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

(Mark One)
[x]
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended September 30, 1997
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)

Registrant's telephone number, including area code:
(512) 314-3400

Securities Registered Pursuant to Section 12(b) of the Act:

None

Securities Registered Pursuant to Section 12(g) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Non-voting Common Stock $.01 par value per share	The Nasdaq Stock Market

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 if disclosures of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 two record holders, one of whom is an affiliate of the registrant. There is no trading market for the Class B Voting Common Stock. The aggregate market value of the Class A Non-voting Common Stock held by non-affiliates of the registrant as of December 1, 1997, based on the closing price on the Nasdaq Stock Market on such date, was $90 million.

As of December 1, 1997, 10,515,530 shares of the registrant's Class A Non-Voting Common Stock, par value $.01

per share and 1,480,301 shares of the registrant's Class B Voting Common Stock, par value $.01 per share were outstanding.

EZCORP, INC.
YEAR ENDED SEPTEMBER 30, 1997
INDEX TO FORM 10-K

PART I

Item 1. Business

EZCORP, Inc. (the "Company") is a Delaware corporation; its principal executive offices are located at 1901 Capital Parkway, Austin, Texas 78746, and its telephone number is (512) 314-3400. As used herein, the Company includes the subsidiaries listed in Exhibit 22.1.

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.

General

The Company is engaged in establishing, acquiring, and operating pawnshops which function as convenient sources of consumer credit and as value-oriented specialty retailers of primarily previously owned merchandise. Through its lending function, the Company makes relatively small, non-recourse loans secured by pledges of tangible personal property. The Company contracts for a pawn service charge to compensate it for each pawn loan. Pawn service charges, which generally range from 12% to 300% per annum, are calculated based on the dollar amount and duration of the loan and accounted for approximately 44% of the Company's revenues for the year ended September 30, 1997 ("Fiscal 1997"). In Fiscal 1997, approximately 78% of the loans made by the Company were redeemed in full along with the payment of the pawn service charge or were renewed or extended through the payment of the pawn service charge. In most states in which the Company operates, collateral is held one month with a sixty-day extension period after which such collateral is forfeited for resale.

As of December 1, 1997, the Company operated 249 locations: 151 in Texas, 24 in Colorado, 23 in Indiana, 13 in Alabama, 10 in Georgia, 9 in Oklahoma, 8 in Tennessee, 3 in Mississippi, 3 in Louisiana, 2 in North Carolina, 1 in Arkansas, 1 in Florida and 1 in Nevada. The Company intends to expand through the establishment or acquisition of stores primarily in existing markets to form efficient regional clusters. The Company intends to expand in states with regulatory, competitive, and demographic characteristics conducive to successful pawnshop operation.

The pawnshop industry in the United States is a large, highly fragmented, and growing industry. The industry consists of over 10,000 pawnshops owned primarily by independent operators who typically own one to three locations.

Lending Activities

The Company is engaged in the business of making pawn loans, which typically are relatively small, non-recourse loans secured by pledges of tangible personal property. As of September 30, 1997, the Company had approximately 590,000 loans outstanding, representing an aggregate principal balance of $42.8 million. The Company contracts for a pawn service charge to compensate it for a pawn loan. A majority of the Company's outstanding pawn loans are in an amount that permits pawn service charges of 20% per month or 240% per annum. For Fiscal 1997, pawn service charges accounted for approximately 44% of the Company's total revenues.

Collateral for the Company's pawn loans consists of tangible personal property, generally jewelry, consumer electronics, tools, firearms, and musical instruments. The Company does not investigate the creditworthiness of a borrower, but relies on the estimated resale value of the pledged property, the probability of its redemption, and the estimated time required to sell the item as a basis for its credit decision. The amount that the Company is willing to lend generally ranges from 20% to 65% of the pledged property's estimated resale value depending on an evaluation of these factors. The sources for the Company's determination of the resale value of collateral are numerous and include catalogues, blue books, newspaper advertisements, and previous sales of similar merchandise.

The pledged property is held through the term of the loan, which in Texas is one month with an automatic 60-day grace period, unless repaid or renewed earlier. The Company seeks to maintain a redemption rate of between 70% and 80%, and in each of the Company's last three fiscal periods, it achieved this targeted redemption rate. The redemption rate is maintained through loan policy and proper implementation of such policy at the store level. If a borrower does not repay, extend or renew a loan, the collateral is forfeited to the Company and then becomes inventory available for sale in the Company's pawnshops. The Company does not record loan losses or charge-offs because the principal amount of an unpaid loan and any accrued pawn service charges become the carrying cost of the forfeited collateral, which is recorded as the Company's inventory. The Company evaluates the salability of inventory and provides an allowance for valuation of inventory, based on the type of merchandise, recent sales trends and margins, and the age of merchandise.

The table below shows the dollar amount of loans made, loans repaid, and loans forfeited for the Company for the fiscal years ended September 30, 1995, 1996, and 1997:

	Fiscal Years Ended September 30,		
	1995	1996	1997
	(dollars in millions)		
Loans made	$ 192.2	$ 151.4	$ 170.4
Loans repaid	(137.9)	(105.7)	(108.9)
Loans forfeited	(52.3)	(50.8)	(53.3)
Net increase (decrease) in pawn loans outstanding at the end of the year	$ 2.0	$ (5.1)	$ 8.2

The realization of gross profit on sales of inventory primarily depends on the Company's initial assessment of the property's estimated resale value. Improper assessment of the resale value of the collateral in the lending function can result in reduced marketability of the property and resale of the property for an amount less than the carrying cost of the property. Jewelry, which constitutes approximately 60% of the principal amount of items pledged, can be evaluated primarily based on weight, carat content, and value of gemstones, if any. The other items pawned typically consist of consumer electronics, tools, firearms, and musical instruments.

At the time a pawn transaction is entered into, a pawn loan agreement, commonly referred to as a pawn ticket, is delivered to the borrower. It sets forth, among other things, the name and address of the pawnshop and the borrower, the borrower's identification number from his driver's license, military identification or other official number, the date of the loan, an identification and description of the pledged goods, including applicable serial numbers, the amount financed, the pawn service charge, the maturity date of the loan, the total amount that must be paid to redeem the pledged goods on the maturity date, and the annual percentage rate.

Of the Company's 249 locations in operation as of December 1, 1997, 151 were stores located in Texas. Accordingly, Texas pawnshop laws have the greatest application to the Company's operations. In Texas, pawnshop operations are regulated by the State of Texas Office of Consumer Credit Commissioner in accordance with Chapter 51 of the Texas Credit Code, commonly known as the Texas Pawnshop Act (the "Pawnshop Act"). See "Regulation."

The maximum allowable pawn service charges for stratified loan amounts made in the State of Texas are set in accordance with Texas law under the Pawnshop Act. Historically, the maximum allowable pawn service charges under Texas law have not changed; however, the stratified loan amounts have been adjusted upward by nominal amounts each year. The maximum allowable pawn service charges under the Pawnshop Act for the various stratified loan amounts for the year beginning July 1, 1996, and ending June 30, 1997, and for the year beginning July 1, 1997, and ending June 30, 1998, are as follows:

Schedule of Applicable Loan Service Charges for Texas

Year Ending June 30, 1997 Amount Financed Per Pawn Loan	Maximum Allowable Annual Percentage Rate	Year Ending June 30, 1998 Amount Financed Per Pawn Loan	Maximum Allowable Annual Percentage Rate
$1 to $132	240%	$1 to $135	240%
$132.01 to $440	180%	$136 to $450	180%
$440.01 to $1,320	30%	$451 to $1,350	30%
$1,320.01 to $11,000	12%	$1,351 to $11,250	12%

Under Texas law, there is a ceiling on the maximum allowable pawn loan. For the period July 1, 1996 through June 30, 1997, the loan ceiling was $11,000. For the period July 1, 1997 through June 30, 1998, the loan ceiling is $11,250. The Company's average loan amount for Fiscal 1997 was approximately $73.

Retail Activities

Jewelry sales represent approximately 60% of the Company's merchandise sales with the remaining sales consisting primarily of consumer electronics, tools, firearms, and musical instruments. The Company believes its ability to offer quality used merchandise at prices significantly lower than original retail prices attracts value-conscious customers. The Company obtains its inventory primarily from unredeemed collateral, and to a lesser extent, from purchases from the general public and from wholesale sources. For Fiscal 1997, purchases from the general public and from wholesale sources constituted approximately 7% of the dollar value of inflows to inventory. During Fiscal 1997, $82.1 million of merchandise was added to inventory through forfeited collateral. Of such amount, approximately $53.3 million was from the principal amount of unredeemed pawn loans, and $28.8 million was from accrued service charges. For Fiscal 1997, retail activities accounted for approximately 56% of the Company's total revenues, but only 18% of the Company's net revenue, after deducting cost of goods sold on merchandise sales.

The Company utilizes market pricing and customer purchasing decision studies to better define its retail customers and their buying habits. Analysis of the sales and inventory data provided by the Company's management information systems facilitate the design of promotional and merchandising programs and merchandise pricing decisions. Regional merchandising managers develop and implement promotional and merchandising programs, review merchandise pricing decisions and balance inventory levels within markets. During Fiscal 1997, the Company continued to upgrade merchandise presentations through improved category merchandise displays and better retail signage.

The Company does not give prospective buyers any warranties on most merchandise sold through its retail operations, except for certain purchases of new, wholesale-purchased merchandise, which may have a limited manufacturer's warranty. Prospective buyers may purchase an item on layaway through the Company's "EZ Layaway" program. Through EZ Layaway, a prospective purchaser will typically put down a minimum of 20% of an item's purchase price as a customer layaway deposit. The Company will hold the item for a 90-day period during which the customer is required to pay for the item in full. As of September 30, 1997, the Company had $2 million in customer layaway deposits and related payments.

The Company's overall inventory is stated at the lower of cost or market. The Company provides inventory reserves for shrinkage and cost in excess of market value. The Company has continued to refine the method of estimating these reserves through further study and analysis of sales trends, inventory aging, shrinkage, and losses on aged inventory. Valuation allowances, including shrinkage reserves, amounted to $6.9 million as of September 30, 1997. At September 30, 1997, total inventory on hand was $39.3 million, after deducting an allowance for shrinkage and valuation of inventory.

Seasonality

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

Operations

General

The typical Company location is a free-standing building or part of a retail strip center. Nearly all of the Company's pawnshop locations have contiguous parking facilities. Store interiors are designed to resemble small discount operations and attractively display merchandise by category. Distinctive exterior design and attractive in-store signage provide an appealing atmosphere to customers. The typical store has approximately 2,000 square feet of retail space and approximately 4,000 square feet dedicated to lending activities (principally collateral storage). The Company maintains property and general liability insurance for each of its pawnshops. The Company's stores are open six or seven days a week, depending on location.

Store Management

A typical Company store employs five to six people consisting of a manager, an assistant manager, and three to four sales and lending representatives. Store managers are specifically responsible for ensuring that their store is run in accordance with the Company's established policies and procedures, and for operating their store according to performance parameters consistent with the Company's store operating guidelines. Each manager reports to one of approximately 29 area managers who are responsible for the stores within a specific operating region. Area managers are responsible for the performance of all stores within their area and report to one of three regional directors. The regional directors report to the President of the Company.

Management Information Systems and Controls

The Company has a store level point of sale (POS) system that automates the recording of all store-level transactions. Financial summary data from all stores is retrieved and processed at the corporate office each day and is available for management review by early morning for the preceding day's transactions. This information is available to field management via the Company's internal network. The Company's communications network provides access to each store from the corporate offices.

During 1997, the Company began the development of the next generation of its POS system. This new system will provide additional store level functionality, enhance reporting and controls and provide software and hardware scalability. The Company plans to beta test this new system in its second fiscal 1998 quarter and, based on the success of this test, install the system chain wide by the end of fiscal 1998. Also, the Company has invested in its home office systems with the creation of a centralized data warehouse and is in the process of replacing its financial and human resource information systems. The Company believes that these systems will provide better tools to analyze, monitor, manage and control the business.

The Year 2000 issue is the result of computer programs being written using two digits rather than four (for example, "97" for 1997) 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. Since the Company is currently in the process of replacing and upgrading its computer hardware and software systems, the Company believes that there is little business risk attributable to the Year 2000 issue.

The Company has an internal audit staff of approximately 16 employees to ensure that the Company's policies and procedures are consistently followed. In addition, the audit department carefully monitors, among other things, the Company's perpetual inventory system, lending practices and regulatory compliance.

Personnel

As of September 30, 1997, the Company employed approximately 1,800 people, including approximately 200 management and administrative personnel. The Company believes that its profitability is dependent upon its employees' ability to make loans that achieve optimum redemption rates, to sell retail merchandise effectively, and to provide prompt and courteous customer service. The Company seeks to hire people who will become long-term, career employees. To achieve the Company's long-range personnel goals, the Company strives to develop its employees through a combination of classroom training and supervised on-the-job loan and sales training for new employees.

Assistant managers receive additional training, primarily on-the-job, focusing on product knowledge and inventory management. Managers attend on-going management skills and operations performance training. Regional directors and area managers receive leadership training in utilizing their human resources to increase each store's profitability. The Company's management believes that its managers, at all levels, are the principal trainers in the organization.

The Company anticipates that the store managers for new stores will be promoted primarily from the ranks of existing store employees and has created a process for forecasting future needs and identifying potential internal candidates for position openings. The Company's career development plan not only develops and advances employees within the Company, but also provides training for the efficient integration of experienced retail managers and pawnbrokers from outside the Company.

In Texas, each pawnshop employee is required to be licensed in order to make loans or sell merchandise and is required to file for that license within 30 days of the date of hire. The licensing fee is $65.00 and encompasses a review of the individual's personal background. Licenses are renewed annually at a fee of $10.00; renewals also entail a review of each individual's personal background.

Trade Name

The Company historically operated its pawnshops under the "U-Pawn-It" and "EZ Pawn" names. In 1991, the Company began converting stores to the "EZ Pawn" name. The Company now operates virtually all of its pawnshops under the name "EZ Pawn." The Company has registered the mark "E-Z Pawn" with the United States Patent and Trademark Office.

Growth and Expansion

During Fiscal 1997, the Company established five (5) stores. The Company plans to continue its expansion in existing markets and to enter new markets in other states which have regulatory, demographic, and competitive characteristics that are conducive to successful pawnshop operations. The Company seeks to establish clusters of stores in specific geographic regions depending upon individual market demographics. In this manner, the Company expects to achieve certain economies of scale relative to its advertising, name recognition, and managerial and administrative costs.

The eleven (11) most recently established stores with twelve full months of operating data, opened by the Company through September 30, 1997, required an average gross investment (including inventory, pawn loans and property, plant and equipment) of approximately $350,000 per pawnshop during the first twelve months of operation.

The Company's expansion program is dependent on several variables, such as the availability of acceptable sites or acquisition candidates and qualified personnel. The Company's ability to add newly established stores in Texas counties having a population of 250,000 or more has been adversely affected by Texas law which became effective September 1, 1991, which requires a finding of public need and probable profitability by the Texas Consumer Credit Commissioner as a condition to the issuance of any new pawnshop license in such counties. Since September 1, 1991, the Company has opened or acquired 51 locations in Texas counties having a population of less than 250,000. See "Regulation."

Competition

The Company encounters significant competition in connection with the operation of its business. These competitive conditions may adversely affect the Company's revenues, profitability, and its ability to expand. In connection with the lending of money, the Company competes primarily with other pawnshops. The majority of the Company's competitors are independently owned pawnshops. The Company is the second largest publicly held chain of pawnshops in the United States. The Company believes that the primary elements of competition in the pawnshop business are store location and design, the ability to loan competitive amounts on items pawned, management of store-level employees, and the quality of customer service. In addition, as the pawnshop industry consolidates, the Company believes that the ability to compete effectively will be based increasingly on strong general management, regional market focus, automated management information systems, and access to capital. Some of the Company's competitors may have greater financial resources than the Company.

To a certain extent, the Company also competes with other types of financial institutions such as consumer finance companies, which generally lend on an unsecured as well as secured basis. Other lenders may and do lend money on an unsecured basis, at interest rates which are lower than the service charges of the Company, and on other terms more favorable than those offered by the Company.

The Company's competitors, in connection with the sale of merchandise, include numerous retail and wholesale stores, including jewelry stores, gun stores, discount retail stores, consumer electronics stores, other pawnshops, and other retailers of previously owned merchandise. Competitive factors in the Company's retail operations include the ability to provide the customer a variety of merchandise at an exceptional value. On a retail level, the Company competes with numerous other retailers who have significantly greater financial resources than the Company.

Regulation

Pawnshop Operations

The Company's pawnshop operations are subject to extensive regulation, supervision, and licensing under various federal, state, and local statutes, ordinances, and regulations. Of the Company's 249 locations as of December 1, 1997, 151 were in Texas. Accordingly, Texas pawnshop laws have the greatest application to the Company's operations. The laws of Colorado, Indiana, Alabama, Georgia, Oklahoma, Tennessee, Mississippi, Louisiana, North Carolina, Arkansas, Florida and Nevada also have application to the Company's pawnshop operations in those states. At December 1, 1997, the Company's pawnshops were located as follows: 151 in Texas, 24 in Colorado, 23 in Indiana, 13 in Alabama, 10 in Georgia, 9 in Oklahoma, 8 in Tennessee, 3 in Mississippi, 3 in Louisiana, 2 in North Carolina, 1 in Arkansas, 1 in Florida and 1 in Nevada. In the states in which the Company operates other than Texas, Oklahoma, and Alabama, pawnshops are subject to local regulation at the municipal and county level, which regulation may affect the ability of the Company to expand its operations in those states.

Texas Pawnshop Regulations

In Texas, pawnshops are governed by the Texas Pawnshop Act and the Rules of Operation promulgated thereunder, and are subject to licensing by and supervision of the State of Texas Office of Consumer Credit Commissioner. In addition, pawnshops and pawnshop employees in Texas are required to be licensed by the Texas Consumer Credit Commissioner. Furthermore, the Company is required to supply the Texas Consumer Credit Commissioner with copies of information filed with the Securities and Exchange Commission.

The maximum allowable pawn service charges for stratified loan amounts made in the State of Texas are set in accordance with the Texas Pawnshop Act. Historically, the maximum allowable pawn service charges under Texas law have not changed; however, the stratified loan amounts have been adjusted upward by nominal amounts each year. Under Texas law, there is a ceiling on the maximum allowable pawn loan. From July 1, 1996 to June 30, 1997, the loan ceiling was $11,000. For the period July 1, 1997 through June 30, 1998, the loan ceiling is $11,250. A table of the maximum allowable pawn service charges under the Texas Pawnshop Act for the various stratified loan amounts for July 1, 1996 to June 30, 1998 is presented in "Lending Activities."

To be eligible for a license to operate a pawnshop in Texas, an applicant must: (i) be of good moral character, which in the case of a business entity applies to each officer, director, and holder of five percent or more of the entity's outstanding shares; (ii) have net unencumbered assets (as defined in the Texas Pawnshop Act) of at least $150,000 readily available for use in conducting the business of each licensed pawnshop; (iii) show that the applicant has the financial responsibility, experience, character, and general fitness to command the confidence of the public in its operation; and (iv) show that the pawnshop will be operated lawfully and fairly in accordance with the Texas Pawnshop Act. Current applications to the Texas Consumer Credit Commissioner inquire, among other things, into the applicant's credit history and criminal record.

In addition, the Texas Pawnshop Act requires the Texas Consumer Credit Commissioner to make a determination of public need and probable profitability, in counties with a population of 250,000 or more, for a new pawnshop license, or for a relocation of a pawnshop more than one mile away from the existing address. The determination of public need and probable profitability may be made administratively by the Commissioner; however, if a public hearing is requested by the Commissioner or by any pawnshop licensee that would be affected by the granting of the proposed application, the determination of public need and probable profitability must be made in a public hearing with notice and opportunity for all affected parties to participate. For a new license application in any Texas county, the Commissioner provides notice of the application, and the opportunity for a public hearing, to the other licensed pawnshops in the county in which the applicant proposes to operate. The timeframe for the license application approval process has remained unchanged for applications in counties of less than 250,000 population, with the Commissioner generally required by law to process an application within 60 days of its receipt. In counties having a population of 250,000 or more, a similar timeframe for the license application approval process exists where no public hearing has been held, however, the public hearing process can increase the timeframe substantially or result in no application approval at all. The Company's ability to add newly established stores in Texas counties having a population of 250,000 or more has been adversely affected by the referenced provisions of the Texas Pawnshop Act.

The Texas Consumer Credit Commission may, after notice and hearing, suspend or revoke any license for a Texas pawnshop upon finding, among other things, that: (i) any fees or charges have not been paid; (ii) the licensee has violated (whether knowingly or unknowingly without due care) any provisions of the Texas Pawnshop Act or any regulation or order thereunder; or (iii) any fact or condition exists which, if it had existed at the time the original application was filed for a license, would have justified the Commissioner in refusing such license.

The Texas Consumer Credit Commissioner has also promulgated Rules of Operation which regulate the day-to-day management of the Company's pawnshops. Under the Pawnshop Act and the Rules of Operation, a pawnbroker may not: accept a pledge from a person under the age of 18 years; make any agreement requiring the personal liability of the borrower; accept any waiver of any right or protection accorded to a pledgor under the Texas Pawnshop Act; fail to exercise reasonable care to protect pledged goods from loss or damage; fail to return pledged goods to a pledgor upon payment of the full amount due; make any charge for insurance in connection with a pawn transaction; enter into any pawn transaction that has a maturity date of more than one month; display for sale in storefront windows or sidewalk display cases: pistols, swords, canes, blackjacks and similar weapons; or purchase used or second hand personal property unless a record is established containing the name, address, and identification of the seller, a complete description of the property, including serial number, and a signed statement that the seller has the right to sell the property.

The Rules of Operation were amended effective October 1, 1994 to further provide that a pawnbroker must maintain additional records relating to extensions of loans, records of payments, written receipts, titled goods, lost or damaged goods, and records of requests by crime victims for assistance in determining whether stolen property might have been pledged to the pawnbroker. In addition, the amended rules require the filing with the Commissioner of a description of systems and programs utilized in a pawnbroker's electronic data processing system; the utilization of approved safes for jewelry pledges; the maintenance of general liability insurance of not less than $500,000 per occurrence; and the maintenance of fire insurance or other credible evidence of financial resources of not less than two times the amount financed plus the finance charge on open jewelry loans and not less than one and one-half times the amount financed plus the finance charge on all other loans. The Company does not believe that compliance with the amended rules has materially impacted the Company's operations. There can be no assurance, however, that these amended rules will not have a material adverse effect on the Company.

Colorado Pawnshop Regulations

Colorado law provides for the licensing and bonding of pawnbrokers in that state. It also requires that pawn transactions be reported to local authorities and that certain bookkeeping records be maintained. Under Colorado law, the maximum allowable pawn service charge is 240% annually for pawn loans up to $50, and 120% annually for pawn loans in excess of $50.

Indiana Pawnshop Regulation

The Company's Indiana operations are regulated by the Department of Financial Institutions. The Department requires all persons or entities to obtain a license to act as a pawnbroker. The Indiana Pawnbroker's Act provides for the Department of Financial Institutions to investigate the general fitness of the applicant, to determine whether the convenience and needs of the public will be served by granting an applicant a license, and generally to regulate pawnshops in the state.

The Department of Financial Institutions has broad investigatory and enforcement authority under the statute. The Department may grant, revoke, and suspend licenses. For compliance purposes, pawnshops are required to keep such books, accounts, and records as will enable the Department to determine if the pawnshop is complying with the statute. Each pawnshop is required to give authorized agents of the Department of Financial Institutions free access to its books and accounts for these purposes. The Indiana statute provides for the following annual rates of interest plus pawn service charges: 276% annually on transactions of $300 or less; 261% annually on transactions greater than $300, but not exceeding $1,000; and 255% annually on transactions greater than $1,000.

Alabama Pawnshop Regulations

The Alabama Pawnshop Act regulates the licensing and operation of pawnshops in that state. The general fitness of pawnshop applicants is investigated by the Supervisor of the Bureau of Loans of the State Department of Banking. The Supervisor also issues pawnshop licenses. The Alabama Pawnshop Act requires that certain bookkeeping records be maintained and made available to the Supervisor and to local law enforcement authorities. The Alabama Pawnshop Act establishes a maximum allowable pawn service charge of 300% annually.

Georgia Pawnshop Regulations

Georgia state law requires pawnbrokers to maintain detailed permanent records concerning pawn transactions and to keep them available for inspection by duly authorized law enforcement authorities. The Georgia statute prohibits pawnbrokers from failing to make entries of material matters in their permanent records, and allows duly authorized officers to inspect such records. Under applicable Georgia statutes, municipal authorities may license pawnbrokers, define their powers and privileges by ordinance, impose taxes upon them, revoke their licenses, and exercise such general supervision as will ensure fair dealing between the pawnbroker and the pawnshop customers.

Georgia law establishes a maximum allowable rate of interest and service charge of 25% of the principal amount of a pawn transaction for each thirty days. This annual rate is in effect for the first 90 days of any pawn transaction or extension or continuation thereof. The maximum allowable charge for interest and service charges is reduced to 12.5% for each thirty-day period thereafter. Georgia law requires a grace period after default on a pawn transaction. During the grace period, the pawnbroker may not sell the pledged item. The grace period is 30 days for motor vehicles and 10 days for all other pawn collateral.

Oklahoma Pawnshop Regulations

The Company's Oklahoma operations are subject to the Oklahoma Pawnshop Act. Following substantially the same statutory scheme as the Texas Pawnshop Act, the Oklahoma Pawnshop Act provides for, among other matters, the licensing and bonding of pawnbrokers in Oklahoma and provides for the Oklahoma Administrator of Consumer Credit to investigate the general fitness of the applicant and generally regulate pawnshops in that state. The Administrator has broad rule-making authority with respect to Oklahoma pawnshops.

In general, the Oklahoma Pawnshop Act prescribes stratified loan amounts and maximum rates of service charges which pawnbrokers in Oklahoma may charge for lending money in Oklahoma within each stratified range of loan amounts. The regulations provide for a graduated rate structure, similar to the graduated rate structure utilized in federal income tax computations. Under this method of calculation, a $500 loan, for example, earns interest as follows: (1) first $150 at 240% annually, (2) next $100 at 180% annually, and (3) the remaining $250 at 120% annually. The maximum allowable pawn service charges for the various stratified loan amounts under the Oklahoma statute are as follows:

Amount Financed Per Pawn Loan	Maximum Allowable Annual Percentage Rate
$1 to $150	240%
$151 to $250	180%
$251 to $500	120%
$501 to $1,000	60%
$1,001 to $25,000	36%

The amount financed in Oklahoma may not exceed $25,000 per pawn transaction. In addition, the Oklahoma Pawnshop Act requires each applicant to (1) be of good moral character; (2) have net assets of at least $25,000; (3) show that the pawnshop will be operated lawfully and fairly within the purpose of the Oklahoma Pawnshop Act; and (4) not have been convicted of any felony which directly relates to the duties and responsibilities of the occupation of pawnbroker.

Tennessee Pawnshop Regulations

Tennessee law provides for the licensing of pawnbrokers in that state. It further requires (1) that pawn transactions be reported to local law enforcement agencies, (2) requires pawnbrokers to maintain insurance coverage on the property held on pledge for the benefit of the pledgor, (3) establishes certain hours during which pawnshops may be opened for business, and (4) requires certain bookkeeping records be maintained. Tennessee law prohibits pawnbrokers from selling, redeeming, or disposing of any goods pledged or pawned to or with them within 15 days after making their report to local law enforcement agencies.

Applicable Tennessee law provides that pawnbrokers may charge interest of 2% a month, plus service charge of 20% or one-fifth of the amount of the loan for investigating the title, storing and insuring the pledged goods, closing the loan, and for other expenses and losses associated with the loan.

Mississippi Pawnshop Regulations

The Company's Mississippi operations are subject to the Mississippi Pawnshop Act. The Mississippi Pawnshop Act provides for regulation to be administered by the Commissioner of Banking. Municipalities in the state may enact ordinances which are in compliance with, but not more restrictive than those in the Mississippi Pawnshop Act.

The Mississippi Pawnshop Act provides for, among other matters, the licensing of pawnbrokers. The Act also provides for the Commissioner of Banking to investigate the general fitness of the applicant and generally to regulate pawnshops in the state. The Commissioner has broad rule-making authority with respect to Mississippi pawnshops. The Mississippi Pawnshop Act establishes a maximum allowable pawn service charge of 300% annually.

Louisiana Pawnshop Regulations

The Company's Louisiana operations are governed by the Louisiana Pawnshop Act. The statute gives regulatory and enforcement powers to the Commissioner of the Office of Financial Institutions within the Department of Economic Development. This statute provides for, among other things, the licensing and bonding of all pawnbrokers in Louisiana.

Under Louisiana law, the maximum allowable interest charge is 120% annually. In addition, pawnshops may collect a 10% service charge for the first month of a pawn transaction. Louisiana law requires that a pawnbroker hold jewelry that is pledged as collateral until the lapse of six months prior to resale from the time the loan was entered or extended. The law requires a three-month lapse on other items.

North Carolina Pawnshop Regulations

In North Carolina, a pawnbroker must obtain a license by showing sufficient net assets and moral character to demonstrate that it will not operate to the detriment of the public. The applicable interest and service charges are 2% per month interest, and a monthly fee not to exceed 20% for the following: (1) title investigation, (2) handling, appraisal and storage, (3) insuring a security, (4) application fee, (5) making daily reports to law enforcement or other services. The total monthly fees may not exceed $100 in the first month, $75 in the second month, $75 in the third month, $50 in the fourth month and for any subsequent months. Pawn loans in North Carolina are to have a 30 day loan term, with a 60 day grace period, after which time the collateral is subject to resale by the pawnbroker.

Arkansas Pawnshop Regulations

Arkansas law does not provide for the licensing of pawnbrokers or pawnshops in that state. By statute, pawnbrokers must maintain certain records of each pawn transaction and make those records available to local law enforcement agencies. Arkansas law establishes a maximum allowable interest rate of 17% annually; however, a pawnshop operator may charge reasonable fees for investigating title, storage, and other services.

Florida Pawnshop Regulations

The applicable Florida statute provides for registrations of pawnbrokers with the Florida Department of Revenue. That agency has broad power to adopt rules and regulations to effect the purposes of the statute, and to impose fines for violation of the statute's registration requirements. The law requires that the pawnbroker maintain detailed records of all secondhand goods transactions, and to deliver such records to the appropriate local law enforcement agencies. The relevant statute does not establish a maximum allowable rate of interest or service charges.

The Company's Florida transactions take the form of buy-sell agreements. The property placed with a pawnbroker is subject to sale or disposal when the seller has not repurchased the property from the pawnbroker and there has been no payment on account made for a period of sixty days after the sale. The applicable Florida statute provides for registrations of pawnbrokers with the Florida Department of Revenue. That agency has broad power to adopt rules and regulations to effectuate the purposes of the statute, and to impose fines for violation of the statute's registration requirements. The law requires that the pawnbroker maintain detailed records of all secondhand goods transactions, and deliver such records to the appropriate local law enforcement agencies. The relevant statute does not establish a maximum allowable rate of interest or service charges.

As of October 1, 1996, pawn transactions have been subject to Florida regulations codified in Chapter 539 of the Florida Statutes. Under such regulations, licensing of pawnshops and regulatory enforcement of such shops is performed by the Division of Consumer Services of the Department of Agriculture and Consumer Services. Such regulations require, among other things, that the pawnshop fill out a Pawnbroker Transaction Form showing the customer name, type of item pawned, and disclosing the amount of the pawn loan and the applicable finance charges. A copy of each form must be delivered to local law enforcement officials at the end of each business day.

From October 1, 1996, pawn loans in Florida had a 30 day maturity date. If the customer does not redeem the loan within 30 days following the maturity date (or the next business day, whichever is later), all right, title, and interest to the property vests in the pawnbroker. The pawnbroker is entitled to charge two percent of the amount financed for each thirty days as interest, and an additional amount as pawn service charges, provided the total amount of such charge, inclusive of interest, does not exceed 25% of the amount financed for each 30 day period in a pawn transaction. The pawnbroker may charge a minimum pawn service charge of $5.00 for each 30 day period. Pawns may be extended by agreement, with the charge applicable being one-thirtieth of the original total pawn service charge for each day by which the loan is extended. For loans redeemed greater than 60 days after the date made, pawn service charges continue to accrue at the daily rate of one-thirtieth of the original total pawn service charge.

Nevada Regulations

In Nevada, all pawn loans must be held for redemption for at least 120 days after the date the loan is made. A pawnbroker may charge interest at the rate of 10% per month for money loaned on the security of personal property actually received. In addition, the pawnbroker may collect an initial set up fee of $5. Property received in pledge may not be removed from the pawnshop, except when redeemed by the owner, prior to 30 days after a report of the receipt of such property is reported to the sheriff or chief of police.

Local Regulations

At the local level, each pawnshop, voluntarily or pursuant to municipal ordinance, provides copies of transactions involving pawn loans and over-the-counter purchases to the local police department. These daily transaction reports are designed to provide the local police with a detailed description of the goods involved, including serial numbers, if any, and the names and addresses of the owners obtained from valid identification cards.

A copy of each transaction ticket is provided to local law enforcement agencies for processing by the National Crime Investigative Computer to determine rightful ownership. Goods held to secure pawn loans or goods purchased which are determined to belong to an owner other than the borrower or seller are
subject to recovery by the rightful owner. While a risk exists that pledged or purchased merchandise may be subject to claims of rightful owners, historically, the Company has experienced such claims with respect to less than 0.5% of pawn loans made.

There can be no assurance that additional local, state, or federal legislation will not be enacted or that existing laws and regulations will not be amended which would materially, adversely impact the Company's operations and financial condition.

Firearms Regulations

With respect to gun and ammunition sales, each pawnshop must comply with the regulations promulgated by the Federal

Bureau of Alcohol, Tobacco and Firearms (BATF) which require each pawnshop dealing in guns to maintain a permanent written record of all transactions involving the receipt or disposition of guns.

The BATF promulgated rules under the Brady Handgun Violence Prevention Act on February 28, 1994. The rules basically require that all licensees, in either selling inventoried or redeeming pawned firearms to those other than the original pledgor, have the buyer complete appropriate forms and wait the requisite five-day period prior to completing the sale and delivering the firearm.

The Company complies with the Brady Handgun Violence Prevention Act (the "Brady Act"), and rules the United States Department of Treasury promulgated relating thereto. The Company does not believe that compliance with the Brady Act and the new rules promulgated thereunder have materially affected the Company's operations. There can be no assurance, however, that compliance with the Brady Act will not adversely affect the Company's operations.

On September 13, 1994, the Violent Crime Control and Law Enforcement Act of 1994 became effective upon signature of the President. Among other provisions, the Act exempts pawnbrokers from the provision of the Brady Act with respect to the return of firearms to the person who originally pawned them.

Item 2. Property

As of December 1, 1997, the Company owned the real estate and buildings for 23 of its pawnshops and leased 226 of its operating pawnshop locations. Leased facilities are generally leased for a term of five to ten years with one or more options to renew. The Company's existing leases expire on dates ranging between February 28, 1998 and February 28, 2008. All leases provide for specified periodic rental payments. Most leases require the Company to maintain the property and pay the cost of insurance and taxes. The Company believes that termination of any particular lease would not have a material adverse effect on the Company's operations. Of the Company's leased pawnshop locations, five are leased from affiliated entities in the ordinary course of business. All of such leases provide for market rental rates. The Company's strategy is generally to lease, rather than acquire, space for its pawnshop locations unless the Company finds what it believes is a superior location at an attractive price. The Company believes that the facilities owned and leased by it as pawnshop locations are suitable for such purpose.

The following table presents the metropolitan areas or regions (as defined by the Company) generally served by the Company and the number of retail locations serving each such market as of December 1, 1997:

Area/Region	Number of Locations in Each Area
Texas:	
Houston	58
San Antonio	17
South Texas	17
North and West Texas	17
Dallas	8
Central Texas	11
Austin Area	10
Laredo Area	8
Corpus Christi	5
Total Texas	151
Colorado:	
Denver Area	16
Colorado Springs Area	6
Pueblo	2
Total Colorado	24

Indiana:	
Indianapolis Area	12
Other Areas	11

Total Indiana	23
Alabama:	
Birmingham Area	6
Montgomery	4
Mobile	2
Other Areas	1

Total Alabama	13
Georgia:	
Atlanta Area	10

Total Georgia	10
Oklahoma:	
Oklahoma City Area	4
Tulsa Area	3
Other Areas	2

Total Oklahoma	9
Tennessee:	
Memphis	8

Total Tennessee	8
Mississippi:	
Jackson	2
Other Areas	1

Total Mississippi	3
Louisiana:	
New Orleans Area	2
Other Areas	1

Total Louisiana	3
North Carolina:	
Raleigh-Durham Area	2

Total North Carolina	2
Arkansas:	
West Helena	1

Total Arkansas	1
Florida:	
Pensacola	1

Total Florida	1
Nevada:	
Las Vegas	1

Total Nevada	1

Total Company	249
	===

In addition to its store locations, the Company owns its corporate offices and leases certain warehouse facilities. In Fiscal 1992, the Company purchased a 27,400 square foot building in Austin, Texas for use as a corporate office. The Company also leases approximately 8,100 square feet in Austin, Texas for its Central Jewelry Processing Center under a five-year lease agreement with one five-year option to renew.

Item 3. 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. There can be no assurance, however, that this will be the case.

On July 28, 1995, the Company terminated the Employment Agreement of Courtland L. Logue, Jr., the Company's former Chairman and Chief Executive Officer, and an owner of approximately 19% of the Company's outstanding voting securities (Class B Voting Common Stock). Since Mr. Logue's termination, the Company has had ongoing discussions with him concerning certain equipment leases and other matters of dispute between Mr. Logue and the Company, as well as the application of provisions to Mr. Logue's Employment Agreement and Stock Purchase Agreement with the Company. On March 8, 1996, the Company filed a lawsuit styled EZCORP, Inc. v. Courtland L. Logue, Jr. in the 201st District Court of Travis County, Texas to declare Mr. Logue's employment contract terminated and, as a result, to permit the Company to recover approximately $2.7 million in damages pursuant to the terms of Mr. Logue's Stock Purchase Agreement. Mr. Logue filed counter-claims to recover monetary damages relating to the Employment Agreement and certain equipment leases and notes entered into between Mr. Logue and the Company. The trial court has ruled that the Company may not recover from Mr. Logue, under the terms of the performance right provision, as that provision, according to the trial court, represents an unenforceable penalty and not, as the Company believes, an enforceable liquidated damage provision. However, the Company has asserted other claims against Mr. Logue for the recovery of significant monetary damages. The case is in the discovery phase, with a trial expected in 1998.

The Company is also 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 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Since August 27, 1991, the Company's Class A Non-voting Common Stock ("Class A Common Stock") has traded on the Nasdaq Stock Market under the symbol EZPW. As of December 1, 1997, there were 298 stockholders of record of the Company's Class A Non-voting Common Stock. There is no trading market for the Company's Class B Voting Common Stock ("Class B Common Stock"), and as of December 1, 1997, such stock was held by two stockholders of record.

The high and low per share price for the Company's Class A Common Stock for the past two fiscal years, as reported by Nasdaq, were as follows:

	High	Low
Fiscal 1996:		
First quarter ended December 31, 1995	$5.75	$4.25
Second quarter ended March 31, 1996	7.50	4.75
Third quarter ended June 30, 1996	7.00	5.75
Fourth quarter ended September 30, 1996	6.88	5.44
Fiscal 1997:		
First quarter ended December 31, 1996	$8.88	$5.75
Second quarter ended March 31, 1997	8.13	6.38
Third quarter ended June 30, 1997	10.25	7.38
Fourth quarter ended September 30, 1997	11.06	8.75

As of December 1, 1997, the Company's Class A Common Stock closed at $11.75 per share.

The Company's restated certificate of incorporation provides that cash dividends on common stock, when declared, must be declared and paid share and share alike on the Class A Common Stock and the Class B Common Stock. There have been no dividends declared on the Company's Common Stock during the four most recent fiscal years.

The current policy of the Company's Board of Directors is to retain any future earnings to provide funds for the operation and expansion of the Company's business; however, the Board of Directors will review the dividend policy periodically to determine whether the declaration of dividends is appropriate. In addition, the Company's bank line of credit agreement restricts the payment of dividends without prior consent from the Company's lenders.

Item 6. Selected Financial Data

The following selected financial information should be read in conjunction with, and is qualified in its entirety by reference to the financial statements of the Company and the notes thereto included elsewhere in this Form 10-K:

Selected Financial and Operating Data

	The Company				
	Fiscal Years Ended September 30,				
	1993	1994	1995	1996	1997
	(Amounts in thousands, except per share and store figures)				
Operating Data:					
Sales (1)	$ 63,791	$104,773	$115,220	$103,511	$101,454
Pawn service charges	44,834	63,169	74,254	70,115	78,845
Total revenues (1)	108,625	167,942	189,474	173,626	180,299
Cost of goods sold (1)	48,179	88,256	113,227	88,953	84,468
Net revenues	60,446	79,686	76,247	84,673	95,831
Store operating expenses	40,485	58,181	74,417	58,969	60,735
Corporate administrative expenses	8,433	12,668	15,406	10,712	13,320
Depreciation and amortization	2,703	4,471	7,352	7,573	7,616
Interest expense (income)	(378)	1,512	3,059	1,884	982
Income (loss) before income taxes	9,203	2,854	(23,987)	5,535	13,178
Income tax expense (benefit)	3,095	1,065	(8,138)	1,992	4,745
Net income (loss)	$ 6,108	$ 1,789	$(15,849)	$ 3,543	$ 8,433
Earnings (loss) per common share	$ 0.56	$ 0.15	$ (1.32)	$ 0.30	$ 0.70
Cash dividends per common share	-	-	-	-	-
Weighted average common shares and share equivalents	10,981	11,975	11,977	11,988	11,995
Stores operated at end of period	186	234	261	246	249

	September 30,				
	1993	1994	1995	1996	1997
Balance Sheet Data:					
Pawn loans	$ 27,961	$ 37,777	$ 39,782	$ 34,636	$ 42,837
Inventory	39,127	63,070	41,575	35,834	39,258
Working capital	83,850	106,691	94,916	76,158	89,451
Total assets	137,314	173,989	164,588	140,366	151,051
Long-term debt, net	3,476	36,791	42,916	16,244	19,133
Stockholders' equity	123,935	125,086	109,375	112,991	121,461

(1)Sales from scrap and wholesale activities were reclassified from cost of goods sold to sales in the 1993, 1994 and 1995 operating data.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis compares the results of operations for the twelve month periods ending September 30, 1997, 1996, and 1995 (designated as "Fiscal 1997", "Fiscal 1996", and "Fiscal 1995"). The discussion should be read in conjunction with, and is qualified in its entirety by, the accompanying financial statements and related notes.

Summary Financial Data

	Fiscal Years Ended September 30, 1995	1996	1997
	(Dollars in thousands, except as indicated)		
Net Revenues:			
Sales	$115,220	$103,511	$101,454
Pawn service charges	74,254	70,115	78,845
Total revenues	189,474	173,626	180,299
Cost of sales	113,227	88,953	84,468
Net revenues	$ 76,247	$ 84,673	$ 95,831
Other Data:			
Gross margin	1.7%	14.1%	16.7%
Average annual inventory turnover	1.9x	2.3x	2.4x
Average inventory per location at year end	$159	$146	$158
Average loan balance per location at year end	$152	$141	$172
Average pawn loan at year end (whole dollars)	$70	$67	$73
Average yield on loan portfolio	204%	209%	211%
Redemption rate	76%	78%	78%
Expenses and income as a percentage of total revenue (%):			
Store operating	39.3	33.9	33.7
Administrative	8.1	6.2	7.4
Depreciation and amortization	3.9	4.4	4.2
Interest	1.7	1.1	0.5
Income (loss) before income taxes	(12.7)	3.2	7.3
Net income (loss)	(8.4)	2.0	4.7
Stores in operation:			
Beginning of year	234	261	246
Acquired	-	-	-
New openings	33	11	5
Sold, combined, or closed	(6)	(26)	(2)
End of year	261	246	249
Average number of locations during the year (1)	248	254	248

(1) 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.

Fiscal 1995 Special Charges

To facilitate year to year comparisons, the following table details the Fiscal 1996 impact of the jewelry liquidation commenced in the fourth Fiscal 1995 quarter and the pretax special charges of $25.5 million for Fiscal 1995. These are more fully discussed below and in Note N of the Notes to Consolidated Financial Statements.

	Fiscal 1995 ($ millions)	Fiscal 1996 ($ millions)
Revenues		
Merchandise sales	$ 8.9	$ 3.8
Pawn service charges	-	-
Total revenue	8.9	3.8
Cost of goods sold	24.3	3.8
Net revenue	(15.4)	-
Operating expenses		
Operations	7.7	-
Administrative	2.4	-
Depreciation and amortization	-	-
Total operating expenses	10.1	-
Operating income (loss)	$ (25.5)	$ -

During Fiscal 1996, the Company sold on a wholesale basis or scrapped $3.8 million of jewelry which had been identified as excess and written down to net realizable value during the Company's fourth Fiscal 1995 quarter. These sales and their related cost are included in "Merchandise Sales" and "Cost of Goods Sold." Due to the earlier write-down, these sales had no effect on income for Fiscal 1996.

In the fourth Fiscal 1995 quarter, the Company identified and commenced the liquidation of approximately $27 million in jewelry inventory which had accumulated primarily as a result of a $20 million new jewelry program undertaken in prior periods and as a result of past lending practices, which have since been modified. During this quarter the Company sold approximately $15.6 million of this jewelry (included in "Cost of Goods Sold") for $8.9 million (included in "Merchandise Sales"). Largely as a result of this scrapping activity, the Company increased its valuation reserve by $8.7 million (included in "Cost of Goods Sold"). In addition, the Company provided $7.7 million for the closing and consolidating of thirty-two (32) stores including the write-down of various tangible and intangible assets (included in "Operations" expense) and provided $2.4 million for several legal matters (included in "Administrative" expense).

Results of Operations

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 Fiscal 1997, pawn service charge revenue increased $8.7 million from Fiscal 1996 to $78.8 million as a result of an increase in same store pawn service charge revenue ($8.5 million), pawn service charge revenue from new stores not opened the full twelve month period ($0.6 million), reduced by stores which were closed ($0.4 million). At September 30, 1997, same store pawn loan balances were 23% above September 30, 1996, and the annualized yield increased by two (2) percentage points to 211%.

For Fiscal 1996, pawn service charge revenue decreased $4.2 million from Fiscal 1995 to $70.1 million. A decline in same store pawn service charge revenue ($2.9 million) and the loss of pawn service charge revenue of the 32 closed stores ($3.6 million) were partially reduced by new stores not open the full 12 month period ($2.3 million). At September 30, 1996, same store pawn loan balances were 10% below September 30, 1995 and the annualized yield increased by five (5) percentage points to 209%.

A secondary, but related, activity of the Company is the sale of merchandise, primarily collateral forfeited from its lending activity. For Fiscal 1997, merchandise sales decreased approximately $2.1 million from Fiscal 1996 to $101.4 million. A decline in same store merchandise sales ($0.3 million), merchandise sales of the closed stores ($0.8 million) and the decrease in wholesale jewelry sales discussed above ($3.8 million) were offset by new store sales ($2.8 million). Same store merchandise sales were down 0.3% compared to Fiscal 1996.

For Fiscal 1996, merchandise sales decreased approximately $11.7 million from Fiscal 1995 to approximately $103.5 million. A decline in same store merchandise sales ($3.5 million), merchandise sales of the 32 closed stores ($8.1 million), and the decrease in amount of sales associated with the special inventory liquidation discussed above ($5.1 million) were partially offset by new store sales ($5.0 million). Same store sales for Fiscal 1996 declined two percent from Fiscal 1995 primarily as a result of lower inventory levels per store ($146,000 in Fiscal 1996 compared to $159,000 in Fiscal 1995).

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 September 30, 1997, 1996 and 1995, the Company's inventories consisted of approximately 63%, 66% and 60% jewelry (e.g., ladies' and men's rings, chains, bracelets, etc.) and 37%, 34% and 40% general merchandise (e.g., televisions, VCRs, tools, sporting goods, musical instruments, firearms, etc.). At September 30, 1997, 1996 and 1995, approximately 87%, 75% and 78% of the jewelry inventory 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 96%, 87% and 86% of the general merchandise inventory.

For Fiscal 1997, gross margins improved 2.6 percentage points from Fiscal 1996 to 16.7% as a result of an improvement in margins on merchandise sales (0.9 of a percentage point), a reduction in inventory shrinkage when measured as a percentage of merchandise sales (down 0.8 of a percentage point to approximately 1.4%) and improved gross profit on wholesale and scrap jewelry sales (an increase of 0.9 of a percentage point).

For Fiscal 1996, gross margins improved 12 percentage points from Fiscal 1995 to 14%. Excluding the impact of the special charges discussed above, gross profits as a percentage of merchandise sales decreased two percentage points from Fiscal 1995 to 15%. This decrease results from a decline in margins on merchandise sales (six percentage points) offset by the combined favorable effect of a reduction in inventory shrinkage measured as a percentage of merchandise sales (down three percentage points to approximately two percent) and improved gross profit on the sale of scrap jewelry (one percentage point).

In Fiscal 1997, operating expenses as a percentage of total revenues decreased 0.2 of a percentage point from Fiscal 1996 to 33.7% primarily as a result of the economies realized from the approximately four percent total revenue increase. Administrative expenses increased 1.2 percentage points from Fiscal 1996 to 7.4% primarily as a result of higher management bonus expense and non-capitalized system development costs in Fiscal 1997.

In Fiscal 1996, operating and administrative expenses as a percentage of total revenues decreased five and two percentage points, respectively (two and one percentage points, excluding the effect of the special charges discussed above) from Fiscal 1995 to 34% and 6%. Both operating and administrative expenses declined relative to total revenues as a result of the closure of under performing stores and the Company's programs to reduce costs.

Depreciation and amortization expense increased year over year from Fiscal 1995 to Fiscal 1997 largely as a result of the higher level of depreciation on stores opened since September 30, 1994. In Fiscal 1997, depreciation and amortization expense increased slightly compared to Fiscal 1996 due to the fewer new store openings. In Fiscal 1996, depreciation and amortization expense increases were partially offset by the effect of stores that were closed.

For the three year period, interest expense decreased to $1.0 million in Fiscal 1997 from $1.9 million in Fiscal 1996 and $3.1 million in Fiscal 1995 largely due to decreasing average debt balances for the full twelve month periods.

Income tax expense for Fiscal 1997 was $4.7 million (36% of pretax income) compared to $2.0 million (36% of pretax income) for Fiscal 1996. An income tax benefit of $8.1 million for Fiscal 1995 resulted from the Fiscal 1995 net operating loss.

Net income for Fiscal 1997 was $8.4 million compared to net income of $3.5 million for Fiscal 1996. The improvement in net income results primarily from higher pawn service charge revenues and improved gross margins on merchandise sales, partially offset by higher administrative costs. Net income for Fiscal 1996 was $3.5 million compared to a net loss $15.8 million for Fiscal 1995. The improvement in net income results from the net year over year favorable effect of the special charges discussed above, the favorable operating impact of the store closings, and the favorable impact of lower inventory shrinkage, operating and administrative expenses, and interest expense.

The Year 2000 issue is the result of computer programs being written using two digits rather than four (for example, "97" for 1997) 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. Since the Company is currently in the process of replacing and upgrading its computer hardware and software systems, the Company believes that there is little business risk attributable to the Year 2000 issue.

Liquidity and Capital Resources

Net cash provided by operating activities for Fiscal 1997 was $10.4 million compared to $22.1 million provided in Fiscal 1996 and $8.2 million provided in Fiscal 1995. Improved operating results offset by increases in inventories and pawn service charge receivable were the main factors for the reduced cash provided by operating activities. In addition, a portion of the Fiscal 1996 operating cash flow is the result of income tax refunds from the carryback of the Company's Fiscal 1995 net operating loss and the lower level of taxes payable resulting from the carryforward of this net operating loss ($6.2 million). In Fiscal 1997, bank borrowings increased $2.7 million due to the $13.7 million used by investing activities ($8.2 million increase in investments in pawn loans, and $5.5 million invested in property, plant and equipment) offset by $10.4 million provided by operating activities, and $0.6 million reduction in the Company's cash balances.

In Fiscal 1997, the Company invested $5.5 million to open five (5) newly established stores, to remodel or relocate 3 existing stores, and to upgrade or replace existing equipment and computer systems. The Company funded these expenditures largely from cash flow provided by operating activities. The Company plans to open approximately 50 new stores in the next twelve months and complete the conversion of the computer systems with an expected total capital investment of approximately $15 million. The Company anticipates that cash flow from operations and funds available under its existing bank line of credit will be adequate to fund these capital expenditures and the anticipated 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 expenditures.

On May 9, 1997 the Company amended its November 29, 1994 revolving line of credit. The amended revolving line of credit matures January 30, 2000.

Terms of the amended agreement require, 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 0.75% to 1.5%. The amount which the Company can borrow is based on a percentage of its inventory levels and outstanding pawn loan balance, up to

$50 million. At September 30, 1997, the Company had $19 million outstanding on the credit facility and additional borrowing capacity of approximately $30 million.

Seasonality

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

Forward-Looking Information

This Annual Report on Form 10-K 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.

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements

Report of Independent Auditors

Board of Directors
EZCORP, Inc.

We have audited the accompanying consolidated balance sheets of EZCORP, Inc. and its subsidiaries as of September 30, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 1997. Our audits also included the financial statement schedule listed in the Index at Item 14(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EZCORP, Inc. and its subsidiaries at September 30, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 1997, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Austin, Texas
November 13, 1997

Consolidated Balance Sheets

	September 30, 1996	September 30, 1997
	(In thousands)	
Assets:		
Current assets:		
Cash and cash equivalents	$ 1,419	$ 829
Pawn loans	34,636	42,837
Service charges receivable	10,262	13,130
Inventory, net	35,834	39,258
Deferred tax asset	2,140	1,889
Prepaid expenses and other assets	2,998	1,965
Total current assets	87,289	99,908
Property and equipment, net	34,266	32,586
Other assets:		
Goodwill, net	13,099	12,532
Deferred tax asset	1,200	1,730
Notes receivable related parties	3,031	3,033
Other assets, net	1,481	1,262
Total assets	$140,366	$151,051
Liabilities and Stockholders' Equity:		
Current liabilities:		
Current maturities of long-term debt	$ 172	$ 9
Accounts payable and other accrued expenses	8,183	7,715
Customer layaway deposits	1,976	1,914
Federal income taxes payable	800	819
Total current liabilities	11,131	10,457
Long-term debt, less current maturities	16,244	19,133
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; 9,728,904 issued and 9,719,871 outstanding in 1996; 10,524,563 issued and 10,515,530 outstanding in 1997	97	105
Class B Voting Common Stock, convertible, par value $.01 per share Authorized 2,274,969 shares in 1996 2,270,863 issued and outstanding in 1996 Authorized 1,484,407 shares in 1997 1,480,301 issued and outstanding in 1997	23	15
Additional paid-in capital	114,301	114,338
Retained earnings (deficit)	(666)	7,767
	113,755	122,225
Treasury stock (9,033 shares in 1996 and 1997)	(35)	(35)
Receivables from stockholders	(729)	(729)
Total stockholders' equity	112,991	121,461
Commitments and contingencies		
Total liabilities and stockholders' equity	$140,366	$151,051

See notes to consolidated financial statements.

Consolidated Statements of Operations

	Years Ended September 30, 1995	1996	1997
	(In thousands, except per share amounts)		
Revenues:			
Sales	$115,220	$103,511	$101,454
Pawn service charges	74,254	70,115	78,845
Total revenues	189,474	173,626	180,299
Costs of goods sold	113,227	88,953	84,468
Net revenues	76,247	84,673	95,831
Operating expenses:			
Operations	74,417	58,969	60,735
Administrative	15,406	10,712	13,320
Depreciation	5,847	6,302	6,761
Amortization	1,505	1,271	855
Total operating expenses	97,175	77,254	81,671
Operating income (loss)	(20,928)	7,419	14,160
Interest expense	3,059	1,884	982
Income (loss) before income taxes	(23,987)	5,535	13,178
Income tax expense (benefit)	(8,138)	1,992	4,745
Net income (loss)	$(15,849)	$ 3,543	$ 8,433
Earnings (loss) per share	$ (1.32)	$ 0.30	$ 0.70
Weighted average shares	11,977	11,988	11,995

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Years Ended September 30, 1995	1996	1997
	(In thousands)		
Operating Activities:			
Net income (loss)	$(15,849)	$ 3,543	$ 8,433
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	7,425	7,573	7,616
Deferred income taxes	(139)	-	-
Restructuring expenses	7,664	-	-
Net (gain)/loss on sale or disposal of assets	-	(167)	520
Changes in operating assets and liabilities:			
Service charges receivable	(2,071)	1,190	(2,868)
Inventory	21,495	5,741	(3,424)
Notes and accounts receivable from related parties	(153)	(3)	(2)
Prepaid expenses and other assets	(473)	(55)	862
Accounts payable and accrued expenses	2,243	(1,778)	(431)
Customer layaway deposits	88	(124)	(62)
Federal income taxes payable	(3,307)	800	19
Deferred tax asset	(4,532)	1,192	(279)
Income taxes recoverable	(4,236)	4,236	-
Net cash provided by operating activities	8,155	22,148	10,384
Investing Activities:			
Pawn loans forfeited and transferred to inventory	52,297	50,805	53,272
Pawn loans made	(192,239)	(151,437)	(170,379)
Pawn loans repaid	137,937	105,778	108,906
	(2,005)	5,146	(8,201)
Additions to property, plant and equipment	(10,813)	(5,836)	(5,505)
Issuance of notes receivable to related parties	(3,000)	-	-
Proceeds from sale of assets	-	2,031	6
Net cash provided by (used in) investing activities	(15,818)	1,341	(13,700)
Financing Activities:			
Proceeds from bank borrowings	15,500	5,000	15,000
Payments on bank borrowings	(9,518)	(31,671)	(12,274)
Collections of stockholder notes receivable	7	8	-
Net cash provided by (used in) financing activities	5,989	(26,663)	2,726
Decrease in cash and equivalents	(1,674)	(3,174)	(590)
Cash and equivalents at beginning of period	6,267	4,593	1,419
Cash and equivalents at end of period	$ 4,593	$ 1,419	$ 829

Cash paid during the periods for:

Interest	$ 2,974	$ 2,481	$ 1,237
Income taxes	$ 4,076	$ -	$ 5,006
Noncash investing and financing activities:			
Issuance of common stock to 401(k) plan	$ 71	$ 65	$ 37

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

(In thousands)	Common Stock Shares	Common Stock Par Value	Add'l Paid in Capital	Retained Earnings/ (Deficit)	Treasury Stock	Receivables from Stockholders	Total
Balances at September 30, 1994	11,981	$120	$114,165	$11,640	$(35)	$(804)	$125,086
Issuance of common stock to 401(k) plan	6	-	71	-	-	-	71
Reductions on stockholder notes	-	-	-	-	-	67	67
Net loss	-	-	-	(15,849)			(15,849)
Balances at September 30, 1995	11,987	120	114,236	(4,209)	(35)	(737)	109,375
Issuance of common stock to 401(K) plan	12	-	65	-	-	-	65
Reductions on stockholder notes	-	-	-	-	-	8	8
Net income	-	-	-	3,543	-	-	3,543
Balances at September 30, 1996	11,999	120	114,301	(666)	(35)	(729)	112,991
Issuance of common stock to 401(K) plan	5	-	37	-	-	-	37
Net income	-	-	-	8,433	-	-	8,433
Balances at September 30, 1997	12,004	$120	$114,338	$7,767	$(35)	$(729)	$121,461

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note A - Summary of Accounting Policies

The following is a summary of significant accounting policies of the Company.

Organization: The Company is primarily engaged in establishing, acquiring, and operating pawnshops. As of September 30, 1997, the Company operated 249 locations in 12 states. The pawnshops function as sources of customer credit and as specialty retailers primarily of previously owned merchandise.

Consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition: Pawn loans ("loans") are generally made on the pledge of tangible personal property for one month with an automatic sixty-day grace period (the "loan term"). Pawn service charges on loans are recorded based on the interest method. If the loan is not repaid, the forfeited collateral (inventory) is valued at the lower of cost (principal plus accrued interest) or the fair value of the property. When this inventory is sold, sales revenue and the related cost are recorded at the time of sale.

Cash and Cash Equivalents: For purposes of this statement, the Company considers investments with maturities of ninety days or less when purchased to be cash equivalents.

Inventory: Inventory is stated at the lower of cost (specific identification) or market (net realizable value). Inventory consists of merchandise acquired from forfeited loans, merchandise purchased from customers, merchandise acquired from the acquisition of other pawnshops, and new merchandise purchased from vendors. The Company provides an allowance for shrinkage and valuation based on management's evaluation of the age, condition, and salability of the merchandise. The valuation allowance deducted from the carrying value of inventory amounted to $7,948,661 and $6,933,476 at September 30, 1996 and 1997, respectively.

Customer Layaway Deposits: Customer layaway deposits are recorded as deferred revenue until the entire related sales price has been collected.

Property and Equipment: Property and equipment are stated at cost. Provisions for depreciation are computed on a straight-line basis using estimated useful lives of 30 years for buildings and 5 to 10 years for equipment and leasehold improvements. For federal income tax purposes, cost is recovered using accelerated methods.

Intangible Assets: Intangible assets consist primarily of excess purchase price over net assets acquired in acquisitions. Excess cost over fair value of net assets acquired (or goodwill) is amortized on a straight-line basis over 20 to 40 years (the expected period of benefit). The carrying value of goodwill is reviewed at the store level to determine if the facts and circumstances suggest that it may be impaired. If this review indicates that goodwill will not be recoverable, as determined based on the undiscounted cash flows of the entity over the remaining amortization period, the Company's carrying value of the goodwill is reduced by the estimated shortfall of cash flows. Accumulated amortization of goodwill was $5,250,079 and $5,715,851 at September 30, 1996 and 1997, respectively. Accumulated amortization of all other intangible assets was $6,018,367 and $6,353,168 at September 30, 1996 and 1997, respectively.

Earnings Per Common Share: Shares issuable under stock option plans are excluded from the weighted average number of shares because the effect on dilution would be less than 3% in the aggregate.

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share" which is required to be adopted for financial statements issued for periods ending after December 15, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods if the effect is material. Under the new requirements, the presentation of primary earnings per share is replaced with a presentation of basic earnings per share, the calculation of which excludes the dilutive effect of common stock equivalents. The impact of Statement 128 will not materially change the current calculation of earnings per share as these stock options are immaterial.

Advertising: Advertising costs are expensed as incurred. Advertising expense was $6,284,033, $2,700,663 and $1,267,087 for the fiscal years ended September 30, 1995, 1996, and 1997, respectively.

Income Taxes: The Company files a consolidated return with its wholly owned subsidiaries. Deferred taxes are recorded based on the liability method and result primarily from differences in the timing of the recognition of certain revenue and expense items for federal income tax purposes and financial reporting purposes.

Stock-Based Compensation: The Company accounts for its stock based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" ("SFAS 123"). SFAS 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 123 been adopted. These pro forma disclosures are effective for option grants in fiscal years 1996 and after. The Company has calculated the fair value of options granted in these periods using the Black-Scholes option pricing model and has determined that the pro forma impact on net income is immaterial. Thus, no pro forma disclosures have been presented.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Year 2000: The Year 2000 issue is the result of computer programs being written using two digits rather than four (for example, "97" for 1997) 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. Since the Company is currently in the process of replacing and upgrading its computer hardware and software systems, the Company believes that there is little business risk attributable to the Year 2000 issue.

Note B - Acquisitions

There were no acquisitions for the fiscal years ended September 30, 1995, 1996 and 1997.

Note C - Property and Equipment

Major classifications of property and equipment were as follows:

	September 30, 1996	September 30, 1997
	(In thousands)	
Land	$ 1,351	$ 1,351
Buildings and improvements	28,488	29,633
Furniture and equipment	20,673	24,369
Total	50,512	55,353
Less - accumulated depreciation	(16,246)	(22,767)
	$34,266	$32,586

Note D - Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	September 30, 1996	September 30, 1997
	(In thousands)	
Trade accounts payable	$1,086	$ 895
Accrued payroll and related expenses	2,113	2,296
Other accrued expenses	4,984	4,524
	$8,183	$7,715

Note E - Long-Term Debt

Long-term debt consisted of:

	September 30, 1996	September 30, 1997
	(In thousands)	
Note payable to bank under $50 million line of credit agreement amended as of May 1997; interest on used portion payable monthly at prime rate or the bank's Eurodollar rate plus 0.75% to 1.50% (6.9375% at September 30, 1997); principal due January 2000.	$15,000	$19,000
Note payable to individual with interest at 10%, payable in monthly installments of $1,881 including interest, maturing August 2002 - - land and building pledged as collateral.	150	142
Other notes payable paid in full in Fiscal 1997.	1,266	-
	16,416	19,142
Less current maturities	172	9
	$16,244	$19,133

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The Company has a $50,000,000 unsecured revolving line of credit with a bank group of which $19 million was outstanding as of September 30, 1997. Credit availability is based upon a percentage of inventory levels and outstanding pawn loans. As of September 30, 1997, the additional borrowing capacity was $30 million. Fees under the line of credit include an annual $25,000 agent fee, a $25,000 facility fee and a commitmentfee equal to 0.35% of the unused amount of the commitment.

Terms of the loan require, among other things, that the Company meet certain financial covenants. In addition, payment of dividends and incurrence of additional debt is restricted.

Interest expense in the consolidated statements of operations is shown net of interest income on investments in the amount of $211,821, $293,628 and $245,275 for the years ended September 30, 1995, 1996, and 1997, respectively.

Aggregate annual principal payment requirements on long-term debt obligations for each of the following five years ending September 30 are as follows:

1998	$ 8,802
1999	9,723
2000	19,010,742
2001	11,867
2002	100,475

Note F - Common Stock, Warrants and Options

The capital stock of the Company consists of two classes of common stock designated as Class A and Class B. The rights, preferences, and privileges of the Class A and Class B Common Stock are similar except that each share of Class B Common Stock has one vote and each share of Class A Common Stock has no voting privileges. All Class A Common Stock is publicly held. Holders of Class B Voting Common Stock may, individually or as a class, convert some or all of their shares into Class A Non-voting Common Stock. Class A Common Stock becomes voting common stock upon the conversion of all Class B Common Stock to Class A Common Stock. The Company is required to reserve such number of authorized but unissued shares of Class A Non-voting Common Stock as would be issuable upon conversion of all outstanding shares of Class B Voting Common Stock.

At September 30, 1997, warrants to purchase 23,559 shares of Class A Non-voting Common Stock and 4,106 shares of Class B Voting Common Stock at $6.17 per share were outstanding. The warrants are exercisable through July 25, 2009.

The Company has an Incentive Stock Option Plan (the "Plan") under which options to purchase Class A Non-voting Common Stock may be granted to employees. Options granted under the Plan are generally granted at exercise prices equal to or greater than the fair market value on the date of grant. The options vest at 20% each year and are fully vested in five years. They have a contractual life of ten years. In October 1994, the Board of Directors increased the number of shares available under the Plan to 1,800,000 and amended the Plan to provide accelerated vesting upon a change in control of the Company. Total options available for grant at September 30, 1997 was 1,237,995 shares.

As of September 30, 1997, the Company had 562,005 options outstanding (options granted less options canceled due to employee termination) at exercise prices ranging from $8.75 to $21.75 and a weighted average remaining contractual life of 6.7 years. Of these options, 301,152 are vested with a weighted average exercise price of $13.84 per share and none have been exercised. A summary of Plan activity for each of the three fiscal years ended September 30, 1995, 1996 and 1997 follows:

Stock Option Plans

	Number of Shares Under Option	Price Range of Shares Under Option	Weighted Average Exercise Price
Outstanding at September 30, 1994	546,950	$13.00-$27.00	$15.26
Granted	402,969	$ 8.75-$12.50	$11.76
Canceled	(230,081)	$10.38-$27.00	$15.21
Exercised	0	-	
Outstanding at September 30, 1995	719,838	$ 8.75-$21.75	$13.32
Granted	62,624	$ 8.75	$ 8.75
Canceled	(138,815)	$ 8.75-$21.75	$11.61
Exercised	0	-	
Outstanding at September 30, 1996	643,647	$ 8.75-$21.75	$13.24
Granted	24,313	$12.75	$12.75
Canceled	(105,955)	$ 8.75-$21.75	$11.97
Exercised	0	-	
Outstanding at September 30, 1997	562,005	$ 8.75-$21.75	$13.46

Range of Options Outstanding

Range of Exercise Prices	Number of Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contract Life (years)	Exercisable	Exercisable Shares Weighted Avg. Exer. Price
$8.75-$12.75	147,655	$12.05	6.7	46,332	$12.12
$13.00-$13.00	257,900	$13.00	6.7	154,740	$13.00
$14.00-$14.50	125,400	$14.00	6.8	75,240	$14.00
$21.75-$21.75	31,050	$21.75	5.2	24,840	$21.75
$8.75-$21.75	562,005	$13.46	6.7	301,152	$13.84

In accordance with SFAS 123, the fair value of these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for the years ended September 30, 1997 and 1996, respectively:

	September 30 1996	September 30 1997
Risk-free interest rate	5.68%	5.90%
Dividend yield	0%	0%
Volatility factor of the expected market price of the Company's common stock	38.6%	38.6%
Expected life of the options	5 years	5 years

The pro forma impact on net income and earnings per share is immaterial, thus no pro forma disclosures have been presented.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, this option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of its employee stock options.

Shares of reserved common stock at September 30, 1997, were as follows:

	Class A	Class B
Stock option plan	1,800,000	-
Stock warrants	23,559	4,106
401(k) plan	100,000	-
Conversion of Class B Voting Stock	1,484,407	-
	3,407,966	4,106

Note G - Income Taxes

The federal income tax provision consisted of:

	Years Ended September 30, 1995	1996	1997
	(In thousands)		
Current	$(3,660)	$ 800	$ 5,024
Deferred	(4,478)	1,192	(279)
	$(8,138)	$ 1,992	$ 4,745

A reconciliation of income taxes calculated at the statutory rate and the provision for income taxes were as follows:

	Years Ended September 30, 1995	1996	1997
	(In thousands)		
Income taxes at the federal statutory rate	$(8,295)	$ 1,882	$ 4,612
Effect of nondeductible amortization of intangible assets	27	27	27
Other	130	83	106
	$(8,138)	$ 1,992	$ 4,745

Income before income taxes on the statements of operations differs from taxable income due to the following, which are accounted for differently for financial statement purposes than for federal income tax purposes and result in deferred tax expense (benefit):

	Years Ended September 30, 1995	1996	1997
	(In thousands)		
Inventory basis	$ (964)	$ (105)	$ (176)
Provision for store closings and related charges	(3,615)	1,365	(365)
Other	101	(68)	262
	$(4,478)	$ 1,192	$ (279)

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Significant components of the Company's deferred tax liabilities and assets as of September 30, 1996 and 1997 are as follows:

	Years Ended September 30, 1996	1997
	(In thousands)	
Deferred tax liabilities:		
Book over tax inventory basis	$ 695	$ 539
Prepaid expenses	311	354
Total deferred tax liabilities	1,006	893
Deferred tax assets:		
Book over tax depreciation	665	1,432
Inventory reserve	2,307	2,357
Amortization of non-competes	535	297
Accrued liabilities	762	390
Other, net	77	36
Total deferred tax assets	4,346	4,512
Net deferred tax asset	$3,340	$3,619

Note H - Related Party Transactions

Pursuant to the terms of a financial advisory services agreement, an affiliate of the general partner of the majority stockholder provides management consulting and investment banking services to the Company for a $33,333 monthly retainer. These services include ongoing consultation with respect to offerings by the Company of its securities, including, but not limited to, the form, timing, and structure of such offerings. In addition to the retainer, the affiliate earns fees from the Company for other business and financial consulting services. Management fees and expense reimbursements of $557,210, $649,856 and $590,152 were paid to the affiliate in the years ended September 30, 1995, 1996, and 1997, respectively.

In November 1997, the Company accepted $26,677, which was originally tendered in 1995, as final payment on a note from the former Chairman of the Board to the Company. In accepting such payment, the Company retained its rights to assert certain claims against the former Chairman.

From July 1994 to August 1994, the Company loaned the President and Chief Executive Officer $729,113 to purchase 50,000 shares of Class A Non-voting Common Stock, which is shown as a reduction of stockholders' equity in these financial statements. Interest accrues annually at a rate equal to the prime rate plus one half of one percent. Interest is payable annually on December 31 of each year until June 30, 1999. As of September 30, 1997, the amount owed is $729,113 plus accrued interest of $48,661. The Company records interest income on the loan and annually, the Board of Directors makes a determination of the amount to be forgiven, if any, and changes such amount to compensation expense tothe President and Chief Executive Officer.

In October 1994, the Board of Directors approved agreements which provide incentive compensation to the Chairman and the Chief Executive Officer based on growth in the share price of the Company's publicly traded common stock. Both executives were advanced $1.5 million evidenced by a recourse promissory note, due in 2004 and bearing interest at the minimum rate allowable for federal income tax purposes (ranging from 5.83% to 5.98% for 1997). Specified percentages of loan principal will be forgiven each time the average closing price of the Company's Class A Common Stock exceeds specified Stock Price Targets for at least ten consecutive trading days. The Stock Price Targets range from $22.50 to $62.50 per share and provide for complete forgiveness of principal if the share price exceeds $32.50 per share within five years or $62.50 per share within ten years. The Program provides that Stock Price Targets will be adjusted proportionately for certain capital transactions and that the death or disability of the executive, or certain changes in control, will result in forgiveness of the then remaining principal and interest. Accrued interest is forgiven based upon continued employment of the executive and the Company is required to reimburse each executive for the income tax consequences of this Program. Through September 30, 1997, no Stock Price Targets have been attained; charges to operations consist of interest forgiveness and related income tax costs and totaled $322,401. Also see Note I - Leases.

Note I - Leases

The Company leases various facilities and certain equipment under operating leases. Certain buildings are leased from the former Chairman of the Board of the Company, in the ordinary course of business. Future minimum rentals due under noncancelable leases including stores which were closed are as follows for each of the years ending September 30:

	Related Parties	Other	Total
	(In thousands)		
1998	$ 267	$ 9,198	$ 9,465
1999	163	7,628	7,791
2000	-	5,763	5,763
2001	-	4,594	4,594
2002	-	2,851	2,851
Thereafter	-	3,421	3,421
	$ 430	$33,455	$33,885

The Company subleases some of the above facilities. Future minimum rentals expected under these subleases are as follows for each of the years ending September 30:

	Related Parties	Other	Total
	(In thousands)		
1998	$ 32	$ 461	$ 493
1999	23	252	275
2000	-	93	93
2001	-	69	69
2002	-	55	55
Thereafter	-	72	72
	$ 55	$1,002	$1,057

Rent expense for the years was as follows:

	Related Parties	Total
	(In thousands)	
1995	$ 276	$ 9,603
1996	245	9,722
1997	248	10,082

In connection with the closing of 32 stores in the fourth quarter of 1995, the Company recorded a provision for lease terminations of $1.2 million.

Note J - Employment Agreement

The Company entered into a 20-year employment agreement with the former Chairman of the Board, Courtland L. Logue, Jr., ("Mr. Logue") for a minimum base salary of $300,000 which was to expire in 2009. On July 28, 1995, the Company terminated Mr. Logue's contract under terms of such agreement. The Company has made demand that Mr. Logue pay monies in connection with a performance right contained in Section 5(o) of a stock purchase agreement between Mr. Logue and a predecessor Company. The Company and Mr. Logue have not yet resolved this issue. See Note L - "Contingencies."

Note K - 401(k) Plan

Effective October 1, 1991, the Company's Board of Directors established a 401(k) Plan whereby eligible employees of the Company may contribute a maximum of 15% of their compensation within allowable limits. The Company will match 25% of each employee's contribution, up to 6% of their compensation, in the form of the Company's Class A Non-voting Common Stock. Contribution expense related to the plan for 1995, 1996 and 1997 was approximately $66,000, $65,000 and $37,000, respectively.

Note L - 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 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.

On July 28, 1995, the Company terminated the Employment Agreement of Courtland L. Logue, Jr., the Company's former Chairman and Chief Executive Officer, and an owner of approximately 19% of the Company's outstanding voting securities (Class B Voting Common Stock). Since Mr. Logue's termination, the Company has had ongoing discussions with him concerning certain equipment leases and other matters of dispute between Mr. Logue and the Company, as well as the application of provisions to Mr. Logue's Employment Agreement and Stock Purchase Agreement with the Company. On March 8, 1996, the Company filed a lawsuit styled EZCORP, Inc. v. Courtland L. Logue, Jr. in the 201st District Court of Travis County, Texas to declare Mr. Logue's employment contract terminated and, as a result, to permit the Company to recover approximately $2.7 million in damages pursuant to the terms of Mr. Logue's Stock Purchase Agreement. Mr. Logue filed counter-claims to recover monetary damages relating to the Employment Agreement and certain equipment leases and notes entered into between Mr. Logue and the Company. The trial court has ruled that the Company may not recover from Mr. Logue, under the terms of the performance right provision, as that provision, according to the trial court, represents an unenforceable penalty and not, as the Company believes, an enforceable liquidated damage provision. However, the Company has asserted other claims against Mr. Logue for the recovery of significant monetary damages. The case is in the discovery phase, with a trial expected in 1998.

The Company is also 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 M - Quarterly Information (Unaudited)

	Year Ended September 30, 1997			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share amounts)			
Total revenues	$45,842	$46,296	$42,405	$45,756
Net income	1,903	1,769	2,050	2,711
Net income per share	$0.16	$0.15	$0.17	$0.23

	Year Ended September 30, 1996			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share amounts)			
Total revenues	$51,433	$45,518	$38,129	$38,546
Net income	825	218	1,027	1,473
Net income per share	$0.07	$0.02	$0.09	$0.12

Note N - Fiscal 1995 Special Charges

The Company recorded the following pre-tax charges in the quarter ended September 30, 1995, which decreased income before taxes for the year ended September 30, 1995 by $25.5 million:

	Amount
	(In thousands)
Inventory valuation	$ 8,740
Scrap jewelry liquidation	6,633
Provision for store closings	7,664
Other charges	2,469
	$ 25,506

During the fourth quarter ended September 30, 1995, the Company identified and commenced the liquidation of approximately $27 million in jewelry inventory which had accumulated primarily as a result of a $20 million new jewelry program undertaken in prior periods and as a result of past lending practices. The Company sold or scrapped $15.6 million of this jewelry (included in "Cost of Goods Sold") and realized $8.9 million of cash (included in "Merchandise Sales") in the fourth quarter of 1995. Largely as a result of the scrapping activity, the Company increased its valuation reserve by $8.7 million (included in "Cost of Goods Sold"). The remaining jewelry was liquidated during 1996.

Also during the fourth quarter of 1995, management made the decision to close or consolidate 32 of the Company's underperforming stores. This action resulted in a $7.7 million provision. The provision included $2.3 million for the write-down of various fixed assets to realizable value, $3.9 million for the write-down of various intangible assets, $1.2 million for future rent obligations, and $0.3 million for various other expenses. The provision was included as part of "Operations" expense for classification purposes. As of September 30, 1995, the 32 stores identified for closing and consolidation had aggregate pawn loans outstanding of $1.9 million. During Fiscal 1995, these stores incurred an operating loss of $0.4 million on total revenues of $13.4 million.

During 1996, the Company paid and charged against the provision $1.1 million and made no adjustments to the original amount of the provision. As of September 30, 1996, the accrual for store closings was $0.4 million, principally for estimated rent obligations.

During 1997, the Company paid and charged against the provision $0.3 million and increased the original amount of the provision by $0.1 million. As of September 30, 1997, the accrual for store closings was $0.2 million, principally for estimated rent obligations.

In 1995, the Company provided $2.5 million principally for several legal matters. This provision is included in "Administrative" expense.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company had no disagreements on accounting or financial disclosure matters with its independent certified public accountants to report under this Item 9.

PART III

Item 10. Directors and Executive Officers of the Registrant

The executive officers and directors of the Company as of December 1, 1997 were as follows:

Name	Age	Title
Sterling B. Brinkley(1)	45	Chairman of the Board of Directors
Vincent A. Lambiase(1) (3)	57	President, Chief Executive Officer, and Director
Daniel N. Tonissen(1) (3)	47	Senior Vice President, Chief Financial Officer, Assistant Secretary, and Director
J. Jefferson Dean	31	Vice President Strategic Planning and Business Development, Secretary and Director
Mark C. Pickup(2) (4)	47	Director
Richard D. Sage (2) (4)	57	Director
John E. Cay, III (4)	52	Director

(1) Member of Executive Committee
(2) Member of Incentive Compensation Committee
(3) Member of Section 401(k) Plan Committee
(4) Member of Audit Committee

The Class B Stockholders intend to re-elect the above-listed directors at the Annual Stockholders' Meeting expected to be held on March 12, 1998.

Mr. Brinkley has served as either Chairman of the Board or Chairman of the Executive Committee of the Board of Directors of the Company since 1989. He has served as a Managing Director of Morgan Schiff & Co., Inc., an affiliate of Mr. Phillip Cohen, from 1986 to 1990 and currently serves as a consultant to Morgan Schiff & Co., Inc. See " Security Ownership of Certain Beneficial Owners and Management." Mr. Brinkley has also served as Chairman of the Board or Chairman of the Executive Committee of Crescent Jewelers, Inc., a 138-store jewelry chain since 1988. In addition, since 1990, he has served as Chairman of the Board or Chairman of the Executive Committee of Friedman's, Inc., a 425-store jewelry chain, and MS Pietrafesa, L.P., an apparel manufacturing business. In addition, Mr. Brinkley is President and Chairman of the Board of MS Pawn Corporation, the general partner of MS Pawn Limited Partnership. Morgan Schiff & Co., Inc., Crescent Jewelers, Inc., and MS Pietrafesa, L.P. are affiliates of the Company.

Mr. Lambiase has served as a director, President, and Chief Executive Officer of the Company since July 1994. From 1991 to 1994, he was a Vice President for Blockbuster Entertainment, Inc. From 1986 to 1991, he was an associate of E.S. Jacobs & Company, a venture capital firm. From 1978 to 1985, he was CEO of Winchell's Donut House.

Mr. Tonissen has served as a director, Senior Vice President, Chief Financial Officer, and Assistant Secretary of the Company since August 1994. From 1992 to 1994, he was Vice President and Chief Financial Officer of La Salsa Holding Company, an operator and franchiser of restaurants. From 1989 to 1991, he was Vice President and Chief Financial Officer of Valley Grain Products, Inc.

Mr. Dean has served as a director of the Company since 1992, Secretary since 1995 and Vice President Strategic Planning and Business Development since 1997. From 1994 to 1996, Mr. Dean served as Director of Strategic Planning for the Company. From 1990 to 1996, Mr. Dean served as Vice President Strategic Planning and as a director of MS Pietrafesa, L.P., an apparel manufacturing business. In addition, from 1991 to 1994, Mr. Dean served the Company as Director of Financial Planning. From 1989 to 1990, Mr. Dean served as an Associate of Morgan Schiff & Co., Inc. an affiliate of Mr. Phillip Cohen (see "Security Ownership of Certain Beneficial Owners and Management").

Mr. Pickup has served as a director of the Company since 1993. He served as President and Co-Chief Executive Officer of Crescent Jewelers, Inc. from 1993 to 1995 and Chief Financial Officer of Crescent Jewelers, Inc. from 1992 until 1995. Since 1993, Mr. Pickup has also served as a director of Friedman's, Inc. (and MS Jewelers Corporation, its predecessor). From 1982 until 1992, Mr. Pickup was a partner in the accounting firm of Ernst & Young, most recently in the San Francisco office.

Mr. Sage has served as a director of the Company since July 1995. He was a co-founder of AmeriHealth, Inc., which owned and managed hospitals. He served as Treasurer of AmeriHealth, Inc. from April 1983 to October 1995 and was a member of the board of directors of AmeriHealth, Inc. from April 1993 to December 1994. Mr. Sage served from June 1988 to June 1993 as a Regional Vice President of HHL Financial Services Company, which specializes in the collection of health care accounts receivable. He is presently a member of the Board of Directors of Champion Healthcare Corporation. Since June 1993, he has been associated with Sage Law Offices in Miami, Florida.

Mr. Cay has served as a director of the Company since March 1997. He has served as President and CEO of Palmer & Cay, Inc., a Savannah based insurance brokerage and employee benefit consulting firm, since 1970. Since 1987, he has also served as a director of First Union National Bank of Georgia. He is also a director of Omni Insurance Group, an Atlanta based auto insurance company. He was recently elected to the board of Friedman's, Inc., a 425-store jewelry chain.

Committees of the Board

The Board of Directors held five (5) meetings and acted by unanimous consent on one (1) other occasion during the year ended September 30, 1997. The Board of Directors has appointed four committees, an Executive Committee, an Audit Committee, a Compensation Committee and a Section 401(k) Plan Committee. The members of the Executive Committee for Fiscal 1997 were Mr. Brinkley, Mr. Lambiase and Mr. Tonissen. The Executive Committee held three (3) meetings which all members attended. The members of the Audit Committee for Fiscal 1997 were Mr. Pickup, Mr. Sage, Mr. Dean (non-voting, until March 6, 1997) and Mr. Cay. The Audit Committee held five (5) meetings which all members attended. The Compensation Committee, comprised of Mr. Pickup and Mr. Sage held three (3) meetings during Fiscal 1997 which all members attended. The committee that administers the Section 401(k) Plan consists of Mr. Lambiase and Mr. Tonissen and held one (1) meeting during Fiscal 1997. All directors attended more than 75% of the total number of meetings of the Board and of the committees on which they serve.

Compliance with Section 16(a) of the Exchange Act

All officers and directors were timely throughout the fiscal year in filing all reports required by Section 16(a) of the Exchange Act, with the exceptions of Sterling B. Brinkley, whose Form 4 was filed two days late, Mr. James Jefferson Dean, whose Form 4 was filed two days late and whose Form 5 was filed 26 days late, and Mr. Mark C. Pickup, whose Form 5 was filed 29 days late.

Item 11. Executive Compensation

Cash Compensation

The following table sets forth compensation paid by the Company and its subsidiaries for services during Fiscal 1995, Fiscal 1996, and Fiscal 1997 to the Company's Chief Executive Officer, and to each of the Company's four most highly compensated executive officers whose total annual compensation exceeded $100,000 (such four persons collectively herein referred to as the "Named Executive Officers").

Name and Principal Position	Year	Annual Compensation Salary($)	Bonus($)	Other($)	All other Compensation ($)(1)(2)
Sterling B. Brinkley	1995	298,397	62,400	58,883	-
Chairman of the Board(3)	1996	300,000	84,565	79,799	-
	1997	300,000	188,572	83,580	-
Vincent A. Lambiase	1995	343,269	134,251	381,048	3,780
President & Chief Executive Officer(4)	1996	350,000	149,611	211,878	3,780
	1997	400,000	602,700	250,960	3,780
Daniel N. Tonissen	1995	152,024	-	116,250	1,674
Senior Vice President, Chief Financial	1996	155,000	-	40,474	1,674
Officer, and Assistant Secretary	1997	183,249	131,250	21,054	1,872
Steven R. Griessen	1996	115,000	-	-	1,080
Vice President Development(5)	1997	115,000	43,125	57,500	1,080
J. Jefferson Dean	1996	100,000	-	-	1,080
Vice President Strategic Planning & Business Development, and Secretary(6)	1997	130,538	97,500	-	1,080

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(1) The Company's long-term compensation program for most senior officers does not include long-term incentive payouts, stock options, SARs, or other forms of compensation
(2) This category includes the value of any insurance premiums paid on behalf of the named executive.
(3) Mr. Brinkley's Other Annual Compensation includes $83,580 for payment of taxes for Fiscal 1997.
(4) Mr. Lambiase's Other Annual Compensation includes $106,333 for payment of taxes for Fiscal 1997 and $64,343 for relocation expenses.
(5) Mr. Griessen resigned effective October 1997. The other compensation payable relates to this resignation.
(6) Mr. Dean became Secretary on November 29, 1995 and Vice President Strategic Planning and Business Development on January 31, 1997.

Employment Agreements

Vincent A. Lambiase, President and Chief Executive Officer of the Company, is employed pursuant to an employment agreement with the Company. The agreement engages Mr. Lambiase as Chief Executive Officer from July 1, 1994 through June 30, 1999. Commencing on July 1, 1999 and each July 1 thereafter, this term is to be extended for an additional year unless the Company or Mr. Lambiase gives notice at least 30 days prior to any such July 1 date that it or he does not wish to extend the agreement.

In addition to a minimum base salary of $350,000 (which may be increased by the Board of Directors), the agreement entitles Mr. Lambiase to receive a bonus of 75% or more of his base compensation based upon objectives determined each year by the Executive Committee of the Board of Directors. The agreement also provides for a loan by the Company to Mr. Lambiase of sufficient cash to purchase 50,000 shares of Company stock. Mr. Lambiase purchased such stock at various times between July 25, 1994 and August 11, 1994 at an average price per share of $14.49. The Company loaned Mr. Lambiase a total of $729,113 to purchase this stock. Interest, charged at the prime rate plus one-half of one percent, is payable annually on December 31 of each year until the earlier of June 30, 1999, or one year after the death or permanent disability of Mr. Lambiase or a default in payment on the loan. The agreement also grants to Mr. Lambiase the option to purchase, pursuant to the Company's Long-Term Incentive Plan, 250,000 shares of the Class A Non-voting stock of the Company.

On October 7, 1994, pursuant to an authorization by the Board of Directors on October 1, 1994, the Company funded loans of $1,500,000 to each of Mr. Lambiase and Mr. Sterling B. Brinkley, Chairman of the Board of the Company. These loans shall be partially or wholly forgiven during the ten-year period between October 7, 1994 and October 7, 2004, to the extent that the Company's stock price reaches the levels set forth in the following tables. Table I applies during the first five years of the ten-year term, and Table II applies during the last five years.

TABLE I

STOCK PRICE TARGET	PERCENTAGE OF ORIGINAL PRINCIPAL AMOUNT OF LOAN FORGIVEN
$22.50	10%
$25.00	25%
$27.50	50%
$30.00	75%
$32.50	100%

TABLE II

STOCK PRICE TARGET	PERCENTAGE OF REMAINING PRINCIPAL AMOUNT OF LOAN FORGIVEN
$32.50	50%
$40.00	60%
$47.50	70%
$55.00	80%
$62.50	100%

The closing stock prices set forth above must average the above amounts for ten consecutive trading days and are adjustable for any stock split, recapitalization or other similar event. In the event of any forgiveness, the Company shall remit to applicable taxing authorities amounts sufficient to satisfy the tax obligations of such person arising from the forgiveness. The loans are also subject to forgiveness for each person in the event that such person dies or becomes disabled or in the event of a change in control of the Company. The loans bear interest at the lowest rate allowable under the Internal Revenue Code, which will preclude consideration of the loan as a "below market loan" for purposes of Section 7872 of the Internal Revenue Code. Each person receives a bonus in an amount sufficient to pay interest on the loans and taxes arising from the bonus.

The Company entered into an Employment Agreement with Courtland L. Logue, Jr. (Mr. Logue), the Company's former Chairman and Chief Executive Officer on July 25, 1989, which was amended in September 1990 and in July 1994. On July 28, 1995, the Company terminated Mr. Logue's contract. The Company has made demand that Mr. Logue pay monies in connection with a performance right contained in Section 5(o) of a stock purchase agreement between Mr. Logue and a predecessor Company, explained below. See "Legal Proceedings."

The Employment Agreement referred to above also contains provisions prohibiting Mr. Logue from disclosing any information at any time which is proprietary to the Company, or from using such information in any manner which would cause loss or damage to the Company. The Agreement also provides that if it is breached by Mr. Logue, he is required by the provisions of the Second Amendment to the Stock Purchase Agreement, to pay the Company cash in the amount of approximately $2.7 million as liquidated damages. The Company has made a demand for such payment. In addition to the provisions of the Employment Agreement, the Stock Purchase Agreement executed by Mr. Logue in connection with the acquisition by the Company of the stock of the Predecessor, prohibits Mr. Logue from engaging in any activity which is substantially in competition with or detrimental to the business of the Company for a period of twenty (20) years following the consummation of the transaction. While it is unclear whether a court would enforce all aspects of the non-competition agreement set forth in the Stock Purchase Agreement in strict accordance with its terms, the Company believes that the provisions of the Employment Agreement and the requirement that Mr. Logue pay liquidated damages for breach of such are enforceable. See "Legal Proceedings."

Outside directors receive between $12,000 and $25,000 per annum as determined by the Board of Directors for their services on the Board and its committees as well as the reimbursement of their out-of-pocket expenses to attend Board and Committee meetings.

Option/SAR Grants in Last Fiscal Year

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (2)	
Name	Number of Securities Underlying Options/SARs Granted(#)(1)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	5%	10%
J. Jefferson Dean Vice President Strategic Planning and Business Development and Secretary	24,313	100%	12.75	1/1/07	$ 0	$92,027

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(1) Stock options become exercisable in five equal installments beginning one year after the date of grant.

(2) As suggested by the Securities and Exchange Commission's rules on executive compensation disclosure, the Company projected the potential realizable value of each grant of options or freestanding SARs, assuming that the market price of the underlying security appreciates in value from the date of grant to the end of the option or SAR term at annualized rates of 5% and 10%.

Aggregate Options/SAR Exercises in Last Fiscal Year and FY-End Option/SAR Values

The following table sets forth certain information concerning the exercise of stock options (or tandem SARs) and freestanding SARs in Fiscal 1997 and the value of unexercised options and SARs held by each of the Named Executive Officers at the end of the Company's last fiscal year.

Name	Shares Acquired on Exercise (#)	Value Realized($)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Values of Unexercised In-the-Money Options /SARs at FY-End ($) (1) Exercisable/ Unexercisable
Sterling B. Brinkley Chairman of the Board	-	-	75,000/50,000	0/0
Vincent A. Lambiase President & Chief Executive Officer	-	-	150,000/100,000	0/0
Daniel N. Tonissen Senior Vice President, Chief Financial Officer, and Assistant Secretary	-	-	9,724/14,589	0/0
J. Jefferson Dean Vice President Strategic Planning and Business Development and Secretary	-	-	0/24,313	0/0

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(1) Values stated are based upon the closing price of $10.375 per share of the Company's Class A Non-voting

Common Stock on The Nasdaq Stock Market on September 30, 1997, the last trading day of the fiscal year.

Compensation Pursuant to Plans

Stock Incentive Plan

The Company's Board of Directors and stockholders adopted the EZCORP, Inc. 1991 Long-Term Incentive Plan on June 6, 1991 (the "Plan"). The Plan provides for (i) the granting of stock options qualified under the Internal Revenue Code of 1986, as amended (the "Code") section 422 (so-called "incentive stock options") to purchase Class A Common Stock, (ii) the granting of stock options not qualified under Code section 422 ("nonqualified stock options") to purchase Class A Common Stock, (iii) the granting of stock appreciation rights ("SARs"), which give the holder the right to receive cash or Class A Common Stock in an amount equal to the difference between the fair market value of a share of Class A Common Stock on the date of exercise and the date of grant, (iv) the granting of limited stock appreciation rights ("LSARs"), which give the holder the right under limited circumstances to receive cash in an amount equal to the difference between (a) the per-share price paid in an applicable tender offer or exchange offer for the Company or fair market value of the Class A

Common Stock in the event of specified "change of control" events and (b) the fair market value of the Class A Common Stock on the date of grant. The Plan permits the exercise price of the options to be paid either in cash, by withholding from the shares to be delivered pursuant to the exercise of the option that number of shares equal in value to the exercise price, or by the delivery of already-owned Class A Common Stock.

There are 1,800,000 shares of Class A Common Stock (subject to certain adjustments) reserved under the Plan for issuance upon the exercise of options and the settlement of SARs and LSARs. Shares subject to an option, SAR, or LSAR that is terminated or that expires will again be available for grant under the Plan. Persons eligible to receive options, SARs, and LSARs are all employees of the Company selected by the Incentive Compensation Committee ("Committee") appointed by the Board of Directors to administer the Plan. Non-employee directors are not eligible to receive awards under the Plan.

In general, the Committee has the discretion to establish the terms, conditions, and restrictions to which options, SARs, and LSARs are subject. The options, SARs, and LSARs are not transferable except by will and by the laws of descent and distribution, and under other limited circumstances. The Plan is intended to be qualified under Rule 16b-3 promulgated by the Securities and Exchange Commission, which Rule generally exempts certain option grants and certain stock or cash awards from the provisions of Section 16(b) under the Securities Exchange Act of 1934.

Options granted under the Plan are generally granted at exercise prices equal to the fair market value on the date of the grant. In October 1994, the Board of Directors increased the number of shares available under the Plan to 1,800,000 and amended the Plan to provide accelerated vesting upon a change in control of the Company.

As of September 30, 1997, the Company had 562,005 active options outstanding (options granted less options canceled due to employee termination) at prices ranging from $8.75 to $21.75. Of these options, 301,152 are vested and none have been exercised. See Notes to Consolidated Financial Statements - Note F "Common Stock and Warrants."

401(k) Plan

On June 6, 1991, the Company adopted the EZCORP, Inc. 401(k) Plan, a savings and profit sharing plan intended to qualify under Section 401(k) of the Code. Under the plan, employees of the Company and those subsidiaries that adopt it may contribute up to 15% of their compensation (not to exceed $9,500 in 1997) to the plan trust. The Company will match 25% of an employee's contributions up to 6% of his compensation. Employer contributions may be made in the form of or invested in Class A Common Stock. Contribution expense related to the plan for 1997 was approximately $37,000. The Company's contributions vest based on the employee's length of service with the Company and its subsidiaries, with 20% of the total contributions vesting each year once the employee has three years of service. On termination of employment, an employee will receive all of his contributions and any vested portion of the Company's contributions, as adjusted by any earnings and losses.

Compensation Committee Interlocks and Insider Participation

For Fiscal 1997, the Company's Compensation Committee was comprised of Messrs. Pickup and Sage. Mr. Brinkley, during Fiscal 1996, served as a director and an executive officer of the Company and MS Pietrafesa, L.P. Mr. Dean, during Fiscal 1997, was an executive officer and a director of MS Pietrafesa, L.P., and was an executive officer and director of the Company. The Company and MS Pietrafesa, L.P. are both controlled by investment partnerships or a corporate general partner controlled by Mr. Phillip E. Cohen. See "Security Ownership of Certain Beneficial Owners and Management." Information concerning certain transactions between certain of the above-named persons and the Company is described elsewhere under the caption "Certain Transactions," which disclosure is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Management and Principal Stockholders

The Company is controlled, indirectly, by Phillip Ean Cohen, through his ownership of all of the issued and outstanding stock of MS Pawn Corporation, the sole general partner of MS Pawn Limited Partnership ("MS Pawn") which owns approximately 81% of the Class B Voting Common Stock of the Company.

The table below sets forth information regarding the beneficial ownership of the Company's Common Stock as of December 1, 1997 for (i) each of the Company's current directors, (ii) beneficial owners known to the registrant to own more than five percent of any class of the Company's voting securities, and (iii) all current officers and directors as a group.

Name and Address of the Beneficial Owners(a)	Class A Non-voting Common Stock Number	Class A Non-voting Common Stock Percent	Class B Voting Common Stock Number	Class B Voting Common Stock Percent	Voting Percent
MS Pawn Limited Partnership(b)(g) MS Pawn Corporation Phillip Ean Cohen 350 Park Avenue, 8th Floor New York, New York 10022	1,393,716(h)	11.89%(h)	1,198,990	80.77%	80.77%
Sterling B. Brinkley(c) 350 Park Avenue, 8th Floor New York, New York 10022	275,615	2.60%	--	--	--
Vincent A. Lambiase(d) 1901 Capital Parkway Austin, Texas 78746	213,150	2.00%	--	--	--
Daniel N. Tonissen(e) 1901 Capital Parkway Austin, Texas 78746	19,588	0.19%	--	--	--
J. Jefferson Dean(i) 1901 Capital Parkway Austin, Texas 78746	46,461	0.44%	--	--	--
Mark C. Pickup 6734 Corte Segunda Martinez, California 94553	2,600	0.02%	--	--	--
Richard D. Sage (j) 6100 S.W. 128th Street Miami, Florida 33156	7,570	0.07%	--	--	--
John E. Cay, III P.O. Box 847 Savannah, GA 31402	2,500	0.02%	--	--	--
Courtland L. Logue, Jr. 3016 Hatley Drive Austin, Texas 78746	967,742(h)	8.96%(h)	285,417	19.28%	19.28%
All officers and directors as a group (seven persons) (b)(f)	567,484	5.27%	--	--	--

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(a) Except as indicated in the footnotes to this table, the persons named in the table have sole voting and investment power with respect to all shares of Class B Common Stock shown as beneficially owned by them, subject to community property laws where applicable.

(b) MS Pawn Corporation is the general partner of MS Pawn and has the sole right to vote its shares of Class B Common Stock and to direct their disposition. Mr. Cohen is the sole stockholder of MS Pawn Corporation. See "Certain Relationships and Related Transactions." Mr. Cohen also owns 189,341 shares of Class A common stock directly.

(c) Includes options to acquire 75,000 shares of Class A Common Stock at $14.00 per share and warrants to acquire 1,191 shares of Class A Common Stock at $6.17 per share.

(d) Includes options to acquire 150,000 shares of Class A Common Stock at $13.00 per share.

(e) Includes options to acquire 14,588 shares of Class A Common Stock at $12.75 per share.

(f) Includes options to acquire 244,450 shares of Class A Common Stock at prices ranging from $10.00 to $14.00 per share and warrants to acquire 1,405 Class A Common Stock shares at $6.17 per share.

(g) Includes warrants for 4,093 shares of Class A Common Stock and 4,106 shares of Class B Common Stock held by MS Pawn and warrants for 1,292 shares of Class A Common Stock held by Mr. Cohen.

(h) The number of shares and percentage reflect Class A Common Stock, together with Class B Common Stock which is convertible to Class A Common Stock.

(i) Includes options to acquire 4,862 shares of Class A Common Stock at $12.75 per share and Warrants to acquire 183 shares of Class A Common Stock at $6.17 per share.

(j) Includes warrants to acquire 31 shares of Class A Common Stock at $6.17 per share.

In July 1996, MS Pawn Limited Partnership ("MS Pawn") provided its limited partners the opportunity to withdraw from MS Pawn. Pursuant to this arrangement, and in accordance with Section 2 of Article Fourth of the Company's Certificate of Incorporation, MS Pawn initiated the conversion of 2,748,313 shares of Class B Voting Common Stock held by MS Pawn and Courtland L. Logue, Jr. to Class A Non-Voting Common Stock and distributed shares of Class A Non-Voting Common Stock to the limited partners who withdrew. In October 1996, February 1997 and March 1997, 790,561 shares of Class B Voting Common Stock held by the same groups were converted to Class A Non-Voting Common Stock.

Item 13. Certain Relationships and Related Transactions

In 1989, Courtland L. Logue, Jr., the Company's former Chairman and Chief Executive Officer, borrowed $62,812 from a subsidiary of the Company. Of this amount, the Company believes that Mr. Logue owes at least $24,433 plus accrued interest of at least $8,523 at September 30, 1997 subject to the resolution of a dispute about whether a previous payment should be credited toward the note. This debt accrues interest at the rate of 10% per annum. In November 1997, the Company accepted $26,677 as final payment on the note. Please refer to Note H of the Financial Statements (Part II, Item #8). Also, see "Executive Compensation - Employment Agreements" for a discussion of other payment demands the Company has made from Mr. Logue.

In connection with the Acquisition, the Company entered into three separate lease agreements with Logue, Inc. ("LI"), which at the time was owned two-thirds by Mr. Logue and one-third by Mr. Logue Sr. (the father of Mr. Logue), and is currently owned entirely by Mr. Logue. The lease agreements provide for the lease to the Company of land and buildings used in the operation of three of the pawnshops owned by the Company. Each lease provides for a ten-year term, with an option to renew for a period of five years, and requires the Company to pay, in addition to monthly rental, all expenses of operating and maintaining the buildings, as well as taxes and insurance on the buildings. A fourth lease agreement between C Minus Corporation (a Texas corporation wholly owned by Mr. Logue) and the Predecessor was entered into on January 1, 1988 and provides for a five-year term with an option to renew for a period of five years; that renewal option was exercised effective January 1, 1993. On an annualized basis, the aggregate anticipated rentals (excluding taxes, insurance, maintenance costs, etc.) accruing as a result of these leases: (1) to LI will be approximately $156,000 for each of the first five years of the leases; thereafter, rental rates, increase in tandem with the Consumer Price Index published by the United States Department of Commerce (the "CPI"); and (2) to C Minus Corporation were approximately $42,000 for the first year of the lease; thereafter, rental rates increase in tandem with the CPI.

For information concerning the $729,113 loan from the Company to Mr. Lambiase, and $1,500,000 loans from the Company to each of Mr. Brinkley and Mr. Lambiase, see "Executive Compensation - Employment Agreements."

The Company is the lessee under a lease agreement through May 1998 for a pawnshop location in Houston, Texas in which Mr. Logue has a 50% interest. On an annualized basis, the Company pays $53,280 as lessee of this property, of which Mr. Logue is entitled to receive $26,640.

The Company and Morgan Schiff & Co., Inc. ("Morgan Schiff"), whose sole stockholder is Mr. Cohen, are parties to a Financial Advisory Agreement renewed January 1, 1997, pursuant to which Morgan Schiff receives certain fees for its provision of financial advisory services to the Company. These services include, among other matters, ongoing consultation with respect to the business and financial strategies of the Company. In Fiscal 1997, Morgan Schiff received $33,333 per month for its services as a financial advisor and received expense reimbursements of $190,152. The Company anticipates renewing this agreement in fiscal 1998.

PART IV

Item 14. Financial Statement Schedules, Exhibits, and Reports on Form 8-K

(a)(1)The following consolidated financial statements of EZCORP, Inc. and subsidiaries are included in Item 8:

Consolidated Financial Statements

Report of Independent Auditors

Consolidated Balance Sheets as of September 30, 1997 and 1996

Consolidated Statements of Operations for each of the three years in the period ended September 30, 1997

Consolidated Statements of Cash Flows for each of the three years in the period ended September 30, 1997

Consolidated Statements of Stockholders' Equity for each of the three years in the period ended September 30, 1997

Notes to Consolidated Financial Statements.

(2)The following Financial Statement Schedule is included herein:

Schedule VIII - Allowance for Valuation of Inventory

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore, have been omitted.

(3)Listing of Exhibits (included herein)

(b) Through the fourth quarter ended September 30, 1997, the Company has not filed any reports on Form 8-K.

EZCORP, INC. AND SUBSIDIARIES

Schedule VIII - Allowance for Valuation of Inventory
(In millions)

Description	Balance at Beginning of Period	Additions Charged to Expense	Additions Charged to Other Accts.	Deductions	Balance at End of Period
Allowance for valuation of inventory:					
Year ended September 30, 1995	$ 5.0	$12.3	-	$ 3.3	$14.0
Year ended September 30, 1996	$14.0	$ 5.4	-	$11.5	$ 7.9
Year ended September 30, 1997	$ 7.9	$ 5.4	-	$ 6.4	$ 6.9

The Company does not determine its inventory valuation allowance by specific inventory items; therefore, the amount charged to expense and the deductions are based on estimates of the beginning inventory sold during the period and the portion of the beginning inventory valuation allowance attributable to the items sold.

Listing of Exhibits

Number	Description	Page Number if Filed herein	Incorporated by Reference to
3.1	Amended and Restated Certificate of Incorporation of the Company.		Exhibit 3.1 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
3.1A	Certificate of Amendment to Certificate of Incorporation of the Company		Exhibit 3.1A to the Registration Statement on Form S-1 effective July 15, 1996 (File No. 33-41317)
3.2	Bylaws of the Company.		Exhibit 3.2 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
3.3	Amendment to the By-laws.		Exhibit 3.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994 (File No. 0-19424)
3.4	Amendment to the Certificate of Incorporation of the Company.		Exhibit 3.4 to Registrant's Quarterly Report on Form 10-K for the year ended September 30, 1994 (File No. 0-19424)
3.5	Amendment to the Certificate of Incorporation of the Company*	60	Exhibit 3.5 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1997
4.1	Specimen of Class A Non-voting Common Stock certificate of the Company.		Exhibit 4.1 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.1	Loan Agreement between the Company and First Interstate Bank of Texas, N.A., as Agent, re: $20 million Revolving Credit Loan convertible to $20 million Term Loan.		Exhibit 10.1 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1992 (File No. 0-19424)
10.2	$15 million Revolving Credit Note -First Interstate Bank of Texas, N.A.		Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1992 (File No. 0-19424)
10.3	$5 million Revolving Credit Note - Franklin Federal Bancorp.		Exhibit 10.3 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1992 (File No. 0-19424)

Number	Description	Page Number if Filed herein	Incorporated by Reference to
10.4	Security Agreement executed by the Company, re: $20 million Revolving Credit Loan.		Exhibit 10.4 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1992 (File No. 0-19424)
10.5	Security Agreement executed by EZPAWN Texas, Inc. (substantially the same agreement also was executed by EZPAWN Oklahoma, Inc.; EZPAWN Mississippi, Inc.; EZPAWN Arkansas, Inc.; EZPAWN Colorado, Inc.; EZPAWN Alabama, Inc.; EZPAWN Tennessee, Inc.; and Houston Financial Corporation).		Exhibit 10.5 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1992 (File No. 0-19424)
10.6	Guaranty Agreement executed by EZPAWN Texas, Inc. (substantially the same agreement also was executed by EZPAWN Oklahoma, Inc.; EZPAWN Mississippi, Inc.; EZPAWN Arkansas, Inc.; EZPAWN Colorado, Inc.; EZPAWN Alabama, Inc.; EZPAWN Tennessee, Inc.; and Houston Financial Corporation).		Exhibit 10.6 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1992 (File No. 0-19424)
10.7	Loan Agreement between the Company, as Borrower, and Franklin Federal Bancorp, FSB, as lender, dated April 30, 1993.		Exhibit 10.7 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1993 (File No. 0-19424)
10.8	omitted		N/A
10.9	Loan Agreement between the Company, as Guarantor, EZPAWN Texas, Inc. as Borrower, and Franklin Federal Bancorp, A Federal Savings Bank, as Lender, dated December 17, 1991.		Exhibit 10.9 to the Registration Statement on Form S-2 effective March 16, 1992 (File No. 33-45807)
10.10	Letter agreement executed December 20, 1990 between Morgan Schiff & Co., Inc. ("Morgan Schiff") and the Company.		Exhibit 10.10 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)

Number	Description	Page Number if Filed herein	Incorporated by Reference to
10.11	Stock Purchase Agreement between the Company, Courtland L. Logue, Jr., Courtland L. Logue, Sr., James D. McGee, M. Frances Spears, Porter A. Stratton and Steve A. Stratton dated as of May 18, 1989.		Exhibit 10.11 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.12	Capitalization and Subscription Agreement between MS Pawn Limited Partnership ("MS Pawn") and the Company, dated as of July 25, 1989.		Exhibit 10.12 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.13	omitted		N/A
10.14	Consulting Agreement between the Company and Courtland L. Logue, Sr., dated February 15, 1993		Exhibit 10.14 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1993 (File No.0-19424)
10.15	omitted		N/A
10.16	Junior Subordinated Note due 1996 issued July 25, 1989 to Courtland L. Logue, Sr. in the original principal amount of $238,319.95.		Exhibit 10.16 to Registration Statement on Form S-1 effective August 23,1991 (File No. 33-41317)
10.17	omitted		N/A
10.18	Warrant Certificate issued by the Company to MS Pawn on July 25, 1989.		Exhibit 10.18 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.19	Amendment to the Stock Purchase Agreement dated as of June 19, 1989 between the Company and the stockholders of the Predecessor Company.		Exhibit 10.19 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.20	Second Amendment to Stock Purchase Agreement dated as of April 20, 1990 between the Company and the stockholders of the Predecessor Company.		Exhibit 10.20to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.21	Employment Agreement of Courtland L. Logue, Jr. dated July 25, 1989.		Exhibit 10.21 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)

Number	Description	Page Number if Filed herein	Incorporated by Reference to
10.22	Amendment to Employment Agreement of Courtland L. Logue, Jr. dated September 1990.		Exhibit 10.22 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.23	Employment Agreement of Gary S. Kofnovec dated April 1, 1993.		Exhibit 10.23 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1993 (File No.0-19424)
10.24	omitted		N/A
10.25	omitted		N/A
10.27	omitted		N/A
10.28	omitted		N/A
10.29	omitted		N/A
10.30	omitted		N/A
10.31	omitted		N/A
10.32	omitted		N/A
10.33	omitted		N/A
10.34	omitted		N/A
10.35	Stockholders' Agreement dated as of July 25, 1989 between the Company, MS Pawn and Courtland L. Logue, Jr.		Exhibit 10.35 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.36	Joinder Agreement to the Stockholders' Agreement dated as of May 1, 1991 between the Company, MS Pawn, Mr. Kofnovec, Mr. Gary, Mr. Ross and Ms. Berger.		Exhibit 10.36 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.37	Incentive Stock Option Plan.		Exhibit 10.37 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.38	401(k) Plan.		Exhibit 10.38 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)

Number	Description	Page Number if Filed herein	Incorporated by Reference to
10.39	Section 125 Cafeteria Plan.		Exhibit 10.39 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.40	Lease of 1970 Cessna 210K Aircraft between Courtland L. Logue, Jr. and Transamerica Pawn Corporation, dated July 25, 1989.		Exhibit 10.40 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.41	omitted		N/A
10.42	omitted		N/A
10.43	omitted		N/A
10.44	Lease of Cessna P210 Aircraft between Courtland L. Logue, Jr. and Transamerica Pawn Corporation, dated December 29, 1989.		Exhibit 10.44 to the Registration Statementon Form S-1 effective August 23, 1991 (File No. 33-41317)
10.45	Lease between Logue, Inc. and E-Z Corporation for real estate located at 1166 Airport Boulevard, Austin, Texas, dated July 25, 1989.		Exhibit 10.45 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.46	Lease between Logue, Inc. and E-Z Corporation for real estate located at 5415 North Lamar Boulevard, Austin, Texas, dated July 25, 1989		Exhibit 10.46 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.47	Agreement of Lease between LDL Partnership and Logue-Drouin Industries, Inc. for real property at 8540 Broadway Blvd., Houston, Texas, dated May 3, 1988 and related Assignment of Lease.		Exhibit 10.47 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.48	Lease Agreement between C Minus Corporation and Logue-Drouin Industries, Inc. DBA E-Z Pawn #5 for real property located at 5209 Cameron Road, Austin, Texas, dated December 28, 1987.		Exhibit 10.48 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)
10.49	Lease Agreement between Logue, Inc. and E-Z Corporation for real property located at 901 E. 1st St., Austin, Texas, dated July 25, 1989.		Exhibit 10.49 to the Registration Statement on Form S-1 effective August 23, 1991 (File No. 33-41317)

Number	Description	Page Number if Filed herein	Incorporated by Reference to
10.50	Agreements between the Company and MS Pawn dated February 18, 1992 for the payment of $1.377 million of Series A Increasing Rate Senior Subordinated Notes held by MS Pawn.		Exhibit 10.50 to the Registration Statement on Form S-1 effective March 16, 1992 (File No. 33-45807)
10.51	Agreement Regarding Reservation of Shares.		Exhibit 10.51 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No.0-19424)
10.52	First Amendment to Loan Agreement between the Company and First Interstate Bank of Texas, N.A. as Agent, re: $20 million Revolving Credit Loan Convertible to $20 million Term Loan.		Exhibit 10.52 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No. 0-19424)
10.53	Second Amendment to Loan Agreement between the Company and First Interstate Bank of Texas, N.A. as Agent, re: $20 million Revolving Credit Loan Convertible to $20 million Term Loan.		Exhibit 10.53 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No. 0-19424)
10.54	Third Amendment to Loan Agreement between the Company and First Interstate Bank of Texas, N.A. as Agent, re: Increasing $40 million the Revolving Credit Loan Convertible to $40 million Term Loan.		Exhibit 10.54 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No. 0-19424)
10.55	Fifth Amendment to Loan Agreement between the Company and First Interstate Bank of Texas, N.A. as Agent, re: $50 million Revolving Credit Loan.		Exhibit 10.55 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 (File No. 0-19424)
10.56	Consent Waiver and Amendment to loan agreement between the Company and First Interstate Bank of Texas, N.A. as Agent, re: $50 million Revolving Credit Loan.		Exhibit 10.56 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1995 (File No. 0-19424)
10.57	Seventh Amendment to Loan Agreement between the Company and First Interstate Bank of Texas, N.A. as Agent, re: $50 million Revolving Credit Loan.		Exhibit 10.57 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1995 (File No. 0-19424)
10.58	Amended and restated Loan Agreement between the Company and First Interstate Bank of Texas, N.A. as Agent, re: $75 million Revolving Credit Loan.		Exhibit 10.58 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1995 (File No. 0-19424)

Number	Description	Page Number if Filed herein	Incorporated by Reference to
10.59	July 12, 1994 Amendment to Employment Agreement between the Company and Courtland L. Logue, Jr.		Exhibit 10.59 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1995 (File No. 0-19424)
10.60	Loan Agreement between Sterling B. Brinkley and the Company dated October 7, 1994 (an identical document exists with respect to Vincent A. Lambiase).		Exhibit 10.60 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1995 (File No. 0-19424)
10.61	Promissory Note between Sterling B. Brinkley and the Company in the original principal amount of $1,500,000 attached thereto (an identical document exists with respect to Vincent A. Lambiase).		Exhibit 10.61 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1995 (File No. 0-19424)
10.62	July 1, 1994 Employment Agreement between the Company and Vincent A. Lambiase and Promissory Note in the amount of $729,112.50 in connection therewith.		Exhibit 10.62 to Registrant's Annual Report on Form 10-K for the year ended September 30, 1995 (File No. 0-19424)
10.71	Amended and restated Loan Agreement between the Company, as Borrower, and Franklin Federal Bancorp, FSB, as Lender, dated March 17, 1994.		Exhibit 10.71 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 (File No.0-19424)
10.72	First Amendment to Amended and Restated Loan Agreement between the Company and First Interstate Bank of Texas, N.A. as Agent, re: Revolving Credit Loan.		Form 10-Q for the quarter ended December 31, 1994 (File No. 0-19424)
10.73	Second Amendment to Amended and Restated Loan Agreement between the Company and First Interstate Bank of Texas, N.A. as Agent, re: Revolving Credit Loan.		Form 10-Q for the quarter ended June 30, 1995 (File No. 0-19424)
10.74	Third Amendment to Amended and Restated Loan Agreement between the Company and Wells Fargo Bank (Texas), N.A. as Agent, re: Revolving Credit Loan.		Form 10-Q for the quarter ended June 30, 1996 (File No. 0-19424)
10.75	Fourth Amendment to Amended and Restated Loan Agreement between the Company and Wells Farto Bank (Texas), N.A. as Agent, re: Revolving Credit Loan.		Form 10-Q for the quarter ended March 31, 1997 (File No. 0-19424)
11.1	Statement regarding computation of per share earnings (loss).*	61	N/A
22.1	Subsidiaries of Registrant.*	62	N/A

Number	Description	Page Number if Filed herein	Incorporated by Reference to
23.1	Consent of Ernst & Young LLP.*	63	N/A
27	Financial Data Schedule*		N/A

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* Filed herewith.

Exhibit 3.5

EZCORP, INC.

Unanimous Written Consent of the Board of Directors of the Corporation

Adopted as of August 4, 1997

The undersigned, being all the members of the Board of Directors (the "Board") of EZCORP, Inc., a Delaware corporation (the "Company"), hereby unanimously consent pursuant to the provisions of Section 141(f) of the General Corporation Law of the State of Delaware to the adoption of the following resolutions without the holding of a meeting:

RESOLVED, that the Certificate of Incorporation of the Corporation is hereby amended, with effect upon filing with the Secretary of State of the State of Delaware, by striking out the first paragraph of Article FOURTH and by substituting in lieu thereof the following:

> "FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is forty-six million four hundred eighty four thousand four hundred and seven (46,484,407) shares of capital stock, classified as (i) five million (5,000,000) shares of preferred stock, par value $.01 per share ("Preferred Stock"), (ii) forty million (40,000,000) shares of Class A Non-Voting Common Stock, par value $.01 per share ("Class A Non-Voting Common Stock"), and (iii) one million four hundred eighty four thousand four hundred and seven (1,484,407) shares of Class B Voting Common Stock par value $.01 per share ("Class B Voting Common Stock")."

This Unanimous Written Consent in Lieu of a Meeting may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instruments.

IN WITNESS WHEREOF, the undersigned, being all the directors of the corporation, have duly adopted the foregoing resolutions by Unanimous Written Consent as of this August 4, 1997.

/s/Sterling B. Brinkley	/s/Dan N. Tonissen
Sterling B. Brinkley, Director	Dan N. Tonissen, Director
/s/Vincent A. Lambiase	/s/Mark C. Pickup
Vincent A. Lambiase, Director	Mark C. Pickup, Director
/s/J. Jefferson Dean	/s/ Richard D. Sage
J. Jefferson Dean, Director	Richard D. Sage, Director
/s/John E. Cay, III	
John E. Cay, III, Director	

Exhibit 11.1

STATEMENT REGARDING CALCULATION OF PER SHARE EARNINGS

	Years Ended September 30, 1995	1996	1997
Primary and Fully Diluted:			
Weighted average number of common shares outstanding during the year	11,977,480	11,988,222	11,995,049
Net income (loss) available to common stockholders	$(15,849,307)	$ 3,542,728	$ 8,433,118
Net income (loss) per common share	$ (1.32)	$ 0.30	$ 0.70

EZCORP, Inc.

Exhibit 22.1

Form 10-K for Fiscal Year Ended September 30, 1997

Subsidiaries of EZCORP, Inc.

1. EZPAWN Colorado, Inc.
2. EZPAWN Arkansas, Inc.
3. EZPAWN Mississippi, Inc. (1)
4. EZPAWN Oklahoma, Inc.
5. EZPAWN Tennessee, Inc. (2)
6. EZPAWN Alabama, Inc.
7. EZPAWN Kansas, Inc.
8. EZPAWN Missouri, Inc.
9. EZPAWN Florida, Inc.
10. EZPAWN Georgia, Inc.
11. EZPAWN Indiana, Inc.
12. EZPAWN North Carolina, Inc.
13. EZPAWN South Carolina, Inc.
14. EZPAWN Construction, Inc.
15. EZPAWN Kentucky, Inc.
16. EZPAWN Nevada, Inc.
17. EZPAWN Louisiana, Inc.
18. EZPAWN Holdings, Inc. (1)(3)
19. Texas EZPAWN Management, Inc. (3)

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(1) EZPAWN Mississippi, Inc. merged with EZPAWN Holdings, Inc. on January 1, 1995, leaving EZPAWN Holdings, Inc. as the surviving entity.

(2) EZ Car Sales, Inc. is a subsidiary of EZPAWN Tennessee, Inc.

(3) EZPAWN Texas, Inc. transferred all its assets to Texas EZPAWN, L.P., a Texas limited partnership, of which EZPAWN Holdings, Inc., formerly EZPAWN Texas, Inc. is the limited partner, and Texas EZPAWN Management, Inc. is the sole general partner and holds a certificate of authority to conduct business in Texas.

Exhibit 23.1

CONSENT OF ERNST & YOUNG LLP

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-63078) pertaining to the 1991 EZCORP, Inc. Stock Incentive Plan and the Registration Statement (Form S-8 No. 33-63082) pertaining to the EZCORP, Inc. 401(k) Plan of our report dated November 13, 1997 with respect to the consolidated financial statements and schedule of EZCORP, Inc. and subsidiaries included in the Form 10-K for the year ended September 30, 1997.

ERNST & YOUNG LLP

Austin, Texas
December 18, 1997

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

December 22, 1997

By: /s/ Vincent A. Lambiase
(Vincent A. Lambiase)
(President & Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Sterling B. Brinkley Sterling B. Brinkley	Chairman of the Board of Directors	December 22, 1997
/s/ Vincent A. Lambiase Vincent A. Lambiase	President, Chief Executive Officer & Director (Principal Executive Officer)	December 22, 1997
/s/ Daniel N. Tonissen Daniel N. Tonissen	Senior Vice President, Chief Financial Officer & Director (Principal Financial and Accounting Officer)	December 22, 1997
/s/ J. Jefferson Dean J. Jefferson Dean	Vice President Strategic Planning & Business Development & Director	December 22, 1997
/s/ Mark C. Pickup Mark C. Pickup	Director	December 22, 1997
/s/ Richard D. Sage Richard D. Sage	Director	December 22, 1997
/s/ John E. Cay, III John E. Cay, III	Director	December 22, 1997

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SEP-30-1997
OCT-1-1996
SEP-30-1997
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8,433
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