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, 1998

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)

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__

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, 1998, 10,811,541 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.
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PART I

Item 1. Financial Statements (Unaudited)

EZCORP, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(Dollars in thousands)

	June 30, 1998	September 30, 1997
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 1,624	$ 829
Pawn loans receivable	43,057	42,837
Service charge receivable	12,523	13,130
Inventories (net)	37,457	39,258
Deferred tax asset	1,364	1,889
Other	2,851	1,965
Total current assets	98,876	99,908
Investment in unconsolidated affiliate	10,583	-
Property and equipment, net	37,752	32,586
Other assets:		
Deferred tax asset	1,730	1,730
Other assets, net	18,365	16,827
Total assets	$ 167,306	$ 151,051
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Current maturities of long-term debt	$ 9	$ 9
Accounts payable and accrued expenses	6,055	7,715
Other	1,982	2,733
Total current liabilities	8,046	10,457
Long-term debt less current maturities	31,126	19,133
Other long-term liabilities	165	-
Total long-term liabilities	31,291	19,133
Stockholders' equity:		
Preferred stock, par value $.01 a share Authorized 5,000,000 shares; none issued and outstanding	-	-
Class A Non-voting Common Stock, par value $.01 a share Authorized 40,000,000 shares; 10,820,574 shares issued and 10,811,541 shares outstanding at June 30, 1998 (10,524,563 issued and 10,515,530 outstanding at September 30, 1997)	108	105
Class B Voting Common Stock, par value $.01 a share Authorized 1,198,990 shares; 1,190,057 shares issued and outstanding at June 30, 1998 (1,480,301 shares issued and outstanding at September 30, 1997)	12	15
Additional paid-in capital	114,398	114,338
Retained earnings	14,215	7,767
Other	(764)	(764)
Total stockholders' equity	127,969	121,461
Total liabilities and stockholders' equity	$ 167,306	$ 151,051

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

EZCORP, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997	Nine Months Ended June 30, 1998	Nine Months Ended June 30, 1997
Revenues:				
Sales	$ 24,942	$ 22,938	$ 86,572	$ 78,147
Pawn service charges	20,268	19,467	60,263	56,396
Total revenues	45,210	42,405	146,835	134,543
Cost of goods sold	20,231	18,578	71,680	64,109
Net revenues	24,979	23,827	75,155	70,434
Operating expenses:				
Operations	16,314	15,178	48,822	45,624
Administrative	2,903	3,391	9,400	9,575
Depreciation and amortization	1,930	1,902	5,553	5,618
Total operating expenses	21,147	20,471	63,775	60,817
Operating income	3,832	3,356	11,380	9,617
Interest expense	358	153	979	675
Income before income taxes	3,474	3,203	10,401	8,942
Income tax expense	1,320	1,153	3,952	3,220
Net income	$ 2,154	$ 2,050	$ 6,449	$ 5,722
Basic and diluted earnings per share	$ 0.18	$ 0.17	$ 0.54	$ 0.48
Weighted average shares outstanding				
Basic	12,001,598	11,995,832	11,998,408	11,994,786
Diluted	12,017,688	12,003,459	12,014,366	12,000,272

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

EZCORP, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in thousands)

	Nine Months Ended June 30, 1998	Nine Months Ended June 30, 1997
OPERATING ACTIVITIES:		
Net income	$ 6,449	$ 5,722
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for store closings	-	493
Depreciation and amortization	5,553	5,618
Deferred income taxes	525	(103)
Gain on sale of assets	(106)	-
Changes in operating assets and liabilities:		
(Increase)/decrease in service charge receivable	730	(1,692)
Decrease in inventories	1,967	3,266
(Increase)/decrease in prepaid expenses and other assets	(1,253)	446
Decrease in accounts payable and accrued expenses	(1,604)	(413)
Increase/(decrease) in customer layaway deposits	59	(193)
Increase in other long-term liabilities	165	-
Decrease in income taxes payable	(821)	(90)
Net cash provided by operating activities	11,664	13,054
INVESTING ACTIVITIES:		
Pawn loans forfeited and transferred to inventories	42,653	36,720
Pawn loans made	(127,722)	(123,936)
Pawn loans repaid	85,268	81,159
Net (increase)/decrease in loans	199	(6,057)
Additions to property, plant, and equipment	(10,254)	(3,904)
Acquisition(s), net of cash acquired	(2,427)	-
Investment in unconsolidated affiliate	(10,583)	-
Sale of assets	203	-
Net cash used in investing activities	(22,862)	(9,961)
FINANCING ACTIVITIES:		
Proceeds from bank borrowings	31,000	9,000
Payments on borrowings	(19,007)	(12,271)
Net cash provided by/(used in) financing activities	11,993	(3,271)
Increase/(decrease) in cash and cash equivalents	795	(178)
Cash and cash equivalents at beginning of period	829	1,419
Cash and cash equivalents at end of period	$ 1,624	$ 1,241
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of common stock to 401(k) Plan	$ 60	$ 37

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

EZCORP, Inc. and Subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)
June 30, 1998

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, 1997.

The Company's business is subject to seasonal variations, and operating results for the three- and nine-month periods ended June 30, 1998 are not necessarily indicative of the results of operations for the full fiscal year.

Note B - 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 market value. The Company estimates these reserves using analysis of sales trends, inventory aging, sales margins and shrinkage on inventory. As of June 30, 1998, inventory reserves were $6.6 million.

Property and equipment is shown net of accumulated depreciation of $27.7 million and $22.8 million at June 30, 1998 and September 30, 1997, respectively.

Note C - Earnings Per Share

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings Per Share. Statement 128 replaces the previously reported primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented, and where necessary, restated to conform to the Statement 128 requirements.

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

	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997	Nine Months Ended June 30, 1998	Nine Months Ended June 30, 1997
	(In thousands)		(In thousands)	
Numerator				
Numerator for basic and diluted earnings per share - net income	$ 2,154	$ 2,050	$ 6,449	$ 5,722
Denominator				
Denominator for basic earnings per share - weighted average shares	12,002	11,996	11,998	11,995
Effect of dilutive securities:				
Employee stock options	4	-	4	-
Warrants	12	7	12	5
Dilutive potential common shares	16	7	16	5
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions	12,018	12,003	12,014	12,000
Basic earnings per share	$ 0.18	$ 0.17	$ 0.54	$ 0.48
Diluted earnings per share	$ 0.18	$ 0.17	$ 0.54	$ 0.48

For the three months ended June 30, 1998, options to purchase 626,451 weighted average shares of common stock at an average price of $13.35 per share were outstanding. For the nine months ended June 30, 1998, options to purchase 603,542 weighted average shares of common stock at an average price of $13.42 per share were outstanding. These options were not included in 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.

For the three months ended June 30, 1997, options to purchase 559,417 weighted average shares of common stock at an average price of $13.62 per share were outstanding. For the nine months ended June 30, 1997, options to purchase 567,246 weighted average shares of common stock at an average price of $13.67 per share were outstanding. These options were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of common shares and, therefore, the effect would be anti-dilutive.

Note D - Changes in Capital Structure

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 129, Disclosure of Information about Capital Structure. Statement 129 requires, among other things, an entity to disclose changes in its capital structure since the date of the most recent annual balance sheet.

As of February 4, 1998, 285,417 shares of Class B Voting Common Stock held by the former President and Chief Executive Officer, Courtland L. Logue, Jr., were converted to publicly traded Class A Non-Voting Common Stock as a result of an out of court settlement reached between the Company and Mr. Logue. As part of such settlement, the Company received 10,000 shares from Mr. Logue. The majority holder of the Class B Voting Common Stock previously had approved and implemented the conversion of Mr. Logue's other 682,325 shares from Class B to Class A during the Company's Fiscal Year ended September 30, 1996 and the first half of Fiscal year ended September 30, 1997. Certain of the shares that have been converted to publicly-traded Class A as discussed in this paragraph remain subject to contractual restrictions on their transfer. The schedule for the release of such restrictions is discussed in Note G. The Company accounted for the receipt of these shares as a capital transaction and has excluded this from the calculation of net income. Please refer to Note G for additional information.

On March 2, 1998, the Company issued 5,767 shares of Class A Non-Voting Common Stock as a matching contribution to its 401(k) Plan.

On March 20, 1998, the sole shareholder of Class B Voting Common Stock approved and implemented the conversion of 4,827 shares from Class B into the same number of shares of Class A Non-voting Common Stock. The conversion of these shares will occur during the fourth fiscal quarter.

Note E - Litigation

The Company is involved in litigation relating to claims that arise from time to time from 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 involving the Company cannot be ascertained, after consultation with counsel, it is management's opinion that 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.

The Company is the nominal defendant in a lawsuit filed July 18, 1997 by a holder of thirty-nine (39) shares of Company stock styled for the benefit of the Company against certain directors of the Company in the Castle County Court of Chancery in the State of Delaware. The suit alleges the defendants breached their fiduciary duties to the Company in approving certain management incentive compensation arrangements and an affiliate's financial advisory services contract with the Company. The suit seeks recision of the subject agreements, unspecified damages and expenses, including plaintiff's legal fees. The defendants have filed a motion to dismiss which is pending before the court.

Note F - Investment in Unconsolidated Affiliate

On March 24, 1998, the Company announced that it acquired, in a private transaction, just under 30% of the outstanding shares of Albemarle & Bond Holdings plc ("A&B"), a publicly traded company headquartered in Bristol, England. The Company's investment totaled approximately $10.6 million for 11,380,000 shares. A&B currently operates 25 pawnshops in the United Kingdom. The acquisition is accounted for using the equity method of accounting for investments in common stock.

Note G - Other Events

Pursuant to a settlement agreement dated February 4, 1998, the Company and its founder and former President and Chief Executive Officer, Courtland L. Logue, Jr., reached an out of court settlement to the lawsuit styled EZCORP, Inc. v. Courtland L. Logue, Jr., in the 201st District Court of Travis County, Texas. Under the terms of the settlement, which closed February 18, 1998, both the Company and Mr. Logue released their claims against each other, including all claims under Mr. Logue's employment agreement, and neither party admitted any liability nor paid any cash consideration to the other.

The Company agreed to accelerate the release of contractual restrictions on the transfer of Mr. Logue's 967,742 shares of common stock, which converted, as of February 18, 1998, to publicly traded Class A Non-Voting Common Stock. In exchange, Mr. Logue agreed to assign 10,000 shares of his stock to the Company.

The settlement released 191,548 shares immediately, and a like amount will be released on October 29, 1998. An additional 95,774 shares will be released from restrictions on each of October 29, 1999 and October 29, 2000, with the remaining 40% of the shares to be released in July, 2001, as originally scheduled. The Company and Mr. Logue also clarified the scope of Mr. Logue's continuing non-competition agreement, negotiated a five year limitation on Mr. Logue's financial investments in competing pawnshop businesses and negotiated renewal options with respect to certain existing real estate leases for store locations.

Note H - Subsequent Events

On July 27, 1998, the Board of Directors declared an annual $0.05 per share cash dividend payable quarterly. The first quarterly dividend of $0.0125 per share will be paid to shareholders of record on August 11, 1998 and will be paid by August 25, 1998.

On July 27, 1998, the Board of Directors approved the repurchase of up to 2,000,000 shares of the Company's Class A Non-voting Common Stock in open market transactions over the next 12 months.

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, 1998 vs. Third Quarter Ended June 30, 1997

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the three months ended June 30, 1998 and 1997.

	Three Months Ended June 30,(a) 1998	1997	% or Point Change(b)
Net Revenues:			
Sales	$ 24,942	$ 22,938	8.7%
Pawn service charges	20,268	19,467	4.1%
Total revenues	45,210	42,405	6.6%
Cost goods sold	20,231	18,578	8.9%
Net revenues	$ 24,979	$ 23,827	4.8%
Other Data:			
Gross profit as a percent of sales	18.9%	19.0%	(0.1) pt.
Average annual inventory turnover	2.2x	2.4x	(0.2)x
Average inventory balance per location as of the end of the quarter	$136	$131	3.8%
Average loan balance per location as of the end of the quarter	$157	$164	(4.3%)
Average yield on loan portfolio	211%	212%	(1.0) pt.
Redemption rate	81%	80%	1.0 pt.
Expenses as a Percent of Total Revenues:			
Operating	36.1%	35.8%	0.3 pt.
Administrative	6.4%	8.0%	(1.6) pts.
Depreciation and amortization	4.3%	4.5%	(0.2) pt.
Interest, net	0.8%	0.4%	0.4 pt.
Locations in Operation:			
Beginning of period	262	247	
Acquired	-	-	
Established	13	1	
Sold, combined or closed	-	-	
End of period	275	248	
Average locations in operation during the period(c)	268.5	247.5	

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

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

c Average locations in operation during the period is calculated based on the average of the stores operating at the beginning and end of such period.

Nine Months Ended June 30, 1998 vs. Nine Months Ended June 30, 1997

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the nine months ended June 30, 1998 and 1997.

	Nine Months Ended June 30,(a) 1998	Nine Months Ended June 30,(a) 1997	% or Point Change(b)
Net Revenues:			
Sales	$ 86,572	$ 78,147	10.8%
Pawn service charges	60,263	56,396	6.9%
Total revenues	146,835	134,543	9.1%
Cost of goods sold	71,680	64,109	11.8%
Net revenues	$ 75,155	$ 70,434	6.7%
Other Data:			
Gross profit as a percent of sales	17.2%	18.0%	(0.8) pt.
Average annual inventory turnover	2.4x	2.5x	(0.1)x
Average inventory balance per location as of the end of the quarter	$136	$131	3.8%
Average loan balance per location as of the end of the quarter	$157	$164	(4.3%)
Average yield on loan portfolio	207%	211%	(4.0) pts.
Redemption rate	78%	79%	(1.0) pt.
Expenses as a Percent of Total Revenues:			
Operating	33.2%	33.9%	(0.7) pt.
Administrative	6.4%	7.1%	(0.7) pt.
Depreciation and amortization	3.8%	4.2%	(0.4) pt.
Interest, net	0.7%	0.5%	0.2 pt.
Locations in Operation:			
Beginning of period	249	246	
Acquired	1	-	
Established	26	4	
Sold, combined or closed	(1)	(2)	
End of period	275	248	
Average locations in operation during the period(c)	262.0	247.0	

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

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

c Average locations in operation during the period is calculated based on the average of the stores operating at the beginning and end of such period.

Results of Operations

The following discussion compares results for the three- and nine-month periods ended June 30, 1998 ("Fiscal 1998 Periods") to the three- and nine-month periods ended June 30, 1997 ("Fiscal 1997 Periods"). The discussion should be read in conjunction with the accompanying financial statements and related notes.

During the three-month Fiscal 1998 Period, the Company opened thirteen (13) newly established stores. During the nine months ended June 30, 1998, the Company opened twenty-six (26) newly established stores, acquired one (1) store and closed one (1) store. At June 30, 1998, the Company operated 275 stores in fourteen (14) states.

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 1998 Period, pawn service charge revenue increased $0.8 million from the three-month Fiscal 1997 Period to $20.3 million. This resulted from an increase in same store pawn service charge revenue ($0.2 million) and the pawn service charge revenue from new stores not open the full three-month period ($0.6 million). The annualized yield on the average pawn loan balance decreased one percentage point from the Fiscal 1997 Period to 211%. Average same store loan balances were one percent above the three month Fiscal 1997 Period.

For the nine-month Fiscal 1998 Period, pawn service charge revenue increased $3.9 million from the nine-month Fiscal 1997 Period to $60.3 million. This resulted from an increase in same store pawn service charge revenue ($2.6 million) and the pawn service charge revenue from new stores not open the full nine-month period ($1.3 million). At June 30, 1998, average same store pawn loan balances were seven percent above June 30, 1997. The annualized yield on the average pawn loan balance decreased four percentage points from the Fiscal 1997 Period to 207%. This decrease was primarily due to a shift in pawn loan balances to states with lower pawn service charge rates since the nine-month Fiscal 1997 Period.

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 1998 Period, sales increased approximately $2.0 million from the three-month Fiscal 1997 Period to approximately $25.0 million. This resulted from an increase in same store merchandise sales ($1.4 million) and new store sales ($1.0 million), offset by lower scrapping activity ($0.4 million). Same store sales for the three-month Fiscal 1998 Period increased six percent from the three-month Fiscal 1997 Period.

For the nine-month Fiscal 1998 Period, sales increased approximately $8.4 million from the nine-month Fiscal 1997 Period to approximately $86.6 million. This resulted from an increase in same store merchandise sales ($7.2 million), new store sales ($2.2 million), offset by lower scrapping activity ($0.8 million), and by closed store sales ($0.2 million). Same store sales for the nine-month Fiscal 1998 Period increased ten percent from the nine-month Fiscal 1997 Period. Inventory levels per store were four percent higher than the prior period due to higher average loan balances during the preceding months. These higher inventory levels contributed to the same store sales growth experienced for the period.

The Company's gross margin level (gross profit as a percentage of merchandise sales) results from, among other factors, the composition, quality and age of its inventory. At June 30, 1998 and 1997, respectively, the Company's inventories consisted of approximately 65% and 64% jewelry (e.g., ladies' and men's rings, chains, bracelets, etc.) and 35% and 36% general merchandise (e.g., televisions, VCRs, tools, sporting goods, musical instruments, firearms, etc.). At June 30, 1998 and 1997, respectively, 87% and 83% of the jewelry was less than twelve months old based on the Company's date of acquisition (date of forfeiture for collateral or date of purchase) as was approximately 95% and 92% of the general merchandise inventory for each period.

For the three-month Fiscal 1998 Period, gross profits as a percentage of merchandise sales decreased 0.1 percentage point from the three-month Fiscal 1997 Period to 18.9 percent. This decrease results from lower gross margins on merchandise sales (1.3 percentage points) offset by a reduction in inventory shrinkage when measured as a percentage of merchandise sales (down 0.2 percentage point to approximately 1.3 percentage points) and higher gross profit on wholesale and scrap jewelry sales (1.0 percentage point).

For the nine-month Fiscal 1998 Period, gross profits as a percentage of merchandise sales decreased 0.8 percentage point from the nine-month Fiscal 1997 Period to 17.2 percent. This decrease results from lower margins on merchandise sales (1.1 percentage point) offset by higher gross profit on wholesale and scrap jewelry sales (0.1 percentage point) and a reduction in inventory shrinkage when measured as a percentage of merchandise sales (down 0.2 percentage point to approximately 1.2 percentage points).

In the three-month Fiscal 1998 Period, operating expenses as a percentage of total revenues increased 0.3 percentage point from the three-month Fiscal 1997 Period to 36.1%. This increase results largely from the thirteen (13) new store openings which occurred in the three-month Fiscal 1998 Period. Administrative expenses decreased 1.6 percentage points in the three-month Fiscal 1998 Period to 6.4%. This decrease results from the higher level of revenues relative to expenses in the three-month Fiscal 1998 Period.

In the nine-month Fiscal 1998 Period, operating expenses as a percentage of total revenues decreased 0.7 percentage point from the nine-month Fiscal 1997 Period to 33.2%. Administrative expenses decreased 0.7 percentage point in the nine-month Fiscal 1998 Period to 6.4%. These decreases result largely from the higher level of revenues in the nine-month Fiscal 1998 Period.

Liquidity and Capital Resources

Net cash provided by operating activities for the nine-month Fiscal 1998 Period was $11.7 million as compared to $13.1 million provided in the nine-month Fiscal 1997 Period. Improved operating results and lower pawn service charge receivable, offset by increases in prepaid expenses and decreases in accounts payable and accrued expenses, were the main factors for the reduced cash provided by operating activities. Net cash used in investing activities was $22.9 million for the nine-month Fiscal 1998 Period compared to $9.9 million used in the nine-month Fiscal 1997 period. The investment in the unconsolidated affiliate, Albemarle & Bond Holdings plc was partially offset by a lower level of investment in pawn loans outstanding and higher levels of capital expenditures and acquisition(s) for the nine-month Fiscal 1998 Period.

In the nine-month Fiscal 1998 Period, the Company invested approximately $12.7 million to open twenty-six (26) newly established stores, to acquire one (1) store, to upgrade or replace existing equipment and computer systems, and for improvements at existing stores. The Company funded these expenditures from cash flow provided by operating activities and additional bank borrowings. The Company plans to open approximately 40 stores during fiscal 1998, including the twenty-six net stores already opened. The Company anticipates that cash flow from operations and funds available under its existing bank line of credit should be adequate to fund these capital expenditures and expected pawn loan growth during the coming year. There can be no assurance, however, that the Company's cash flow and line of credit will provide adequate funds for these capital expenditures.

On July 27, 1998, the Board of Directors declared an annual $0.05 per share cash dividend payable quarterly. The first quarterly dividend of $0.0125 per share will be paid to shareholders of record on August 11, 1998 and will be paid on August 25, 1998. Also at this meeting, the Board of Directors approved the repurchase of up to 2,000,000 shares of the Company's Class A Non-voting Common Stock in open market transactions over the next 12 months. The Company anticipates that cash flow from operations and funds available under its existing bank line of credit should be adequate to fund the payment of dividends and the stock repurchase during the coming year.

The Company's current revolving line of credit agreement was amended on May 9, 1997 and matures January 30, 2000. That agreement requires, among other things, that the Company meet certain financial covenants. Borrowings under the line are unsecured and bear interest at the bank's Eurodollar rate plus 1.0%. The amount which the Company can borrow is based on a percentage of its inventory levels, outstanding pawn loan balance and service charge receivable, up to $50.0 million. At June 30, 1998, the Company had approximately $31.0 million outstanding on the credit facility and additional borrowing capacity of approximately $17.0 million.

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.

Year 2000

The Company, like many companies, faces the Year 2000 Issue. This is a result of computer programs being written using two digits rather than four (for example, "98" for 1998) to define the applicable year. Any of the Company's programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. In some cases, the new date will cause computers to stop operating, while in other cases, incorrect output may result. The Company is currently in the process of replacing and upgrading its computer hardware and software systems; however, such conversions may not be completed before the year 2000 impact. As a result, the Company is modifying some of its current systems and the Company expects they will function properly with respect to dates in the year 2000 and thereafter. The project is estimated to be completed by March 1999, and the costs, which will be expensed as incurred, are expected to not be material with respect to the financial results.

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 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

The Company is the nominal defendant in a lawsuit filed July 18, 1997 by a holder of thirty-nine (39) shares of Company stock styled for the benefit of the Company against certain directors of the Company in the Castle County Court of Chancery in the State of Delaware. The suit alleges the defendants breached their fiduciary duties to the Company in approving certain management incentive compensation arrangements and an affiliate's financial advisory services contract with the Company. The suit seeks recision of the subject agreements, unspecified damages and expenses, including plaintiff's legal fees. The defendants have filed a motion to dismiss which is pending before the court.

Item 2. Changes in Securities

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

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

	Exhibits Number	Description	Incorporated by Reference to
(a)	Exhibit 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, 1998.

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, 1998 By: /s/ DAN N. TONISSEN

(Signature)

Dan N. Tonissen
Senior Vice President and
Chief Financial Officer

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9-MOS
SEP-30-1998
JUN-30-1998
1,624
0
55,580
0
37,457
98,876
65,196
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0
0
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6,449
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0.54