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

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

For the quarterly period ended December 31, 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)

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

NA
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No__

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

As of December 31, 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.
INDEX TO FORM 10-Q

PART I

Item 1. Financial Statements (Unaudited)

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

	December 31, 1997	September 30, 1997
	(In thousands)	
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 1,084	$ 829
Pawn loans	39,109	42,837
Service charge receivable	11,851	13,130
Inventory, net	40,928	39,258
Deferred tax asset	1,364	1,889
Prepaids and other assets	2,619	1,965
Total current assets	96,955	99,908
Property and equipment, net	32,577	32,586
Other assets:		
Deferred tax asset	1,730	1,730
Other assets, net	18,129	16,827
Total assets	$149,391	$151,051
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Current maturities of long-term debt	$ 9	$ 9
Federal income taxes payable	1,212	819
Other	9,133	9,629
Total current liabilities	10,354	10,457
Long-term debt, less current maturities	15,130	19,133
Other long-term liabilities	187	-
Stockholders' equity:		
Preferred stock, par value $.01 a share - Authorized 5,000,000 shares; none issued and outstanding	-	-
Class A Non-voting Common stock, par value $.01 a share - Authorized 40,000,000 shares; 10,524,563 shares issued and 10,515,530 shares outstanding at December 31, 1997 and September 30, 1997	105	105
Class B Voting Common stock, par value $.01 a share - Authorized 1,484,407 shares; 1,480,301 shares issued and outstanding at December 31, 1997 and September 30, 1997	15	15
Additional paid-in capital	114,338	114,338
Retained earnings	10,026	7,767
	124,484	122,225
Other	(764)	(764)
Total stockholders' equity	123,720	121,461
Total liabilities and stockholders' equity	$149,391	$151,051

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

EZCORP, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended December 31, 1997	Three Months Ended December 31, 1996
	(In thousands, except per share amounts)	
Revenues:		
Sales	$ 30,956	$ 27,100
Pawn service charges	20,988	18,742
Total revenues	51,944	45,842
Cost of goods sold	26,079	22,512
Net revenues	25,865	23,330
Operating expenses:		
Operations	16,689	15,013
Administrative	3,355	3,193
Depreciation and amortization	1,798	1,890
Total operating expenses	21,842	20,096
Operating income	4,023	3,234
Interest expense	380	291
Income before income taxes	3,643	2,943
Income tax expense	1,384	1,040
Net income	$ 2,259	$ 1,903
Basic and diluted earnings per share	$ 0.19	$ 0.16
Weighted average shares outstanding		
Basic	11,995,831	11,992,728
Diluted	12,011,698	11,996,612

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

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

	Three Months Ended December 31, 1997	Three Months Ended December 31, 1996
	(In thousands)	
OPERATING ACTIVITIES:		
Net income	$ 2,259	$ 1,903
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,798	1,890
Deferred income taxes	526	(394)
Gain on sale of assets	(109)	-
Changes in operating assets and liabilities:		
(Increase)/decrease in service charge receivable	1,402	(431)
(Increase)/decrease in inventories	(1,503)	1,161
(Increase)/decrease in prepaid expenses and other assets	(757)	587
Decrease in accounts payable and accrued expenses	(650)	(600)
Increase/(decrease) in customer layaway deposits	145	(2)
Increase in other long term liabilities	187	-
Increase in income taxes payable	391	620
Net cash provided by operating activities	3,689	4,734
INVESTING ACTIVITIES:		
Pawn loans forfeited and transferred to inventories	17,358	12,593
Pawn loans made	(40,986)	(39,674)
Pawn loans repaid	27,770	25,942
Net (increase)/decrease in loans	4,142	(1,139)
Additions to property, plant, and equipment	(1,672)	(1,181)
Acquisitions, net of cash acquired	(2,104)	-
Sale of assets	203	-
Net cash provided by/(used in) investing activities	569	(2,320)
FINANCING ACTIVITIES:		
Proceeds from bank borrowings	2,000	1,000
Payments on borrowings	(6,003)	(2,040)
Net cash used by financing activities	(4,003)	(1,040)
Increase in cash and cash equivalents	255	1,374
Cash and cash equivalents at beginning of period	829	1,419
Cash and cash equivalents at end of period	$ 1,084	$ 2,793
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of common stock to 401(k) Plan	$ -	$ 37

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

EZCORP, Inc. and Subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)
December 31, 1997

Note A - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring entries) considered necessary for a fair presentation have been included. The accompanying financial statements should be read with the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 1997.

The Company's business is subject to seasonal variations, and operating results for the three-month period ended December 31, 1997 are not necessarily indicative of the results of operations for the full fiscal year.

Note B - Accounting Principles and Practices

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

The Company provides inventory reserves for shrinkage and cost in excess of market value. The Company estimates these reserves using analysis of sales trends, inventory aging, sales margins and shrinkage on inventory. As of December 31, 1997, inventory reserves were $6.7 million.

Note C - Statement of Cash Flows

The amounts for December 31, 1996 in the investing section for pawn loans made, pawn loans repaid and pawn loans forfeited and transferred to inventories have been reclassified. The net increase/(decrease) in loans and the net cash provided by/(used in) investing activities are unchanged.

Note D - Earnings Per Share

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

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

	Three Months Ended December 31, 1997	Three Months Ended December 31, 1996
	(In thousands)	
Numerator		
Numerator for basic and diluted earnings per share - net income	$ 2,259	$ 1,903
Denominator		
Denominator for basic earnings per share - weighted average shares	11,996	11,993
Effect of dilutive securities:		
Employee stock options	4	-
Warrants	12	4
Dilutive potential common shares	16	4
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions	12,012	11,997
Basic earnings per share	$ 0.19	$ 0.16
Diluted earnings per share	$ 0.19	$ 0.16

Options to purchase 567,476 weighted average shares of common stock at an average price of $13.53 per share were outstanding at December 31, 1997, but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive.

Note E - Litigation

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

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

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

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

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

First Quarter Ended December 31, 1997 vs. First Quarter Ended December 31, 1996

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.

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the three months ended December 31, 1997 and 1996.

	Three Months Ended December 31, (a) 1997	1996	% or Point Change(b)
Net Revenues:			
Sales	$ 30,956	$ 27,100	14.2%
Pawn service charges	20,988	18,742	12.0%
Total revenues	51,944	45,842	13.3%
Cost of goods sold	26,079	22,512	15.8%
Net revenues	$ 25,865	$ 23,330	10.9%
Other Data:			
Gross profit as a percent of sales	15.8%	16.9%	(1.1) pts.
Average annual inventory turnover	2.5x	2.5x	0.0x
Average inventory balance per location as of the end of the quarter	$164	$140	17.1%
Average loan balance per location as of the end of the quarter	$156	$144	8.3%
Average yield on loan portfolio	204%	213%	(9.0) pts.
Redemption rate	76%	79%	(3.0) pts.
Expenses as a Percent of Total Revenues:			
Operating	32.1%	32.7%	(0.6) pts.
Administrative	6.5%	7.0%	(0.5) pts.
Depreciation and amortization	3.5%	4.1%	(0.6) pts.
Interest, net	0.7%	0.6%	0.1 pt.
Locations in Operation:			
Beginning of period	249	246	
Acquired	1	0	
Established	1	2	
Sold, combined or closed	(1)	0	
End of period	250	248	
Average locations in operation during the period(c)	249.5	247.0	

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

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

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

Results of Operations

The following discussion compares results for the three-month period ended December 31, 1997 ("Fiscal 1998 Period") to the three month period ended December 31, 1996 ("Fiscal 1997 Period"). The discussion should be read in conjunction with the accompanying financial statements and related notes.

During the Fiscal 1998 Period, the Company opened one (1) newly established store, acquired one (1) store and closed one (1) store. During the twelve (12) months ended December 31, 1997, the Company opened four (4) newly establish stores, acquired one (1) store and closed three (3) stores. The store closings were a result of the Company's ongoing review of its store portfolio. At December 31, 1997, the Company operated 250 stores in thirteen (13) states.

The Company's primary activity is the making of small, non-recourse loans secured by tangible personal property. The income earned on this activity is pawn service charge revenue. For the Fiscal 1998 Period, pawn service charge revenue increased $2.2 million from the Fiscal 1997 Period to $21.0 million. This resulted from an increase in same store pawn service charge revenue ($2.0 million) and the pawn service charge revenue from new stores not open the full three-month period ($0.2 million). At December 31, 1997, same store pawn loan balances were seven percent above December 31, 1996. The annualized yield on the average pawn loan balance decreased nine percentage points from the Fiscal 1997 Period to 204%. This decrease was primarily due to a shift in pawn loan balances to states with lower pawn service charge rates when compared to the Fiscal 1997 Period.

A secondary, but related, activity of the Company is the sale of merchandise, primarily collateral forfeited from its lending activity. For the Fiscal 1998 Period, sales increased approximately $3.9 million from the Fiscal 1997 Period to approximately $31.0 million. This resulted from an increase in same store merchandise sales ($3.4 million), new store sales ($0.5 million), and scrapping activity ($0.1 million), partially offset by closed store sales ($0.1 million). Same store sales for the Fiscal 1998 Period increased 13 percent from the Fiscal 1997 Period. Inventory levels per store were 17% higher than the prior period due to higher average loan balances during the preceding months in the Fiscal 1998 Period (approximately $164,000 in the Fiscal 1998 Period as compared to $140,000 in the Fiscal 1997 Period). Inventory turnover, at 2.5 times, was unchanged in the Fiscal 1998 Period compared to the Fiscal 1997 Period.

The Company's gross margin level (gross profit as a percentage of merchandise sales) results from, among other factors, the composition, quality and age of its inventory. At December 31, 1997, and 1996, respectively, the Company's inventories consisted of approximately 64 and 65 percent jewelry (e.g. ladies' and men's rings, chains, bracelets, etc.) and 36 and 35 percent general merchandise (e.g., televisions, VCRs, tools, sporting goods, musical instruments, firearms, etc.). At December 31, 1997 and 1996, respectively, 88% and 76% of the jewelry was less than twelve months old based on the Company's date of acquisition (date of forfeiture for collateral or date of purchase) as was approximately 96% and 87% of the general merchandise inventory for each period.

For the Fiscal 1998 Period, gross profits as a percentage of merchandise sales decreased 1.1 percentage points from the Fiscal 1997 Period to 15.8 percent. This decrease results from lower gross profit on wholesale and scrap jewelry sales (1.0 percentage point) and lower margins on merchandise sales (0.2 percentage point) offset by a reduction in inventory shrinkage when measured as a percentage of merchandise sales (down 0.1 percentage point to approximately 1.2 percentage points).

In the Fiscal 1998 Period, operating expenses as a percentage of total revenues decreased 0.6 percentage point from the Fiscal 1997 Period to 32.1%. Administrative expenses decreased 0.5 percentage point in the Fiscal 1998 Period to 6.5%. These decreases result from the higher level of revenues relative to these expenses in the Fiscal 1998 Period.

The Company, like many companies, faces the Year 2000 Issue. This is a result of computer programs being written using two digits rather than four (for example, "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 the Fiscal 1998 Period was $3.7 million as compared to $4.7 million provided in the Fiscal 1997 Period. Improved operating results and lower pawn service charge receivable offset by increases in inventory and prepaid expenses were the main factors for the reduced cash provided by operating activities. Net cash provided by investing activities was $0.6 million for the Fiscal 1998 Period compared to $2.3 million used in the Fiscal 1997 period. The change is due to decreases in pawn loan balances offset by higher levels of capital expenditures and acquisitions for the Fiscal 1998 Period.

In the Fiscal 1998 Period, the Company invested approximately $3.6 million to open one (1) newly established store, to acquire one (1) store, to upgrade or replace existing equipment and computer systems, and for improvements at existing stores. The Company funded these expenditures largely from cash flow provided by operating activities. The Company plans to open approximately 50 stores during fiscal 1998, including the two stores already opened. The Company anticipates that cash flow from operations and funds available under its existing bank line of credit should be adequate to fund these capital expenditures and expected pawn loan growth during the coming year. There can be no assurance, however, that the Company's cash flow and line of credit will provide adequate funds for these capital expenditures.

The Company's current revolving line of credit agreement was amended on May 9, 1997 and matures January 30, 2000. That agreement requires, among other things, that the Company meet certain financial covenants. Borrowings under the line are unsecured and bear interest at the bank's Eurodollar rate plus 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 $50.0 million. At December 31, 1997, the Company had approximately $15 million outstanding on the credit facility and additional borrowing capacity of approximately $31 million.

Seasonality

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

Forward-Looking Information

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statement of historical information provided herein are forward-looking and may contain information about financial results, economic conditions, trends and known uncertainties. The Company cautions the reader that actual results could differ materially from those expected by the Company depending on the outcome of certain factors, including without limitation (i) fluctuations in the

Company's inventory and loan balances, inventory turnover,
average yield on loan

portfolio, redemption rates, labor and employment matters, competition, operating risk, acquisition and expansion risk, liquidity and capital requirements and the effect of government and environmental
regulations and (ii) adverse changes in the market for the Company's services. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligations to release publicly the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereon, including without limitation, changes in the Company's business strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

PART II

Item 1. Legal Proceedings

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

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

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

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 2. Changes in Securities

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a)

Exhibit Number	Description	Incorporated by Reference to
Exhibit 27	Financial Data Schedule	Filed herewith

(b) Reports on Form 8-K
The Company has not filed any reports on Form 8-K for the quarter ended December 31, 1997.

SIGNATURE

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

EZCORP, INC.

(Registrant)

Date: February 12, 1998 By: /s/ DAN N. TONISSEN

(Signature)

Dan N. Tonissen
Senior Vice President and
Chief Financial Officer

5
1000

3-MOS
SEP-30-1998
DEC-31-1997
1,084
0
50,960
0
40,928
96,955
56,908
24,331
149,391
10,354
0
0
0
120
123,600
149,391
30,956
51,944
26,079
47,921
0
0
380
3,643
1,384
2,259
0
0
0
2,259
0.19
0.19