -------
--- Adjusted
net income
(loss) $ --
$ (0.03) $
0.31 $ 0.20

==========
==========
==========
==========

The following table presents the carrying amount for each major class of indefinite-lived intangible asset at the specified dates:

June 30,
June 30,
September
30, 2003
2002 2002 --

- ----------
--- (In
thousands)
Goodwill $ -
- $ 11,274 $
11,148 Pawn
licenses
1,549 1,573
1,549 ------
------- ----
--------- --

Total $
1,549 $
12,847 $

12,697

=============
=============
=============

The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets at the specified dates:

(In thousands)	June 30, 2003 Carrying Amount	June 30, 2003 Accumulated Amortization	June 30, 2002 Carrying Amount	June 30, 2002 Accumulated Amortization	September 30, 2002 Carrying Amount	September 30, 2002 Accumulated Amortization
License application fees	$ 742	$ 554	$ 742	$ 523	$ 742	$ 530
Real estate finders' fees	554	240	554	200	554	210
Non-compete agreements	388	214	388	194	388	199
Total	$ 1,684	$ 1,008	$ 1,684	$ 917	$ 1,684	$ 939

Total amortization expense from definite lived intangible assets was approximately $23,000 and $68,000 for the three and nine months ended June 30, 2003, compared to $23,000 and $49,000 for the three and nine months ended June 30, 2002. The amortization expense for the year ended September 30, 2002 was approximately $72,000. The following table presents the Company's estimate of amortization expense for definite lived intangible assets for each of the five succeeding fiscal years as of October 1, 2002 (in thousands):

Fiscal Year	Amortization Expense
2003	$ 90
2004	77
2005	68
2006	67
2007	67

As acquisitions and dispositions occur in the future, amortization expense may vary from these estimates.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion in this section of this report contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this section and those discussed elsewhere in this report.

Third Quarter Ended June 30, 2003 vs. Third Quarter Ended June 30, 2002

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the three-month periods ended June 30, 2003 and 2002:

	Three Months Ended June 30, (a) 2003	2002	% or Point Change (b)
	(Dollars in thousands)		
Net Revenues:			
Sales	$ 30,012	$ 28,175	6.5%
Pawn service charges	13,619	12,795	6.4%
Payroll advance service charges	3,047	1,959	55.5%
Other	225	211	6.6%
Total revenues	46,903	43,140	8.7%
Cost of goods sold	19,714	17,601	12.0%
Net revenues	$ 27,189	$ 25,539	6.5%
Other Data:			
Gross margin	34.3%	37.5%	(3.2) pts.
Average annual inventory turnover	2.7x	2.2x	0.5x
Average inventory per location at end of period	$ 103	$ 117	(12.0)%
Average pawn loan balance per location at end of period	$ 172	$ 170	1.1%
Average yield on pawn loan portfolio	122%	116%	6

pts.
Redemption rate 78% 77% 1 pt.
Expenses as a Percent of Net Revenues:
Operating 76.5% 75.0% 1.5 pts.
Administrative 14.8% 14.2% 0.6 pts.
Depreciation and amortization 8.0% 9.8% (1.8) pts.
Interest, net 1.5% 3.8% (2.3) pts.
Locations in Operation:
Beginning of period 280 280
Sold, combined or closed -- --

End of period 280 280
============
============
Average locations in operation during the period 280 280
============
============

- ----------

(a) In thousands, except percentages, inventory turnover and store count.

(b) In comparing the period differences between dollar amounts or per store counts, a percentage change is used. In comparing the period differences between two percentages, a percentage point (pt.) change is used.

Nine Months Ended June 30, 2003 vs. Nine Months Ended June 30, 2002

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the nine month periods ended June 30, 2003 and 2002:

	Nine Months Ended June 30, (a)		% or Point Change (b)
	2003	2002	
	(Dollars in thousands)		
Net Revenues:			
Sales	$ 99,980	$ 97,066	3.0%
Pawn service charges	43,576	41,927	3.9%
Payroll advance service charges	8,798	5,500	60.0%
Other	770	709	8.6%
Total revenues	153,124	145,202	5.5%
Cost of goods sold	63,708	60,591	5.1%
Net revenues	$ 89,416	$ 84,611	5.7%
Other Data:			
Gross margin	36.3%	37.6%	(1.3) pts.
Average annual inventory turnover	2.7x	2.5x	0.2x
Average inventory per location at end of the period	$ 103	$ 117	(12.0)%
Average pawn loan balance per location at end of period	$ 172	$ 170	1.1%
Average yield on pawn loan portfolio	128%	124%	4 pts.
Redemption rate	77%	77%	--
Expenses as a Percent of Net Revenues:			
Operating	71.2%	69.4%	

1.8 pts.
Administrative
14.2% 13.6%
0.6 pts.
Depreciation
and
amortization
7.4% 9.0%
(1.6) pts.
Interest, net
1.7% 4.4%
(2.7) pts.
Locations in
Operation:
Beginning of
period 280
283 Sold,
combined or
closed -- 3 -
----------- -

End of period
280 280
============
============
Average
locations in
operation
during the
period 280
281
============
============

- ----------

(a) In thousands, except percentages, inventory turnover and store count.

(b) In comparing the period differences between dollar amounts or per store counts, a percentage change is used. In comparing the period differences between two percentages, a percentage point (pt.) change is used.

GENERAL

The Company's primary activity is the making of small, non-recourse loans secured by tangible personal property. The income earned on this activity is pawn service charge revenue. While allowable service charges vary by state and by amount of the loan, a majority of the Company's pawn loans are in amounts that permit pawn service charges of 20% per month or 240% per annum. The Company's average pawn loan amount has historically averaged between $70 and $75. The allowable term of pawn loans also differs by state, but is typically 30 days with an automatic 60-day grace period.

A secondary, but related, activity of the Company is the sale of merchandise. The Company acquires inventory for its retail sales primarily through pawn loan forfeitures and, to a lesser extent, through purchases from customers and wholesale distributors. The realization of gross profit on sales of inventory primarily depends on the Company's initial assessment of the property's resale value. Improper assessment of the resale value in the lending function can result in reduced marketability of the property and the realization of a lower margin. Typically, the Company's sales margins are between 35% and 45%.

The Company also offers unsecured payroll advances. In most locations, the Company markets and services payroll advances made by County Bank, a federally insured Delaware bank; and in a limited number of locations, the Company makes the loans. The Company may purchase an 85% participation in loans made by County Bank. The average payroll advance amount is just over $300 and the terms are generally less than 30 days, averaging about 15 days. The service charge per $100 loaned is typically $18 for up to a 23-day period, but varies in certain locations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, inventory, allowance for losses on payroll advances, long-lived and intangible assets, income taxes, contingencies and litigation. Management bases its estimates on historical experience, observable trends, and various other assumptions that are believed to be reasonable under the circumstances. Management uses this information to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates under different assumptions or conditions.

Management believes the following critical accounting policies represent the more significant judgments and estimates used in the preparation of its consolidated financial statements.

REVENUE RECOGNITION: Pawn service charges are recorded using the interest method for all pawn loans the Company deems to be collectible. The Company bases its estimate of uncollectible loans on several factors, including recent redemption rates, historical trends in redemption rates, and the amount of loans due in the following three months. Unexpected variations in any of these factors could increase or decrease the Company's estimate of uncollectible loans. In the three and nine month periods ended June 30, 2003 (the "Fiscal 2003 Quarter" and the "Fiscal 2003 Period"), the Company collected in cash 94% and 100%, respectively, of recorded pawn service charge revenue, offset by seasonal reductions in the pawn service charge receivable. For the three and nine month periods ended June 30, 2002 (the "Fiscal 2002 Quarter" and the "Fiscal 2002 Period"), 98% and 101%, respectively, of recorded pawn service charge revenue was collected in cash.

Payroll advances and related service charges reported in the Company's consolidated financial statements reflect only the Company's participation interest in these loans. The Company accrues service charges on the percentage of loans the Company deems to be collectible. Accrued service charges related to defaulted loans are deducted from service charge revenue upon loan default, and increase service charge revenue upon subsequent collection.

ALLOWANCE FOR LOSSES ON PAYROLL ADVANCES: Unlike pawn loans, payroll advances are unsecured, and their profitability is highly dependent upon the Company's ability to manage the default rate and collect defaulted loans. The Company considers a loan defaulted if the loan has not been repaid or refinanced by the maturity date. Although defaulted loans may be collected later, the Company charges defaulted loans' principal to bad debt upon default, leaving only active loans in the reported balance. Subsequent collections of principal are recorded as a reduction of bad debt at the time of collection.

The Company also provides an allowance for losses on active payroll advances and related service charges receivable. This estimate is based largely on recent net default rates and expected seasonal fluctuations in default rates. The accuracy of the Company's allowance estimate is dependent upon several factors, including its ability to predict future default rates based on historical trends and expected future events. Actual loan losses could vary from those estimated due to variance in any of these factors. Changes in the principal valuation allowance are charged to bad debt expense, a component of operations expense on the Company's statement of operations. Changes in the service charge receivable valuation allowance are charged to payroll advance service charge revenue. Increased defaults and credit losses may occur during a national or regional economic downturn, or could occur for other reasons, resulting in the need to increase the allowance. The Company believes it effectively manages these risks by using a credit scoring system, closely monitoring the performance of the portfolio, and participating in loans made by a bank using similar strategies.

INVENTORY: If a pawn loan is not repaid, the forfeited collateral (inventory) is recorded at cost (pawn loan principal). The Company does not record loan loss reserves or charge-offs on the principal portion of pawn loans. In order to state inventory at the lower of cost or market (net realizable value), the Company provides a reserve for shrinkage and excess, obsolete, or slow-moving inventory. The Company's inventory reserve is based on the type and age of merchandise as well as recent sales trends and margins. At June 30, 2003, this reserve increased to approximately $2.5 million, or 7.9% of the gross inventory balance compared to $1.0 million, or 3.0% at June 30, 2002, primarily due to an increase in aging general merchandise. Changes in the inventory reserve are recorded as cost of goods sold. The Company's inventory reserve is dependent on its ability to predict future events based on historical trends. Unexpected variations in sales margins, inventory turnover, or other factors, including fluctuations in gold prices or new product offerings could increase or decrease the Company's inventory reserves.

VALUATION OF TANGIBLE LONG-LIVED ASSETS: The Company assesses the impairment of tangible long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important which could trigger an impairment review include the following: significant underperformance relative to historical or projected future cash flows; significant changes in the manner of use of the assets or the strategy for the overall business; and significant negative industry trends. When management determines that the carrying value of tangible long-lived assets may not be recoverable, impairment is measured based on the excess of the assets' carrying value over the estimated fair value. No impairment of tangible long-lived assets has been recognized in Fiscal 2002 or 2003.

EFFECT OF ADOPTION OF NEW ACCOUNTING PRINCIPLE: The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" effective October 1, 2002. Under the provisions of SFAS No. 142, goodwill and other intangible assets having indefinite lives are no longer subject to amortization but will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired. With the adoption of SFAS No. 142, the Company ceased amortization of goodwill and pawn licenses, which lowered amortization expense approximately $603,000 annually, beginning October 1, 2002. The Company also ceased goodwill amortization related to its equity investment in Albemarle & Bond Holdings plc ("A&B"), resulting in a $453,000 annual increase in "equity in net income of unconsolidated affiliates." During the quarter ended December 31, 2002, the Company completed impairment tests of its goodwill and pawn licenses. Such testing indicated no impairment of pawn licenses and an $8.0 million, net of tax, impairment charge for goodwill, recorded as a cumulative effect of adopting a new accounting principle. In accordance with SFAS No. 142, the Company also reassessed the useful lives of intangible assets other than goodwill and pawn licenses, resulting in no change.

INCOME TAXES: The provision for federal income taxes has been calculated based on the Company's estimate of its effective tax rate for the full fiscal year. As part of the process of preparing the consolidated financial statements, the Company is required to estimate income taxes in each of the jurisdictions in which it operates. This process involves estimating the actual current tax liability together with assessing temporary differences in recognition of income for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheet. Management must then assess the likelihood that the deferred tax assets will be recovered from future taxable income and, to the extent it believes that recovery is not

likely, it must establish a valuation allowance against the deferred tax asset. An expense must be included within the tax provision in the statement of operations for any increase in the valuation allowance for a given period. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against net deferred tax assets.

EQUITY IN NET INCOME OF A&B: The Company accounts for its investment in A&B using the equity method. Since A&B's fiscal year ends three months prior to the Company's fiscal year, the income reported by the Company for its investment in A&B is on a three-month lag. In accordance with U.K. securities regulations, A&B files only semi-annual financial reports, for its fiscal periods ending December 31 and June 30. The Company estimates A&B's results of operations for the March 31 quarter for its financial statements. The income reported for the Company's Fiscal 2003 Period represents its percentage interest in the results of A&B's operations from July 2002 through March 2003, as estimated. Quarterly estimates of A&B's activity are based on several factors, including recent publicly announced earnings, earnings trends, and any expected changes due to general economic factors or factors specific to A&B's business. Actual results could differ materially from these estimates. If the Company increased (decreased) by 25% its estimate of A&B's earnings for the quarter ended March 31, 2003, the Company's equity in net income of unconsolidated affiliates would increase (decrease) by approximately $83,000.

STOCK-BASED COMPENSATION: The Company accounts for its stock based compensation plans in accordance with the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). In October 1995, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123, "Accounting for Stock Based Compensation." SFAS No. 123 encourages expensing the fair value of employee stock options, but allows an entity to continue to account for stock based compensation to employees under APB 25 with disclosures of the pro forma effect on net income had the fair value accounting provisions of SFAS No. 123 been adopted. The Company has calculated the fair value of options granted in these periods using the Black-Scholes option-pricing model and has determined the pro forma impact on net income.

DISCLOSURE AND INTERNAL CONTROLS: Based on an assessment of the effectiveness of the Company's disclosure controls and procedures, accounting policies, and the underlying judgments and uncertainties affecting the application of those policies and procedures, management believes that the Company's condensed consolidated financial statements provide a meaningful and fair perspective of the Company in all material respects. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation. Management identified no significant deficiencies or material weaknesses in internal controls. Other risk factors, such as those discussed elsewhere in this interim report as well as changes in business strategies, could adversely impact the consolidated financial position, results of operations, and cash flows in future periods.

RESULTS OF OPERATIONS

Third Quarter Ended June 30, 2003 vs. Third Quarter Ended June 30, 2002

The following discussion compares the results of operations for the Fiscal 2003 Quarter to the Fiscal 2002 Quarter. The discussion should be read in conjunction with the accompanying financial statements and related notes.

The Company's Fiscal 2003 Quarter pawn service charge revenue increased 6%, or $0.8 million from the Fiscal 2002 Quarter to $13.6 million. A six percentage point increase in loan yields, to 122%, accounts for $0.6 million of the increase, while $0.2 million of the increase was due to a higher average loan balance. Variations in the annualized loan yield, as seen between these periods, generally are due to changes in the level of loan forfeitures, a mix shift between loans with different yields, and changes in rates. The Company's average balance of pawn loans outstanding during the Fiscal 2003 Quarter was 1.5% higher and ending pawn loans outstanding were 1.1% higher than for the Fiscal 2002 Quarter.

Sales increased $1.8 million in the Fiscal 2003 Quarter, when compared to the Fiscal 2002 Quarter, to $30.0 million. The increase was due to a $1.0 million increase in jewelry scrapping sales and a $0.8 million increase in same store sales.

Below is a summary of the comparable periods' sales and margins:

	Quarter Ended June 30, 2003	2002
	(Dollars in thousands)	
Merchandise sales	$ 24,863	$ 24,080
Jewelry scrapping sales	5,149	4,095
Total sales	30,012	28,175
Gross profit on merchandise sales	$ 9,421	$ 10,271
Gross profit on jewelry scrapping sales	877	303
Gross margin on merchandise sales	37.9%	42.7%
Gross margin on jewelry scrapping sales	17.0%	7.4%
Overall gross margin	34.3%	37.5%

Margins on merchandise sales, excluding jewelry scrapping, decreased 4.8 percentage points in the Fiscal 2003 Quarter due to greater discounting of primarily aged general merchandise and an increase in inventory shrinkage. Inventory shrinkage, included in cost of goods sold, was 2.8% of merchandise sales in the Fiscal 2003 Quarter compared to 1.9% in the Fiscal 2002 Quarter. Improved margins on jewelry scrapping, primarily due to higher gold prices, partially offset the decrease in merchandise sales margins, resulting in a 3.2 percentage point reduction in overall margins in the Fiscal 2003 Quarter.

Payroll advance data are as follows:

	Quarter Ended June 30, 2003	2002
	(Dollars in thousands)	

Service charge revenue	$ 3,047	$ 1,959
Bad debt (included in operating expense)	(857)	(640)
Other direct expenses (included in operating expense)	(254)	(266)
Collection and call center costs (included in administrative expense)	(149)	(88)
Contribution to operating income	1,787	965
Average payroll advance balance outstanding during quarter	$ 2,678	$ 1,466
Payroll advance loan balance at end of quarter	3,116	1,784
Average loan balance per participating location at end of quarter	13.6	8.2
Participating locations at end of quarter (whole numbers)	229	217
Net default rate (defaults net of collections, measured as a percent of loans made)	4.8%	5.8%

The Contribution to operating income presented above is the incremental contribution only and excludes other costs such as labor, rent, and other overhead costs.

Payroll advance service charge revenue increased from the Fiscal 2002 Quarter primarily due to higher average loan balances. Despite the 83% higher average loan balances, bad debt for the Fiscal 2003 Quarter was only 34% above the Fiscal 2002 Quarter due to an improvement in the net default rate. The maturing of the product and a growth in the number of locations offering the loans increased the loan balance, which includes only active loans as discussed in "Critical Accounting Policies and Estimates" above.

The Company provides for a valuation allowance on both the principal and fees receivable for payroll advances. Due to the short-term nature of these loans, the Company uses recent net default rates and anticipated seasonal changes in the rate as the basis for its valuation allowance, rather than reserving the annual or quarterly rate. At June 30, 2003, the valuation allowance was 5.2% of payroll advance receivables.

In the Fiscal 2003 Quarter, store operating expenses as a percent of net revenues increased 1.5 percentage points to 76.5%. The Fiscal 2003 Quarter operating expenses reflect a $0.7 million increase in labor related costs, a $0.2 million increase in rent, and a $0.2 million volume-related increase in bad debt from payroll advances.

Administrative expenses measured as a percentage of net revenues increased 0.6 of a percentage point from the Fiscal 2002 Quarter to 14.8%, primarily due to increased incentive compensation reflecting the Company's improved earnings performance.

Depreciation and amortization expense, when measured as a percentage of net revenue, decreased 1.8 percentage points in the Fiscal 2003 Quarter to 8.0%. This improvement is primarily due to the reduction in depreciable assets through the sale-leaseback of previously owned locations and adoption of SFAS No. 142, which ceased amortization of goodwill and some intangible assets as discussed in Critical Accounting Policies and Estimates above.

In the Fiscal 2003 Quarter, interest expense decreased 59% to $0.4 million. Lower average debt balances and lower effective interest rates contributed to the decrease. At June 30, 2003, the Company's total debt was $33.0 million compared to $43.4 million at June 30, 2002.

The Fiscal 2003 Quarter income tax provision was $28,000 (35% of pretax income) compared to a $0.3 million tax benefit (37% of pretax loss) for the Fiscal 2002 Quarter. The decrease in effective tax rate is due to non-tax deductible items having a smaller percentage impact on larger pre-tax earnings expected in the full fiscal 2003 year.

Operating income for the Fiscal 2003 Quarter decreased $0.1 million from the Fiscal 2002 Quarter to $0.2 million. Improvements in the contribution from payroll advances ($0.8 million) and pawn service charges ($0.8 million) were offset by a decrease in the gross profit on sales ($0.3 million) and increases in store operating and administrative expenses ($1.8 million). After a $0.6 million decrease in interest expense and smaller changes in other non-operating items, net income improved to $0.1 million in the Fiscal 2003 Quarter from a $0.5 million net loss in the Fiscal 2002 Quarter.

Nine Months Ended June 30, 2003 vs. Nine Months Ended June 30, 2002

The following discussion compares the results of operations for the Fiscal 2003 Period to the Fiscal 2002 Period. The discussion should be read in conjunction with the accompanying financial statements and related notes.

The Company's Fiscal 2003 Period pawn service charge revenue increased 4%, or $1.6 million from the Fiscal 2002 Period to $43.6 million. The improvement is primarily due to a four percentage point improvement in loan yields to 128% in the Fiscal 2003 Period. Variations in the annualized loan yield, as seen between these periods, generally are due to changes in the level of loan forfeitures, a mix shift between loans with different yields, and changes in rates. The Company's average balance of pawn loans outstanding during the Fiscal 2003 Period was 0.7% higher and ending pawn loans outstanding were 1.1% higher than for the Fiscal 2002 Period.

Sales increased $2.9 million in the Fiscal 2003 Period, when compared to the Fiscal 2002 Period, to $100.0 million. The increase was due to higher jewelry scrapping sales ($2.1 million) and higher same store merchandise sales ($0.9 million), offset by lower sales from three stores closed during the Fiscal 2002 Period ($0.1 million).

Below is a summary of the comparable periods' sales and margins:

	Nine Months Ended June 30, 2003	2002
	(Dollars in thousands)	
Merchandise sales	$ 87,994	$ 87,147
Jewelry scrapping sales	11,986	9,919
Total sales	99,980	97,066
Gross profit on merchandise sales	$ 34,614	$ 36,234
Gross profit (loss) on jewelry scrapping sales	1,658	241
Gross margin on merchandise sales	39.3%	41.6%
Gross margin on jewelry scrapping sales	13.8%	2.4%
Overall gross margin	36.3%	37.6%

Margins on merchandise sales, excluding jewelry scrapping, decreased 2.3 percentage points in the Fiscal 2003 Period, largely due to greater discounting of primarily aged general merchandise and an increase in the allowance for aged and obsolete inventory. Also contributing to the decrease in margins was an increase in inventory shrinkage, from 1.4% of merchandise sales in the Fiscal 2002 Period to 1.9% in the Fiscal 2003 Period. Improved margins on jewelry scrapping, primarily due to higher gold prices, partially offset the decrease in merchandise sales margins, resulting in a 1.3 percentage point reduction in overall margins in the Fiscal 2003 Quarter.

Payroll advance data are as follows:

Nine Months Ended June 30, ---------

(Dollars in thousands)	2003	2002
Service charge revenue	$ 8,798	$ 5,500
Bad debt (included in operating expense)	(2,284)	(2,154)
Other direct expenses (included in operating expense)	(891)	(640)
Collection and call center costs (included in administrative expense)	(482)	(237)
Contribution to operating income	5,141	2,469
Average payroll advance balance outstanding during period	2,554	1,419
Payroll advance loan balance at end of period	3,116	1,784
Average loan balance per participating location at end of period	13.6	8.2
Participating locations at end of period (whole numbers)	229	217
Net default rate (defaults net of collections, measured as a percent of loans made)	4.7%	6.9%

The Contribution to operating income presented above is the incremental contribution only and excludes other costs such as labor, rent, and other overhead costs.

Payroll advance service charge revenue increased from the Fiscal 2002 Period primarily due to higher average loan balances. Despite the 80% increase in average loan balances, bad debt for the Fiscal 2003 Period increased only 6% from the Fiscal 2002 Period due to an improvement in the net default rate. The maturing of the product and a growth in the number of locations offering the loans increased the loan balance.

In the Fiscal 2003 Period, store operating expenses increased 1.8 percentage points to 71.2% of net revenues. The Fiscal 2003 Period operating expenses reflect a $1.4 million increase in labor related costs, a $1.0 million increase in rent from equipment and the sale-leaseback of previously owned store locations, and a $0.8 million increase in robbery losses. Administrative expenses measured as a percentage of net revenues increased 0.6 of a percentage point from the Fiscal 2002 Period to 14.2%. The increase is due primarily to higher labor related costs and growth in collection and call center expenses related to payroll advances.

Depreciation and amortization expense decreased 1.6 percentage points in the Fiscal 2003 Period to 7.4% of net revenue. This improvement is primarily due to the reduction in depreciable assets through the sale-leaseback of previously owned locations and adoption of SFAS No. 142, which ceased amortization of goodwill and some intangible assets, as discussed in Critical Accounting Policies and Estimates above.

In the Fiscal 2003 Period, interest expense was $1.5 million, a 59% decrease from the Fiscal 2002 Period. Lower average debt balances and lower effective interest rates contributed to the decrease. At June 30, 2003, the Company's total debt was $33.0 million compared to $43.4 million at June 30, 2002.

The Fiscal 2003 Period income tax provision was $2.1 million (35% of pretax income) compared to $1.1 million (37% of pretax income) for the Fiscal 2002 Period. The decrease in effective tax rate is due to non-tax deductible items having a smaller percentage impact on larger pre-tax earnings in the Fiscal 2003 Period.

On October 1, 2002, the Company adopted SFAS No. 142 regarding goodwill and other intangible assets. During the Fiscal 2003 Period, the Company completed its transitional impairment tests, resulting in a non-cash $8.0 million impairment charge for goodwill, recorded as a cumulative effect of adopting a new accounting principle.

Operating income for the Fiscal 2003 Period decreased $0.3 million from the Fiscal 2002 Period to $6.4 million. Improvements in the contribution from payroll advances ($2.7 million), and pawn service charges ($1.6 million) were offset by a lower gross profit on sales ($0.2 million) and increases in store operating and administrative expenses ($5.5 million). After a $2.2 million decrease in interest expense and smaller changes in other non-operating items, income before the cumulative effect of adopting a new accounting principle improved to $3.8 million in the Fiscal 2003 Period from $2.0 million in the Fiscal 2002 Period. After the $8.0 million cumulative effect of adopting a new accounting principle, the Company reported a net loss of $4.2 million compared to net income of $2.0 million in the Fiscal 2002 Period.

LIQUIDITY AND CAPITAL RESOURCES

During the Fiscal 2003 Period, the Company used $8.2 million of cash flow from operating activities, $0.9 million in proceeds from sale-leasebacks, a $0.3 million reduction in investments in pawn and payroll advance loans, $0.5 million in dividends from A&B, and $1.2 million of cash on hand to fund $1.9 million of capital expenditures for property and equipment and to reduce outstanding debt by $9.2 million.

The Company anticipates that cash flow from operations and availability under its revolving credit facility will be adequate to fund planned capital expenditures and working capital requirements during the coming year. However, there can be no assurance that cash flow from operating activities and funds available under its credit facility will be adequate for these expenditures.

The Company's $42.5 million credit agreement (increased from $40 million on June 5, 2003) matures March 31, 2005. Availability of funds under the revolving credit facility is tied to loan and inventory balances, and advances are secured by the Company's assets. The Company may choose either a Eurodollar rate or the agent bank's base rate. Interest accrues at the Eurodollar rate plus 250 to 325 basis points or the agent bank's base rate plus 100 to 175 basis points, depending on the leverage ratio computed at the end of each quarter. Interest cannot be less than 4.5%. Terms of the agreement require, among other things, that the Company meet certain financial covenants that the Company believes will be achieved based upon its current and anticipated performance. In addition, payment of dividends is prohibited and additional debt is restricted. At June 30, 2003, the Company had $33.0 million outstanding on the revolving credit facility.

SEASONALITY

Historically, service charge revenues are highest in the Company's first fiscal quarter (October through December) due to improving loan redemption rates coupled with a higher average loan balance following the summer lending season. Sales generally are highest in the Company's first and second fiscal quarters (October through March) due to the holiday season and the impact of tax refunds. Sales volume can be heavily influenced by the timing of decisions to scrap excess jewelry inventory, which generally occurs during low jewelry sales periods (May through October). The net effect of these factors is that net revenues and net income typically are highest in the first and second fiscal quarters. The Company's cash flow is greatest in its second fiscal quarter primarily due to a high level of loan redemptions and sales in the income tax refund season.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion about the Company's market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The Company is exposed to market risk related to changes in interest rates, foreign currency exchange rates, and gold prices. The Company does not use derivative financial instruments.

The Company's earnings and financial position may be affected by changes in gold prices and the resulting impact on pawn lending and jewelry sales. The proceeds of scrap sales and the Company's ability to liquidate excess jewelry inventory at an acceptable margin are dependent upon gold prices. The impact on the Company's financial position and results of operations of a hypothetical change in gold prices cannot be reasonably estimated.

The Company's earnings are affected by changes in interest rates due to the impact those changes have on its debt, all of which is variable-rate debt. Under its amended and restated credit agreement dated October 30, 2002, the Company's effective interest rate was reduced by approximately 300 basis points. If interest rates average 300 basis points less during the remaining three months of the fiscal year ending September 30, 2003 than they did in the comparable period of 2002, the Company's interest expense during those three months would decrease by approximately $0.2 million. This amount is determined by considering the impact of the hypothetical interest rates on the Company's variable-rate debt at June 30, 2003.

The Company's earnings and financial position are affected by foreign exchange rate fluctuations related to the equity investment in A&B. A&B's functional currency is the U.K. pound. The U.K. pound exchange rate can directly and indirectly impact the Company's results of operations and financial position in several ways. For example, a devalued pound could result in an economic recession in the U.K., which in turn could impact A&B's and the Company's results of operations and financial position. The impact on the Company's financial position and results of operations of a hypothetical change in the exchange rate between the U.S. dollar and the U.K. pound cannot be reasonably estimated due to the interrelationship of operating results and exchange rates. The translation adjustment representing the weakening in the U.K. pound during the quarter ended March 31, 2003 (included in the Company's June 30, 2003 results on a three-month lag as described above) was approximately $134,000. On June 30, 2003, the U.K. pound closed at 1.00 to 1.6503 U.S. dollars, a strengthening from 1.5749 at March 31, 2003. No assurance can be given as to the future valuation of the U.K. pound and how further movements in the pound could affect future earnings or the financial position of the Company.

FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical information provided herein are forward-looking and may contain information about financial results, economic conditions, trends and known uncertainties. The Company cautions the reader that actual results could differ materially from those expected by the Company depending on the outcome of certain factors, including without limitation (i) fluctuations in the Company's inventory and loan balances, inventory turnover, average yields on loan portfolios, pawn redemption rates, payroll advance default and collection rates, labor and employment matters, competition, operating risk, acquisition and expansion risk, liquidity, and capital requirements and the effect of government and environmental regulations, and (ii) adverse changes in the market for the Company's services. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligations to release publicly the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof, including without limitation, changes in the Company's business strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

ITEM 4. CONTROLS AND PROCEDURES

Our principal executive and financial officers have concluded, based on their evaluation as of a date within 90 days before the filing of this interim report on Form 10-Q, that our disclosure controls and procedures under Rule 13a-14 of the Securities Exchange Act of 1934 are effective to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

Subsequent to our evaluation, there were no significant changes in internal controls or other factors that could significantly affect these internal controls.

PART II

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is involved in litigation and regulatory actions arising from its normal business operations. Currently, the Company is a defendant in several actions, some of which involve claims for substantial amounts. While the ultimate outcome of these actions cannot be determined, after consultation with counsel, the Company believes the resolution of these actions will not have a material adverse effect on the Company's financial condition, results of operations, or liquidity. However, there can be no assurance as to the ultimate outcome of these actions.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDER

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit Incorporated by Number Description Reference to
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31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K
----------- --------
Filing Date Item

Reported
Information
Reported --
---- ------
-- --------

-- --------

- 8-K
07/22/03
Item 12 -
Results of
Operations
Quarterly
earnings
and
Financial
Condition
announcement
and related
press
release.

SIGNATURE

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.

EZCORP, INC.

(Registrant)

Date: August 4, 2003

By: /s/ DAN N. TONISSEN

(Signature)

Dan N. Tonissen
Senior Vice President,
Chief Financial Officer &
Director

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference to Page
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	24
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	25
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	26
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	27

EXHIBIT 31.1

CERTIFICATION

I, Joseph L. Rotunda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EZCORP, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2003

/s/ Joseph L. Rotunda

Joseph L. Rotunda
President, Chief Executive Officer
& Director

EXHIBIT 31.2

CERTIFICATION

I, Dan N. Tonissen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EZCORP, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2003

/s/ Dan N. Tonissen

Dan N. Tonissen
Senior Vice President,
Chief Financial Officer &
Director

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2003 (the "Report") by EZCORP, Inc. ("Registrant"), the undersigned hereby certifies that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Registrant.

Date: August 4, 2003

/s/ Joseph L. Rotunda

Joseph L. Rotunda
President, Chief Executive Officer
& Director

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2003 (the "Report") by EZCORP, Inc. ("Registrant"), the undersigned hereby certifies that:

3. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

4. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Registrant.

Date: August 4, 2003

/s/ Dan N. Tonissen

Dan N. Tonissen
Senior Vice President,
Chief Financial Officer &
Director