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, 2000

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 0-19424

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 ___

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, 2000, 10,822,010 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 (UNAUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	JUNE 30, 2000	JUNE 30, 1999	SEPTEMBER 30, 1999
		(In thousands)	
Assets:			
Current assets:			
Cash and cash equivalents	$ 1,229	$ 1,889	$ 2,899
Pawn loans	45,770	51,891	53,940
Service charges receivable	8,575	15,446	16,671
Inventory, net	39,976	50,212	58,241
Deferred tax asset	8,023	1,882	1,824
Federal income tax receivable	1,949	230	1,695
Prepaid expenses and other current assets	2,906	3,622	3,787
Total current assets	108,428	125,172	139,057
Investment in unconsolidated affiliate	14,488	12,998	13,195
Property and equipment, net	65,265	56,483	60,608
Other assets:			
Goodwill, net	13,429	14,013	13,868
Other intangible assets, net	3,130	3,082	3,153
Notes receivable from related parties	3,220	3,000	3,000
Other assets, net	1,220	1,508	1,196
Total assets	$ 209,180	$ 216,256	$ 234,077
Liabilities and stockholders' equity:			
Current liabilities:			
Current maturities of long-term debt	$ 76,012	$ 10	$ 11
Accounts payable and other accrued expenses	9,596	8,599	11,049
Customer layaway deposits	2,245	2,256	2,422
Total current liabilities	87,853	10,865	13,482
Long-term debt, less current maturities	103	70,115	83,112
Deferred tax liability	1,696	24	1,696
Other long-term liabilities	387	114	102
Total long-term liabilities	2,186	70,253	84,910
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; 10,831,043 issued And 10,822,010 outstanding at June 30, 2000, June 30, 1999, And September 30, 1999	108	108	108
Class B Voting Common Stock, convertible, par value $.01 per share; Authorized 1,198,990 shares; 1,190,057 issued And outstanding at June 30, 2000, June 30, 1999, and September 30, 1999	12	12	12
Additional paid-in capital	114,501	114,470	114,470
Retained earnings	4,905	21,379	21,715
	119,526	135,969	136,305
Treasury stock (9,033 shares)	(35)	(35)	(35)
Receivable from stockholder	(729)	(729)	(729)
Accumulated other comprehensive income	379	(67)	144
Total stockholders' equity	119,141	135,138	135,685
Total liabilities and stockholders' equity	$ 209,180	$ 216,256	$ 234,077

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	THREE MONTHS ENDED JUNE 30, 2000	THREE MONTHS ENDED JUNE 30, 1999	NINE MONTHS ENDED JUNE 30, 2000	NINE MONTHS ENDED JUNE 30, 1999
	(In thousands, except per share amounts)			
Revenues:				
Sales	$ 28,448	$ 29,124	$ 105,973	$ 99,883
Pawn service charges	13,511	24,563	43,086	73,936
Other	279	215	816	581
	42,238	53,902	149,875	174,400
Cost of goods sold	16,085	25,382	63,455	85,504
Net revenues	26,153	28,520	86,420	88,896
Operating expenses:				
Operations	20,669	21,059	64,446	61,311
Administrative	4,817	3,600	14,314	10,545
Depreciation and amortization	2,492	2,458	7,575	6,939
	27,978	27,117	86,335	78,795
Operating income (loss)	(1,825)	1,403	85	10,101
Interest expense, net	1,196	849	3,728	2,514
Equity in net income of unconsolidated affiliate	(69)	(75)	(216)	(348)
(Gain) loss on sale of assets	208	--	(242)	--
Income (loss) before income taxes	(3,160)	629	(3,185)	7,935
Income tax expense (benefit)	(1,010)	160	(1,019)	2,936
Income (loss) before cumulative effect of a change in accounting principle	(2,150)	469	(2,166)	4,999
Cumulative effect on prior years (to September 30, 1999) of change in method of revenue recognition, net of tax	--	--	(14,344)	--
Net income (loss)	$ (2,150)	$ 469	$ (16,510)	$ 4,999
Amounts per common share (fully diluted):				
Income (loss) before cumulative effect of a change in accounting principle	$ (0.18)	$ 0.04	$ (0.18)	$ 0.42
Cumulative effect on prior years (to September 30, 1999) of change in method of revenue recognition, net of tax	$ --	$ --	$ (1.19)	$ --
Net income (loss)	$ (0.18)	$ (0.04)	$ (1.37)	$ 0.42
Weighted average shares outstanding:				
Basic	12,012	12,011	12,012	12,005
Fully Diluted	12,012	12,015	12,012	12,011
Cash dividends per common share	$ --	$ 0.0125	$ 0.0250	$ 0.0375
Pro forma amounts assuming the new revenue recognition method is applied retroactively:				
Net income (loss)	$ (2,150)	$ (945)	$ (16,510)	$ 2,849
Net income (loss) per diluted share	$ (0.18)	$ (0.08)	$ (1.37)	$ 0.24

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	NINE MONTHS ENDED JUNE 30, 2000	NINE MONTHS ENDED JUNE 30, 1999
	(In thousands)	
Operating Activities:		
Net income (loss)	$ (16,510)	$ 4,999
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of a change in accounting principle	14,344	--
Depreciation and amortization	7,575	6,939
Deferred income taxes	1,489	--
Net (gain)/loss on sale or disposal of assets	(242)	149
Income from investment in unconsolidated affiliate	(216)	(348)
Changes in operating assets and liabilities:		
Service charges receivable	927	(603)
Inventory	3,575	(6,052)
Notes receivable from related parties	(220)	
Prepaid expenses, other current assets, and other assets, net	1,103	5
Accounts payable and accrued expenses	(1,307)	(201)
Customer layaway deposits	(176)	78
Other long-term liabilities	(121)	(38)
Federal income taxes receivable	(428)	610
Net cash provided by operating activities	9,793	5,538
Investing Activities:		
Pawn loans forfeited and transferred to inventory	53,688	55,589
Pawn loans made	(138,316)	(152,493)
Pawn loans repaid	92,798	94,971
Net decrease in loans	8,170	(1,933)
Additions to property, plant, and equipment	(14,956)	(19,213)
Additions to intangible assets	(621)	(1,793)
Acquisitions, net of cash acquired	--	(1,803)
Investment in unconsolidated affiliate	(841)	(1,777)
Proceeds from sale of assets	4,093	--
Net cash used in investing activities	(4,155)	(26,519)
Financing Activities:		
Proceeds from bank borrowings	31,500	38,000
Payments on borrowings	(38,508)	(16,008)
Payment of dividends	(300)	(450)
Net cash provided by (used in) financing activities	(7,308)	21,542
Change in cash and cash equivalents	(1,670)	561
Cash and cash equivalents at beginning of period	2,899	1,328
Cash and cash equivalents at end of period	$ 1,229	$ 1,889
Non-cash Investing and Financing Activities:		
Foreign currency translation adjustment	$ 235	$ (37)
Issuance of stock options	$ 31	$ 72

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2000

NOTE A: BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of EZCORP, Inc. and Subsidiaries 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, 1999.

The Company's business is subject to seasonal variations, and operating results for the nine-month period ended June 30, 2000 are not necessarily indicative of the results of operations for the full fiscal year.

NOTE B: CHANGE IN ACCOUNTING PRINCIPLE

During the second quarter of fiscal 2000, the Company changed its method of revenue recognition on pawn loans by reducing the accrual of pawn service charge revenue to the estimated amount which will be realized through loan collection and recording forfeited collateral at the lower of cost (the principal amount of the loan) or market. Previously, pawn service charges were accrued on all loans, and the carrying value of the forfeited collateral was the lower of cost (principal amount of loan plus accrued pawn service charges) or market.

The Company believes the new method of revenue recognition is preferable in that it better aligns reported net revenues and earnings with current economic trends in its business and the management of the Company. In addition, the Company believes the new method improves comparability of its operating results and financial position with similar companies.

The new method has been applied as of the beginning of the current fiscal year (October 1, 1999). The charge of $14.3 million included in the accompanying income statement for the nine months ended June 30, 2000 represents the cumulative effect of applying the new method retroactively (net of an income tax benefit of $7.4 million). The pro forma amounts presented on the accompanying statements of operations for prior periods represent the effect of retroactive application assuming the new accounting method, net of related income taxes, to prior periods.

NOTE C: ACCOUNTING PRINCIPLES AND PRACTICES

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 provides inventory reserves for shrinkage and cost in excess of estimated market value. The Company estimates these reserves using analysis of sales trends, inventory aging, sales margins and shrinkage on inventory. At June 30, 2000 (after giving effect to the change in accounting principle discussed in Note B), inventory reserves were $1.2 million. Inventory reserves at June 30, 1999 and September 30, 1999 amounted to $7.1 million and $8.3 million, respectively ($1.2 million and $1.4 million, respectively, pro forma for the effect of the accounting change).

Property and equipment is shown net of accumulated depreciation of $65.3 million, $56.5 million, and $60.6 million at June 30, 2000, June 30, 1999, and September 30, 1999, respectively.

Certain prior year balances have been reclassified to conform to the fiscal 2000 presentation.

NOTE D: EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	THREE MONTHS ENDED JUNE 30, 2000	THREE MONTHS ENDED JUNE 30, 1999	NINE MONTHS ENDED JUNE 30, 2000	NINE MONTHS ENDED JUNE 30, 1999
Numerator				
Numerator for basic and diluted earnings per share: net income (loss)	$ (2,150)	$ 469	$ (16,510)	$ 4,999
Denominator				
Denominator for basic earnings per share:				
Weighted average shares	12,012	12,011	12,012	12,005
Effect of dilutive securities:				
Employee Stock Options	--	--	--	--
Warrants	--	4	--	6
Dilutive potential common shares	--	4	--	6
Denominator for diluted earnings per share: adjusted weighted average shares and assumed conversions	12,012	12,015	12,012	12,011
Basic earnings (loss) per share	$ (0.18)	$ 0.04	$ (1.37)	$ 0.42
Diluted earnings (loss) per share	$ (0.18)	$ 0.04	$ (1.37)	$ 0.42

For the three months ended June 30, 2000, options to purchase 1,600,854 weighted average shares of common stock at an average price of $11.06 per share were outstanding. For the nine months ended June 30, 2000, options to purchase 1,598,515 weighted average shares of common stock at an average price of $11.15 per share were outstanding. These options were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive.

For the three months ended June 30, 1999, options to purchase 1,615,855 weighted average shares of common stock at an average price of $11.22 per share were outstanding. For the nine months ended June 30, 1999, options to purchase 1,509,082 weighted average shares of common stock at an average price of $11.33 per share were outstanding. These options were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive.

NOTE E: INVESTMENT IN UNCONSOLIDATED AFFILIATE

The Company owns 13,276,666 common shares of Albemarle & Bond Holdings, plc ("A&B"), representing 29.86% of A&B's 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. The income reported for the Company's nine month period ended June 30, 2000 represents its percentage interest in the results of A&B's operations, reduced by the amortization of the excess purchase price over fair market value, from July 1, 1999 to December 31, 1999 and an estimate of earnings for January 2000 through March 2000. The company plans to reconcile this amount during its fiscal year ending September 30, 2000 after A&B's results have been reported to the public. The company does not expect the actual results to differ materially from this estimate.

NOTE F: DEBT

At June 30, 2000 the Company was not in compliance with the leverage and fixed charge coverage ratio covenants of its credit agreement with several banks. The Company has obtained a waiver with respect to these covenants at June 30, 2000. The Company intends to amend its covenants prior to September 30, 2000 such that no future non-compliance will be expected. However, this amendment is not yet completed and the Company anticipates that, absent an amendment, it will again be out of compliance with the same covenants at September 30, 2000. Accordingly, the Company has classified its debt as a current liability. The credit agreement matures December 3, 2001. The outstanding balance under the agreement bears interest, payable monthly, at the agent bank's Prime Rate or Eurodollar rate plus 0 to 450 basis points, depending on certain performance criteria. In addition, the Company pays an unused commitment fee equal to a fixed rate of 25 basis points of the unused amount of the total commitment. At June 30, 2000, the Company had $76 million outstanding under this credit agreement.

NOTE G: CONTINGENCIES

From time to time, the Company is involved in litigation relating to claims arising from its normal business operations. Currently, the Company is a defendant in several lawsuits, some of which involve claims for substantial amounts. While the ultimate outcome of these lawsuits cannot be predicted at this time, based upon consultation with its legal counsel, the Company believes the resolution of these matters will not have a material adverse effect on the Company's financial condition or results of operations. However, there can be no assurance as to the ultimate outcome of these matters.

NOTE H: COMPREHENSIVE INCOME/(LOSS)

Comprehensive income/(loss) includes net income and other revenues, expenses, gains and losses that are excluded from net income but are included as a component of total shareholders' equity. Comprehensive loss for the three and nine months ended June 30, 2000 was approximately $(2.2) million and $(16.3) million, and the comprehensive income for the three and nine months ended June 30, 1999 was approximately $0.5 million and $5.0 million, respectively. The difference between comprehensive income (loss) and net income (loss) results primarily from the effect of foreign currency translation adjustments in accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." The accumulated balance of foreign currency activity excluded from net income is presented in the Condensed Consolidated Balance Sheets as "Accumulated other comprehensive income."

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.

ACCOUNTING CHANGE

During the second quarter of fiscal 2000, the Company changed its method of revenue recognition on pawn loans by reducing the accrual of pawn service charge revenues to the estimated amount that will be realized through loan collection, and recording forfeited collateral at the lower of the principal balance of the loan or estimated market value. Previously, pawn service charges were accrued on all loans, and the carrying value of the forfeited collateral was the lower of cost (principal amount of loan plus accrued pawn service charges) or market. The Company believes the new method of revenue recognition is preferable in that it better aligns reported net revenues and earnings with current economic trends in its business and the management of the Company. Additionally, the new method improves the comparability of the Company's financial position and operating result with similar companies. This change was made effective October 1, 1999, the first day of the Company's fiscal year.

During the period of time between the inception of a pawn loan and the later sale of the forfeited collateral, the change in accounting principle will not affect the amount of net revenues or earnings reported by the Company. It will affect only the timing of net revenues and earnings recognition. The new method will more closely align net revenues and earnings recognition with the actual collection of cash from loan payments and the sale of forfeited collateral. Additionally, the new method will reduce the impact of short-term or permanent changes in the market value of forfeited collateral on inventory reserve requirements. In management's opinion, these factors will reduce the reliance upon accounting estimates in reporting the Company's results of operations.

Management has implemented changes in the Company's operating practices and taken other actions, including the modification of employee compensation programs, to provide additional incentives for cash returns on capital employed. Adoption of the new accounting method is consistent with these actions and will present external financial statements on a basis more reflective of how the Company is managed internally.

The new method has been applied as of the beginning of the current fiscal year (October 1, 1999). The charge of $14.3 million included in the accompanying income statement for the nine months ended June 30, 2000 represents the cumulative effect of applying the new method retroactively (net of an income tax benefit of $7.4 million). The pro forma amounts presented on the accompanying statements of operations for prior periods represent the effect of retroactive application assuming the new accounting method, net of related income taxes, to prior periods.

Third Quarter Ended June 30, 2000 vs. Third Quarter Ended June 30, 1999

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the three months ended June 30, 2000 and 1999.

	THREE MONTHS ENDED JUNE 30, (a) 2000	THREE MONTHS ENDED JUNE 30, (a) 1999 (PRO FORMA)	% OR POINT CHANGE(b)
NET REVENUES:			
Sales	$ 28,448	$ 29,124	(2.3)%
Pawn service charges	13,511	14,086	(4.1)%
Other	279	215	29.8%
Total revenues	42,238	43,425	(2.7)%
Cost of goods sold	16,085	17,083	(5.8)%
Net revenues	$ 26,153	$ 26,342	(0.7)%
Other data:			
Gross profit as a percent of sales	43.5%	41.3%	2.2 pts.
Average annual inventory turnover	1.6x	1.9x	(0.3)x
Inventory per store at end of the period	$ 119	$ 116	2.6%
Loan balance per store at end of period	$ 136	$ 159	(14.5)%
Average annualized yield on loan portfolio	128%	120%	8.0 pts.
Redemption rate	79%	77%	2.0 pts.
Expenses as a percent of total revenues:			
Operating	48.9%	48.4%	0.6 pts.
Administrative	11.4%	8.3%	3.1 pts.
Depreciation and amortization	5.9%	5.7%	0.2 pts.
Interest, net	2.8%	2.0%	0.8 pts.
Locations in operation:			
Beginning of period	336	318	
Acquired	--	1	
Established	--	7	
Sold, combined or closed	--	--	
End of period	336	326	

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(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, 2000 vs. Nine Months Ended June 30,1999

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the nine months ended June 30, 2000 and 1999.

	NINE MONTHS ENDED JUNE 30, (a)		% OR POINT
	2000	1999 (PRO FORMA)	CHANGE(b)
Net revenues:			
Sales	$ 105,973	$ 99,883	6.1%
Pawn service charges	43,086	43,125	(0.1)%
Other	816	581	40.4%
Total revenues	149,875	143,589	4.4%
Cost of goods sold	63,455	57,958	9.5%
Net revenues	$ 86,420	$ 85,631	0.9%
Other data:			
Gross profit as a percent of sales	40.1%	42.0%	(1.9) pts.
Average annual inventory turnover	2.0x	2.1x	(0.1)x
Inventory per store at end of the period	$ 119	$ 116	2.6%
Loan balance per store at end of period	$ 136	$ 159	(14.5)%
Average annualized yield on loan portfolio	126%	121%	5.0 pts.
Redemption rate	79%	77%	2.0 pts.
Expenses as a percent of total revenues:			
Operating	43.0%	42.7%	0.3 pts.
Administrative	9.6%	7.3%	2.3 pts.
Depreciation and amortization	5.1%	4.8%	0.3 pts.
Interest, net	2.5%	1.8%	0.7 pts.
Locations in operation:			
Beginning of period	331	286	
Acquired	--	4	
Established	5	36	
Sold, combined or closed	--	--	
End of period	336	326	

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(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.

RESULTS OF OPERATIONS

The following discussion compares results for the three and nine month periods ended June 30, 2000 ("Fiscal 2000 Periods") to the three and nine month periods ended June 30, 1999 ("Fiscal 1999 Periods"). The discussion should be read in conjunction with the accompanying financial statements and related notes. For purposes of management's discussion and analysis of results of operations and financial condition, all comparisons to the Fiscal 2000 Periods reflect the pro forma effects of applying the new accounting principle to the consolidated financial statements as if the change had occurred on September 30, 1998.

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. For the three month Fiscal 2000 Period, pawn service charge revenue decreased $0.6 million from the three month Fiscal 1999 Period to $13.5 million. This resulted from a decrease in same store pawn service charge revenues ($1.0 million) primarily due to a 12 percent reduction in average same store pawn loan balances, offset by an increase in pawn service charge revenues from new stores not open the full three month period ($0.4 million). The annualized yield on the average pawn loan balance increased 8 percentage points from the three month Fiscal 1999 Period to 128 percent.

For the nine month Fiscal 2000 Period, pawn service charge revenue remained unchanged from the nine month Fiscal 1999 Period of $43.1 million. This resulted from an increase in pawn service charge revenues from new stores not open the full nine month period ($2.6 million), offset by a decrease in same store pawn service charge revenues ($2.6 million) primarily due to a 9 percent reduction in average same store pawn loan balances. The annualized yield on the average pawn loan balance increased 5 percentage points from the nine month Fiscal 1999 Period to 126 percent. Variations in the annualized loan yield, as we saw between these periods, are due generally to changes in loan redemption rates and a mix shift between loans with different yields.

A secondary, but related, activity of the Company is the sale of merchandise, primarily collateral forfeited from its lending activity. For the three month Fiscal 2000 Period, sales decreased $0.7 million from the three month Fiscal 1999 Period to approximately $28.4 million. This resulted from a decrease in same store merchandise sales ($2.1 million) offset by an increase in new store sales ($1.0 million) and an increase in jewelry which was sold to scrap dealers or through wholesale channels ($0.4 million). Annualized inventory turnover for the three month Fiscal 2000 Period, at 1.6 times, was lower than the Fiscal 1999 Period's 1.9 times.

For the nine month Fiscal 2000 Period, sales increased $6.1 million from the Fiscal 1999 Period to $106.0 million. This resulted from an increase in new store sales ($7.7 million), and an increase in jewelry sold to scrap dealers or through wholesale channels ($0.6 million), offset by a decrease in same store merchandise sales ($2.2 million). Annualized inventory turnover, at 2.0 times, was lower in the nine month Fiscal 2000 Period compared to the nine month Fiscal 1999 Period.

For the three month Fiscal 2000 Period, gross profits as a percentage of sales increased 2.2 percentage points from the three month Fiscal 1999 Period to 43.5 percent. This increase results from higher gross margins on merchandise sales (3.4 percentage points), a decrease in inventory shrinkage when measured as a percentage of merchandise sales (down 0.3 of a percentage point to approximately 1.0 percent) offset by lower gross margins on wholesale and scrap jewelry sales (1.5 of a percentage point).

For the nine month Fiscal 2000 Period, gross profits as a percentage of sales decreased 1.9 percentage points from the nine month Fiscal 1999 Period to 40.1%. This decrease results from lower margins on both merchandise sales (1.2 percentage points) and wholesale and scrap jewelry sales (0.8 of a percentage point), offset by a decrease in inventory shrinkage when measured as a percentage of merchandise sales (down 0.1 of a percentage point to approximately 1.1 percent).

In the three month Fiscal 2000 Period, operating expenses as a percentage of total revenues increased 0.6 percentage points from the three month Fiscal 1999 Period to 48.9 percent, primarily from 10 new stores (2.5 percentage points), offset by a decrease in same store operating expenses (1.9 percentage points). Administrative expenses increased 3.1 percentage points to 11.4 percent, primarily due to non-capitalizable software development costs (1.5 of a percentage point) and higher labor expense (0.8 percentage points).

In the nine month Fiscal 2000 Period, operating expenses as a percentage of total revenues increased 0.3 of a percentage point from the 1999 Period to 43 percent. This increase results primarily from new stores (4.6 of a percentage point), offset by a reduction in same store operating expenses (4.3 of a percentage point). Administrative expenses increased 2.3 percentage points to 9.6 percent, primarily from higher labor expense (0.5 of a percentage point), the write-down of a past due note receivable (0.3 of a percentage point), and non-capitalizable software development costs (0.3 of a percentage point).

For the three month and nine month Fiscal 2000 Period, interest expense as a percent of total revenue increased by 0.8 and 0.7 of a percentage point, respectively, from the Fiscal 1999 Periods due to increased average debt balances and higher interest rates.

The Company is examining several means to improve operating performance, including rationalizing under-performing markets and stores, as well as cost reductions in certain areas.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities for the nine month Fiscal 2000 Period was $9.8 million compared to $5.5 million provided in the Fiscal 1999 Period, an increase of $4.3 million. The impact of lower net income levels was more than offset by decreases in inventory and other operating assets and larger non-cash items such as depreciation and amortization. The change in accounting principle had no impact on cash generated from operating activities. Net cash used in investing activities was $4.2 million for the Fiscal 2000 Period compared to $26.5 million used in the Fiscal 1999 Period. The change is due to larger decreases in pawn loan balances in the Fiscal 2000 Period compared to the Fiscal 1999 Period, lower levels of capital expenditures and investments, and proceeds of $4.1 million from the sale of certain assets.

In the Fiscal 2000 Period, the Company invested approximately $15.0 million to upgrade or replace existing equipment and computer systems, open five newly established stores, and make improvements to several existing stores. The Company funded these expenditures from cash flow provided by operating activities while reducing bank borrowings by approximately $7.0 million. The Company plans to significantly reduce its new store expansion. The Company anticipates that cash flow from operations and funds available under its bank line of credit will be adequate to fund limited capital expenditures and working capital requirements for the remainder of the fiscal year. However, there can be no assurance that the Company's cash flow from operating activities and funds available under the line of credit will be adequate for these expenditures.

At June 30, 2000 the Company was not in compliance with the leverage and fixed charge coverage ratio covenants of its credit agreement with several banks. The Company has obtained a waiver with respect to these covenants at June 30, 2000. The Company intends to amend its covenants prior to September 30, 2000 such that no future non-compliance will be expected. However, this amendment is not yet completed and the Company anticipates that, absent an amendment, it will again be out of compliance with the same covenants at September 30, 2000. Accordingly, the Company has classified its debt as a current liability.

SEASONALITY

Historically, pawn service charge revenues are highest in the fourth fiscal quarter (July, August and September) due to higher loan demand during the summer months and merchandise sales are highest in the first and second fiscal quarters (October through March) due to the holiday season and tax refunds.

QUALITATIVE AND QUANTITATIVE 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 and foreign currency exchange rates. The Company does not use derivative financial instruments.

The Company's earnings are affected by changes in interest rates due to the impact those changes have on its variable-rate debt instruments. The majority of the Company's long-term debt at June 30, 2000 is comprised of variable-rate debt instruments. At June 30, 2000, the interest rate on the majority of the Company's variable-rate debt instruments was 131 basis points higher than it was at September 30, 1999. If interest rates average 131 basis points more during fiscal 2000, the Company's interest expense for the year would increase by approximately $0.8 million. This amount is determined by considering the impact of the recent interest rate increase on the Company's variable rate long-term debt at June 30, 2000.

The Company's earnings and financial position are affected by foreign exchange rate fluctuations related to the equity investment in Albemarle & Bond Holdings, plc ("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, including potential economic recession in the U.K. resulting from a devalued pound. 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. The translation adjustment representing the weakening in the U.K. pound during the quarter ended June 30, 2000 was approximately $0.1 million. On June 30, 2000, the U.K. pound closed at 0.6583 to 1.00 U.S. dollar, an increase from 0.6186 at December 31, 1999. No assurance can be given as to the future valuation of the U.K. pound and how further movements in the pound could effect 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 statement 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 yield on loan portfolio, redemption rates, labor and employment matters, competition, operating risk, acquisition and expansion risk, liquidity and capital requirements, the Company's ability to amend its credit agreement with mutually satisfactory terms, 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 hereon, including without limitation, changes in the Company's business strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

PART II

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. CHANGES IN SECURITIES

Not Applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

At June 30, 2000, the Company obtained a waiver from its credit agreement lenders for the breach of its leverage ratio covenant and its fixed charge coverage ratio covenant at that date.

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

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a)

EXHIBIT NUMBER	DESCRIPTION	INCORPORATED BY REFERENCE TO
10.80	Limited Waiver between the Company and Wells Fargo Bank Texas, N.A., as Agent and Issuing Bank, re: $85 million Revolving Credit Loan.	Filed herewith
27	Financial Data Schedule	Filed herewith

(b) Reports on Form 8-K

The Company has not filed any reports on Form 8-K for the quarter ended June 30, 2000.

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 14, 2000

By: /s/ DAN N. TONISSEN
(Signature)

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

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
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27	Financial Data Schedule

EXHIBIT 10.80

EZCORP, INC.

LIMITED WAIVER

AS OF AUGUST 14, 2000

WELLS FARGO BANK TEXAS, NATIONAL ASSOCIATION

AS AGENT

AND

ISSUING BANK

As of August 14, 2000

EZCORP, INC.
1901 Capitol Parkway
Austin, Texas 78746

Re: Limited Waiver

Gentlemen:

Reference is hereby made to that certain Credit Agreement dated as of December 10, 1998 (as the same has been amended, supplemented or modified from time to time, the "Credit Agreement"), among EZCORP, INC., a Delaware corporation (the "Borrower"), each of the Lenders and Wells Fargo Bank Texas, National Association (successor by consolidation to Wells Fargo Bank (Texas), National Association), as Agent for itself and the other Lenders and as the Issuing Bank. All capitalized terms used and not otherwise defined herein shall have their respective meanings as set forth in the Credit Agreement.

The Borrower has notified the Agent and the Lenders it is not in compliance with Sections 10.2 (Leverage Ratio) and 10.5 (Fixed Charge Coverage Ratio) of the Credit Agreement for the Fiscal Quarter ended June 30, 2000 (herein the "Financial Covenant Violations") and has requested the Agent and Lenders not exercise any remedies as a result of such Financial Covenant Violations.

The Agent, the Lenders and the Issuing Bank hereby agree (i) not to exercise any remedies under the Loan Documents solely as a result of the Financial Covenant Violations, and (ii) to continue to make Advances and issue Letters of Credit as long as all the conditions precedent set forth in Section 6.2 of the Credit Agreement are complied with, except only any non-compliance which results solely as a result of the Financial Covenant Violations, in each case of (i) and (ii), from June 30, 2000 through and including September 15, 2000 (herein the "Limited Waiver"). Subsequent to September 15, 2000, the Agent and the Lenders may exercise any and all remedies as a result of the Financial Covenant Violations.

In connection with the Limited Waiver, Borrower agrees contemporaneously with the execution and delivery hereof, to pay to the Agent for the pro rata benefit of the Lenders based on the Commitments a fee in the amount of Two Hundred Thousand Dollars ($200,000.00).

The Limited Waiver is effective only to the extent specifically stated above and is limited as specified herein. Except as expressly stated herein, the Limited Waiver shall not be construed as a consent to or waiver of any Default which may now exist or hereafter occur or any violation of any term, covenant or provision of the Credit Agreement or any other Loan Document. All rights and remedies of the Lenders and the Agent are hereby expressly reserved with respect to any such other violation or Default. The Limited Waiver does not affect or diminish the right of the Agent and the Lenders to require strict performance by the Borrower and each Guarantor of each provision of any Loan Document to which it is a party, except as expressly provided herein. All terms and provisions of, and all rights and remedies of the Agent and the Lenders under, the Loan Documents shall continue in full force and effect and are hereby confirmed and ratified in all respects.

IN ADDITION, TO INDUCE THE AGENT, THE LENDERS AND THE ISSUING BANK TO AGREE TO THE LIMITED WAIVER, BORROWER AND EACH GUARANTOR REPRESENT AND WARRANT THAT AS OF THE DATE OF THEIR EXECUTION OF THIS LETTER AGREEMENT THERE ARE NO CLAIMS OR OFFSETS AGAINST OR DEFENSES OR COUNTERCLAIMS TO THEIR OBLIGATIONS UNDER THE LOAN DOCUMENTS AND IN ACCORDANCE THEREWITH EACH OF THEM:

(a) WAIVER. WAIVES ANY AND ALL SUCH CLAIMS, OFFSETS, DEFENSES OR COUNTERCLAIMS, WHETHER KNOWN OR UNKNOWN, ARISING PRIOR TO THE DATE OF ITS EXECUTION OF THIS LETTER AGREEMENT, AND

(b) RELEASE. RELEASES AND DISCHARGES THE AGENT, THE LENDERS AND THE ISSUING BANK, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SHAREHOLDERS, AFFILIATES AND ATTORNEYS (COLLECTIVELY, THE "RELEASED PARTIES") FROM ANY AND ALL OBLIGATIONS, INDEBTEDNESS, LIABILITIES, CLAIMS, RIGHTS, CAUSES OF ACTION OR DEMANDS WHATSOEVER, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, IN LAW OR EQUITY, WHICH THE BORROWER OR ANY GUARANTOR EVER HAD, NOW HAS, CLAIMS TO HAVE OR MAY HAVE AGAINST ANY RELEASED PARTY ARISING PRIOR TO THE DATE HEREOF AND FROM OR IN CONNECTION WITH THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY AND HEREBY.

THIS LETTER AGREEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO RELATING TO THE LIMITED WAIVER SET FORTH HEREIN AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE LIMITED WAIVER SET FORTH HEREIN AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

THIS LETTER AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. This letter agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same letter agreement. This letter agreement shall not be effective unless and until the Agent, the Lenders, the Issuing Bank, the Borrower and the Guarantors each have executed and delivered a counterpart hereof, whereupon this letter agreement shall be effective as of the date first above written. Signatures transmitted by facsimile shall be effective as originals.

By executing this letter agreement in the spaces provided below, (a) the Agent, the Lenders and the Issuing Bank agree to the terms, conditions and provisions hereof, (b) the Borrower agrees to the terms, conditions and provisions hereof, and (c) the Guarantors (i) consent and agree to the Limited Waiver and the other terms, conditions and provisions hereof, and (ii) agree that the Guaranties and all other Loan Documents to which the Guarantors, respectively, are a party are, and shall continue to be, in full force and effect and are hereby confirmed and ratified in all respects.

AGENT AND LENDERS AND ISSUING BANK:

WELLS FARGO BANK TEXAS, NATIONAL ASSOCIATION,
as Agent and as a Lender and as Issuing Bank

By:

Name:

Title:

BANK ONE, TEXAS, NATIONAL ASSOCIATION

By:

Name:

Title:

GUARANTY FEDERAL BANK, F.S.B.

By:

Name:

Title:

COMERICA BANK-TEXAS

By:

Name:

Title:

THE CHASE MANHATTAN BANK
(successor by merger to
Chase Bank of Texas, National Association)

By:

Name:

Title:

ACCEPTED AND AGREED TO
as of the date first above written:

BORROWER:

EZCORP, INC.

By:

Name:

Title:

GUARANTORS:

EZPAWN ALABAMA, INC.
EZPAWN ARKANSAS, INC.
EZPAWN COLORADO, INC.
EZPAWN FLORIDA, INC.
EZPAWN GEORGIA, INC.
EZPAWN HOLDINGS, INC.
EZPAWN INDIANA, INC.
EZPAWN LOUISIANA, INC.
EZPAWN NEVADA, INC.
EZPAWN NORTH CAROLINA, INC.
EZPAWN OKLAHOMA, INC.
EZPAWN TENNESSEE, INC.
TEXAS EZPAWN MANAGEMENT, INC.
EZ CAR SALES, INC.
EZPAWN CONSTRUCTION, INC.
EZPAWN KANSAS, INC.
EZPAWN KENTUCKY, INC.
EZPAWN MISSOURI, INC.
EZPAWN SOUTH CAROLINA, INC.
EZCORP INTERNATIONAL, INC.
EZ MONEY NORTH CAROLINA, INC.

By: ------------------------------------
Name: -------------------------------
Title: ------------------------------

TEXAS EZPAWN L.P.

By: TEXAS EZPAWN MANAGEMENT, INC.,
its sole general partner

By: --------------------------------
Name: ---------------------------
Title: --------------------------

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9-MOS
SEP-30-2000
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JUN-30-2000
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