UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2006

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ______________ TO _____________

COMMISSION FILE NUMBER 000-19424

EZCORP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	74-2540145
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1901 CAPITAL PARKWAY, AUSTIN, TEXAS	78746
(Address of principal executive offices)	(Zip code)

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

NOT APPLICABLE
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]   Accelerated filer [X]   Non-accelerated filer [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ]   No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

As of June 30, 2006, 12,236,124 shares of the registrant's Class A Non-voting Common Stock, par value $.01 per share and 990,057 shares of the registrant's Class B Voting Common Stock, par value $.01 per share were outstanding.

EZCORP, INC.

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PART I

ITEM 1. FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets

	June 30, 2006	June 30, 2005	September 30, 2005
	(In thousands) (Unaudited)		
Assets:			
Current assets:			
Cash and cash equivalents	$ 22,731	$ 1,972	$ 4,168
Pawn loans	48,932	50,888	52,864
Payday loans, net	1,966	11,089	1,634
Pawn service charges receivable, net	7,037	9,020	9,492
Payday loan service charges receivable, net	329	2,244	272
Credit service fees receivable, net	3,379	--	3,007
Inventory, net	32,937	28,956	30,293
Deferred tax asset	8,365	9,711	10,534
Prepaid expenses and other assets	3,340	4,697	1,998
Total current assets	129,016	118,577	114,262
Investment in unconsolidated affiliate	17,870	17,110	17,348
Property and equipment, net	27,283	26,147	26,964
Deferred tax asset, non-current	3,669	4,946	4,012
Other assets, net	3,245	4,205	2,862
Total assets	$181,083	$170,985	$165,448
Liabilities and stockholders' equity:			
Current liabilities:			
Accounts payable and other accrued expenses	$ 18,517	$ 13,651	$ 18,988
Customer layaway deposits	1,734	1,559	1,672
Federal income taxes payable	752	1,452	648
Total current liabilities	21,003	16,662	21,308
Long-term debt	--	21,900	7,000
Deferred gains and other long-term liabilities	3,339	3,687	3,597
Total long-term liabilities	3,339	25,587	10,597
Commitments and contingencies	--	--	--
Stockholders' equity:			
Preferred Stock, par value $.01 per share; Authorized 5,000,000 shares; none issued and outstanding	--	--	--
Class A Non-voting Common Stock, par value $.01 per share; Authorized 40,000,000 shares; 12,245,157 issued and 12,236,124 outstanding at June 30, 2006; 11,465,443 issued and 11,456,410 outstanding at June 30, 2005; 11,878,458 issued and 11,869,425 outstanding at September 30, 2005	121	115	117
Class B Voting Common Stock, convertible, par value $.01 per share; Authorized 1,198,990 shares; 1,190,057 issued and 990,057 outstanding	10	10	10
Additional paid-in capital	121,520	116,932	118,219
Retained earnings	34,805	11,009	14,714
Deferred compensation expense	(188)	(391)	(244)
	156,268	127,675	132,816
Treasury stock, at cost (9,033 shares)	(35)	(35)	(35)
Accumulated other comprehensive income	508	1,096	762
Total stockholders' equity	156,741	128,736	133,543
Total liabilities and stockholders' equity	$181,083	$170,985	$165,448

See Notes to Condensed Consolidated Financial Statements (unaudited).

Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
	(In thousands, except per share amounts)			
Revenues:				
Sales	$40,640	$30,994	$130,598	$107,577
Pawn service charges	15,021	14,722	46,988	46,073
Payday loan service charges	1,347	10,231	3,602	26,349
Credit service fees	16,474	--	46,347	--
Other	304	303	962	977
Total revenues	73,786	56,250	228,497	180,976
Cost of goods sold	23,698	18,421	77,696	64,235
Net revenues	50,088	37,829	150,801	116,741
Operating expenses:				
Operations	27,402	23,693	81,623	70,384
Payday loan bad debt and direct transaction expenses	635	3,413	1,757	6,517
Credit service bad debt and direct transaction expenses	5,038	--	10,777	--
Administrative	6,830	5,506	20,347	17,169
Depreciation and amortization	2,143	2,058	6,402	6,016
Total operating expenses	42,048	34,670	120,906	100,086
Operating income	8,040	3,159	29,895	16,655
Interest (income) expense, net	(150)	302	113	916
Equity in net income of unconsolidated affiliate	(557)	(505)	(1,745)	(1,601)
(Gain) loss on sale / disposal of assets	(70)	36	(62)	79
Income before income taxes	8,817	3,326	31,589	17,261
Income tax expense	3,209	1,197	11,498	6,214
Net income	$ 5,608	$ 2,129	$ 20,091	$ 11,047
Net income per common share:				
Basic	$ 0.42	$ 0.17	$ 1.54	$ 0.89
Diluted	$ 0.40	$ 0.16	$ 1.44	$ 0.82
Weighted average shares outstanding:				
Basic	13,219	12,443	13,058	12,403
Diluted	14,186	13,434	13,974	13,507

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

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended June 30,	
	2006	2005
	(In thousands)	
Operating Activities:		
Net income	$ 20,091	$ 11,047
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,402	6,016
Payday loan loss provision	1,491	5,635
Deferred taxes	2,512	--
Net loss on sale or disposal of assets	(62)	79
Share-based compensation	1,099	441
Income from investment in unconsolidated affiliate	(1,745)	(1,601)
Changes in operating assets and liabilities:		
Service charges and fees receivable, net	2,045	(1,111)
Inventory, net	(387)	208
Prepaid expenses, other current assets, and other assets, net	(1,145)	(900)
Accounts payable and accrued expenses	(461)	(1,230)
Customer layaway deposits	46	(86)
Deferred gains and other long-term liabilities	(258)	(271)
Federal income taxes	138	(591)
Net cash provided by operating activities	29,766	17,636
Investing Activities:		
Pawn loans made	(139,049)	(123,870)
Pawn loans repaid	76,385	69,892
Recovery of pawn loan principal through sale of forfeited collateral	65,271	53,640
Payday loans made	(16,361)	(51,642)
Payday loans repaid	14,538	42,210
Additions to property and equipment	(6,684)	(6,339)
Acquisitions, net of cash acquired	(1,590)	--
Dividends from unconsolidated affiliate	969	861
Proceeds from sale of assets	98	--
Net cash used in investing activities	(6,423)	(15,248)
Financing Activities:		
Proceeds from exercise of stock options and warrants	2,220	178
Net payments on bank borrowings	(7,000)	(3,100)
Net cash used in financing activities	(4,780)	(2,922)
Change in cash and equivalents	18,563	(534)
Cash and equivalents at beginning of period	4,168	2,506
Cash and equivalents at end of period	$ 22,731	$ 1,972
Non-cash Investing and Financing Activities:		
Pawn loans forfeited and transferred to inventory	$ 66,834	$ 52,168
Foreign currency translation adjustment	$ 254	$ 269
Issuance of common stock to 401(k) plan	$ 44	$ 72

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

NOTE A: BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Such adjustments are of a normal, recurring nature except for those related to an acquired business (described in Note C) and the adoption of a new accounting principle regarding share-based payments (described in Note J). 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, 2005 ("Fiscal 2005"). The balance sheet at September 30, 2005 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The Company's business is subject to seasonal variations, and operating results for the three-month and nine-month periods ended June 30, 2006 (the "Fiscal 2006 Third Quarter" and the "Fiscal 2006 Year-to-Date Period") are not necessarily indicative of the results of operations for the full fiscal year.

NOTE B: SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation. The Company accounts for its 28.7% interest in Albemarle & Bond Holdings, plc using the equity method.

PAWN LOAN REVENUE RECOGNITION: Pawn service charges are recorded using the interest method for all pawn loans the Company deems to be collectible. The Company bases its estimate of collectible loans on several factors, including recent redemption rates, historical trends in redemption rates, and the amount of loans due in the following three months. Unexpected variations in any of these factors could increase or decrease the Company's estimate of collectible loans, affecting the Company's earnings and financial condition. If a pawn loan is not repaid, the forfeited collateral (inventory) is valued at the lower of cost (pawn loan principal) or market value (net realizable value) of the property. Sales revenue and the related cost are recorded when this inventory is sold.

PAYDAY LOAN REVENUE RECOGNITION: The Company accrues service charges on the percentage of payday loans the Company deems to be collectible using the interest method. Accrued service charges related to defaulted loans are deducted from service charge revenue upon loan default, and increase service charge revenue upon subsequent collection.

PAYDAY LOAN BAD DEBT AND DIRECT TRANSACTION EXPENSES: The Company considers a loan defaulted if the loan has not been repaid or renewed by the maturity date. Although defaulted loans may be collected later, the Company charges the loan principal to bad debt upon default, leaving only active loans in the reported balance. Subsequent collections of principal are recorded as a reduction of bad debt at the time of collection. The Company's payday loan bad debt, included in payday loan bad debt and direct transaction expenses, was $0.6 million and $1.5 million, representing 44.7% and 41.4% of payday loan service charges for the Fiscal 2006 Third Quarter and the Fiscal 2006 Year-to-Date Period. In the comparable 2005 periods (the "Fiscal 2005 Third Quarter" and the "Fiscal 2005 Year-to-Date Period"), payday loan bad debt was $3.1 million and $5.5 million, representing 30.7% and 20.9% of service charges in the respective periods. Excluding the benefit of a $0.9 million sale of older bad debt in December 2004, bad debt for the nine-month period ended June 30, 2005 was $6.4 million, or 24.3% of service charges during the nine-month period. The Company includes direct transaction expenses in this financial statement line item. These include Tele-Track charges, electronic debit fees, and other bank fees amounting to 2.4% and 7.4% of payday loan service charges for the Fiscal 2006 Third Quarter and the Fiscal 2006 Year-to-Date Period and 2.6% and 3.8% of payday loan service charges for the comparable 2005 periods.

PAYDAY LOAN ALLOWANCE FOR LOSSES: The Company also provides an allowance for losses on active payday loans and related service charges receivable, based on recent loan default experience and expected seasonal variations. Changes in the principal valuation allowance are charged to bad debt expense in the Company's statement of operations. Changes in the service charge receivable valuation allowance are charged to payday loan service charge revenue.

CREDIT SERVICE REVENUE RECOGNITION: The Company earns credit service fees when it assists customers in obtaining a loan from an unaffiliated lender. The Company accrues credit service fees on the percentage of fees the Company expects to collect. Accrued fees related to defaulted loans are deducted from credit service fee revenue upon loan default, and increase credit service fee revenue upon subsequent collection.

CREDIT SERVICE BAD DEBT AND DIRECT TRANSACTION EXPENSES: As part of its credit services, the Company issues a letter of credit to enhance the creditworthiness of the Company's customers seeking loans from an unaffiliated lender. The letter of credit assures the lender that if the borrower defaults on the loan, the Company will pay the lender the principal and accrued interest owed it by the borrower, plus any insufficient funds fee, all of which the Company records as bad debt and then attempts to collect from the borrower. Upon demand, the Company pays all amounts due under the related letter of credit if the loan has not been repaid or renewed by the maturity date. Although amounts paid under letters of credit may be collected later, the Company charges those amounts to bad debt upon default. Subsequent recoveries under the letters of credit are recorded as a reduction of bad debt at the time of collection. The Company's credit service bad debt, included in credit service bad debt and direct transaction expenses, was $4.9 million and $10.6 million, representing 29.9% and 22.8% of credit service fee revenues for the Fiscal 2006 Third Quarter and Year-to-Date Period. The Company includes direct transaction expenses in this financial statement line item. These include Tele-Track charges, electronic debit fees, and other bank fees amounting to 0.7% and 0.4% of credit service fee revenue for the Fiscal 2006 Third Quarter and the Fiscal 2006 Year-to-Date Period. The Company had no credit service bad debt or direct transaction expenses in the fiscal 2005 periods, as it did not offer credit services in those periods.

CREDIT SERVICE ALLOWANCE FOR LOSSES: The Company also provides an allowance for losses it expects to incur under letters of credit for loans that are active at period-end but have not yet matured. Its allowance is based on recent loan default experience and expected seasonal variations, and includes all amounts it expects to pay to the unaffiliated lender upon loan default, including loan principal, accrued interest, and insufficient funds fees, net of the amounts it expects to subsequently collect from borrowers ("Expected LOC Losses"). Changes in the valuation allowance are charged to credit service bad debt expense in the Company's statement of operations. At June 30, 2006, the allowance for Expected LOC Losses was $1.1 million. At that date, the Company's maximum exposure for losses on letters of credit, if all brokered loans defaulted and none was collected, was $17.0 million. This amount includes principal, interest, and insufficient funds fees. Based on the expected loss and collection percentages, the Company also provides an allowance for the credit service fees it expects not to collect, and charges changes in the credit service fee receivable valuation allowance to credit service fee revenue.

INVENTORY: If a pawn loan is not repaid, the forfeited collateral (inventory) is recorded at cost (pawn loan principal). The Company does not record loan loss allowances or charge-offs on the principal portion of pawn loans. In order to state inventory at the lower of cost (specific identification) or market (net realizable value), the Company provides an allowance for shrinkage and excess, obsolete, or slow-moving inventory. The allowance is based on the type and age of merchandise as well as recent sales trends and margins. At June 30, 2006, June 30, 2005, and September 30, 2005, the valuation allowance deducted from the carrying value of inventory was $2.5 million, $1.9 million, and $1.9 million (7.1%, 6.0%, and 5.8% of gross inventory). Changes in the inventory valuation allowance are recorded as cost of goods sold.

INTANGIBLE ASSETS: Goodwill and other intangible assets having indefinite lives are not subject to amortization, but are tested for impairment annually on July 1, or more frequently if events or changes in circumstances indicate that the assets might be impaired. The Company recognized no impairment of its intangible assets in the Fiscal 2006 or Fiscal 2005 Third Quarter. Intangible assets with definite lives are amortized over their estimated useful lives.

VALUATION OF TANGIBLE LONG-LIVED ASSETS: The Company assesses the impairment of tangible long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that could trigger an impairment review include the following: significant underperformance relative to historical or projected future cash flows; significant changes in the manner of use of the assets or the strategy for the overall business; and significant negative industry trends. When management determines that the carrying value of tangible long-lived assets may not be recoverable, impairment is measured based on the excess of the assets' carrying value over the estimated fair value. No impairment of tangible long-lived assets has been recognized in the Fiscal 2006 or 2005 Year-to-Date Periods.

INCOME TAXES: The provision for federal income taxes has been calculated based on the Company's estimate of its effective tax rate for the full fiscal year. As part of the process of preparing the consolidated financial statements, the Company is required to estimate income taxes in each jurisdiction in which it operates. This process involves estimating the actual current tax liability together with assessing temporary differences in recognition of income for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheet. Management must then assess the likelihood that the deferred tax assets will be recovered from future taxable income. In the event the Company were to determine that it would not be able to realize all or part of its net deferred tax assets in the future, a valuation allowance would be charged to the income tax provision in the period such determination was made. Likewise, should the Company determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, a decrease to a valuation allowance would increase income in the period such determination was made. The Company evaluates the realizability of its deferred tax assets quarterly by assessing the need for a valuation allowance, if any. As of June 30, 2006, June 30, 2005 and September 30, 2005, the Company had no valuation allowance on its deferred tax assets.

SHARE-BASED COMPENSATION: Prior to October 1, 2005, the Company accounted for its share-based employee compensation plans under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations ("APB 25"), as permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." For periods prior to October 1, 2005, share-based employee compensation cost was recognized in the Statement of Operations only for restricted stock grants and options granted at prices below market price on the date of grant. Effective October 1, 2005, the Company adopted the fair value recognition provisions of SFAS No. 123(R), as described in Note J, "Share-based Compensation."

PROPERTY AND EQUIPMENT: Property and equipment is shown net of accumulated depreciation of $73.5 million, $65.2 million and $67.2 million at June 30, 2006, June 30, 2005, and September 30, 2005.

SEGMENTS: The Company accounts for its operations in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." No segment disclosures have been made as the Company considers its business activities as a single segment.

Certain prior year balances have been reclassified to conform to the Fiscal 2006 presentation.

NOTE C: ACQUISITION

On December 5, 2005, the Company acquired all outstanding stock of Texas Diamond & Gold, a single-store pawn company for $1.6 million. The results of Texas Diamond & Gold have been consolidated with that of the Company since the acquisition date. Goodwill of $0.6 million was recorded as part of this acquisition. Pro forma results of operations have not been presented because the effects of this acquisition were not material to the Company.

NOTE D: EARNINGS PER SHARE

Basic earnings per share are computed on the basis of the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share are computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, warrants, and restricted stock awards.

Components of basic and diluted earnings per share are as follows (in thousands, except per share amounts):

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Nine Months Ended June 30, 2006	Nine Months Ended June 30, 2005
Net income (A)	$ 5,608	$ 2,129	$20,091	$11,047
Weighted average outstanding shares of common stock (B)	13,219	12,443	13,058	12,403
Dilutive effect of stock options, warrants, and restricted stock	967	991	916	1,104
Weighted average common stock and common stock equivalents (C)	14,186	13,434	13,974	13,507
Basic earnings per share (A/B)	$ 0.42	$ 0.17	$ 1.54	$ 0.89
Diluted earnings per share (A/C)	$ 0.40	$ 0.16	$ 1.44	$ 0.82

Anti-dilutive options, warrants, and restricted stock grants have been excluded from the computation of diluted earnings per share because the assumed proceeds upon exercise, as defined by SFAS No. 123(R), were greater than the cost to re-acquire the same number of shares at the average market price, and therefore the effect would be anti-dilutive.

NOTE E: INVESTMENT IN UNCONSOLIDATED AFFILIATE

The Company owns 13,276,666 common shares of Albemarle & Bond Holdings, plc ("A&B"), or approximately 29% of the total outstanding shares. The investment is accounted for using the equity method. Since A&B's fiscal year ends three months prior to the Company's fiscal year, the income reported by the Company for its investment in A&B is on a three-month lag. In accordance with United Kingdom securities regulations, A&B files only semi-annual financial reports, for its fiscal periods ending December 31 and June 30. The income reported for the Company's Fiscal 2006 Year-to-Date Period represents its percentage interest in the results of A&B's operations from July 1, 2005 to March 31, 2006.

Below is summarized financial information for A&B's most recently reported results (using average exchange rates for the periods indicated):

	Six Months Ended December 31, 2005	Six Months Ended December 31, 2004
	(in thousands)	
Turnover (gross revenues)	$26,391	$23,399
Gross profit	18,207	16,243
Profit after tax (net income)	4,134	3,799

NOTE F: CONTINGENCIES

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

NOTE G: COMPREHENSIVE INCOME

Comprehensive income includes net income and other revenues, expenses, gains and losses that are excluded from net income but are included as a component of total stockholders' equity. Comprehensive income for the Fiscal 2006 Third Quarter was $5.7 million and comprehensive income for the Fiscal 2006 Year-to-Date Period was $19.8 million. For the comparable 2005 periods, comprehensive income was $2.0 million and $11.3 million. The difference between comprehensive income and net income results primarily from the effect of foreign currency translation adjustments determined in accordance with SFAS No. 52, "Foreign Currency Translation." The accumulated balance of foreign currency activity excluded from net income is presented as "Accumulated other

comprehensive income" in the Condensed Consolidated Balance Sheets, and amounted to $0.5 million ($0.8 million, net of tax of $0.3 million) at June 30, 2006.

NOTE H: LONG-TERM DEBT

At June 30, 2006, the Company had no outstanding debt. The Company's credit agreement provides for a $40 million revolving credit facility, secured by the Company's assets, and matures April 1, 2007. The Company may choose either a Eurodollar rate or the agent bank's base rate. Interest accrues at the Eurodollar rate plus 150 to 275 basis points or the agent bank's base rate plus 0 to 125 basis points, depending on the leverage ratio computed at the end of each quarter. The Company also pays a commitment fee of 37.5 basis points annually on the unused amount of the revolving facility. Terms of the agreement require, among other things, that the Company meet certain financial covenants. Payment of dividends and additional debt are allowed but restricted.

NOTE I: GOODWILL AND OTHER INTANGIBLE ASSETS

The Company accounts for goodwill and other intangible assets in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." Under the provisions of SFAS No. 142, goodwill and other intangible assets having indefinite lives are not subject to amortization but are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. No indicators of impairment were identified in any period presented above.

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

	June 30, 2006	June 30, 2005	September 30, 2005
	(In thousands)		
Pawn licenses	$1,549	$1,549	$1,549
Goodwill	631	--	--
Total	$2,180	$1,549	$1,549

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

	June 30, 2006		June 30, 2005		September 30, 2005	
	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization
	(In thousands)					
License application fees	$ 345	$(250)	$ 345	$(218)	$ 345	$(226)
Real estate finders' fees	556	(306)	554	(289)	554	(294)
Non-compete agreements	388	(272)	388	(253)	388	(258)
Total	$1,289	$(828)	$1,287	$(760)	$1,287	$(778)

Total amortization expense from definite-lived intangible assets for the Fiscal 2006 Third Quarter and Fiscal 2006 Year-to-Date Period was approximately $17,000 and $51,000. The amortization was unchanged from the same periods of Fiscal 2005. The following table presents the Company's estimate of amortization expense for definite-lived intangible assets for each of the five succeeding fiscal years as of October 1, 2005 (in thousands):

Fiscal Year	Amortization Expense
2006	$67
2007	$67
2008	$66
2009	$57
2010	$42

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

NOTE J: SHARE-BASED COMPENSATION

Prior to October 1, 2005, the Company accounted for its share-based employee compensation plans under the recognition and measurement provisions of APB 25, as permitted by SFAS No. 123. For periods prior to October 1, 2005, share-based employee compensation cost was recognized in the Statement of Operations for only restricted stock grants and options granted at prices below market price on the date of grant. Effective October 1, 2005, the Company adopted the fair value recognition provisions of SFAS No. 123(R), "Share-based Payment," using the modified prospective transition method. Under that transition method, compensation cost recognized in all periods subsequent to September 30, 2005 includes (a) compensation cost for all share-based payments granted prior to, but not yet vested as of October 1, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all share-based payments granted on or after October 1, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). The fair value of grants is amortized to compensation expense on a straight-line basis over the vesting period for both cliff vesting and graded vesting grants. The grant-date fair value of options is estimated using the Black-Scholes-Merton option-pricing model and is amortized to expense over the options' vesting periods. In accordance with the modified prospective transition provisions, results for prior periods have not been restated, and pro forma results are disclosed below for the pre-adoption period. The Company's net income includes the following compensation costs related to our share-based compensation arrangements:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
	(in thousands)			
Gross compensation costs				
Stock options	$187	$ --	$1,042	$ --
Restricted stock	19	147	57	441
Total gross compensation costs	$206	$147	$1,099	$ 441
Income tax benefits				
Stock options	$ --	$ --	$ (95)	$ --
Restricted stock	(7)	(52)	(21)	(156)
Total income tax benefits	$ (7)	$(52)	$ (116)	$(156)
Net compensation expense	$199	$ 95	$ 983	$ 285

All options and restricted stock relate to the Company's Class A Non-voting Common Stock.

Our independent directors have been granted non-qualified stock options that vest one year from grant and expire in ten years. Non-qualified and incentive stock options have been granted to our officers and employees under our 1991, 1998, and 2003 Incentive Plans. Most options have a contractual life of ten years and provide for graded vesting over five years, but some provide for cliff vesting. Certain of the options granted to officers also provide for accelerated vesting upon a change in control or upon the achievement of certain income targets and/or new store opening targets. Outstanding options have been granted with strike prices ranging from $2.00 per share to $16.06 per share. These were granted at or above the market price at the time of grant, and had no intrinsic value on the grant date.

On September 17, 2003, the Compensation Committee of the Board of Directors approved an award of 125,000 shares of restricted stock to the Chairman of the Board. The market value of the restricted stock on the award date was $0.8 million, which was amortized over the two-year restriction period that expired September 17, 2005. During the Fiscal 2005 Third Quarter and Fiscal 2005 Year-to-Date Period, $0.1 million and $0.3 million of this cost was amortized to expense.

On January 15, 2004, the Compensation Committee of the Board of Directors approved an award of 60,000 shares of restricted stock to the Company's Chief Executive Officer. The shares will vest on January 1, 2009, provided he remains continuously employed by the Company through the vesting date. The shares were subject to earlier vesting based on the occurrence of certain objectives. The market value of the restricted stock on the award date was $0.6 million, which was being amortized over a three-year period based on the Company's initial expectation that earlier vesting objectives would be met. One-third of the

shares vested January 15, 2005 based on the attainment of the goals for accelerated vesting. Effective October 1, 2005, the Company determined it no longer believed the requirements would be met for accelerated vesting of the remaining unvested shares. Accordingly, the

remaining unamortized deferred compensation of $0.2 million is being amortized ratably over the vesting period ending January 1, 2009. During the Fiscal 2006 and 2005 Third Quarters, $19,000 and $49,000 was amortized to expense for this grant. During the Fiscal 2006 and 2005 Year-to-Date Periods, $57,000 and $147,000 was amortized to expense for this grant. These restricted shares are not included in the Summary of Option Plans' Activity table below.

We measure the fair value of restricted stock awards ("RSAs") based upon the market price of the underlying common stock as of the grant date. Throughout the nine months ended June 30, 2006, the Company has had 40,000 shares of non-vested restricted stock awards outstanding, with a weighted average grant-date fair value of $9.77 per share. No restricted shares have been granted, vested, or forfeited during the period. At June 30, 2006, there was $0.2 million of unrecognized compensation cost related to RSAs. The Company expects to recognize this cost over a weighted average period of 2.5 years.

The following table summarizes the impact of adopting SFAS No. 123(R) on the noted items:

	Three Months Ended June 30, 2006		Nine Months Ended June 30, 2006	
	Intrinsic Value Method	Fair Value Method	Intrinsic Value Method	Fair Value Method
	(In thousands, except per share amounts)			
Income before income taxes	$ 9,004	$ 8,817	$ 32,631	$31,589
Net income	$ 5,795	$ 5,608	$ 21,038	$20,091
Earnings per share:				
Basic	$ 0.44	$ 0.42	$ 1.61	$ 1.54
Diluted	$ 0.40	$ 0.40	$ 1.49	$ 1.44
Cash flow provided by operating activities	$11,003	$11,003	$ 29,766	$29,766
Cash flow provided by (used in) financing activities	$ 273	$ 273	$(4,780)	$(4,780)

A summary of the option plans' activity for the most recently reported period follows:

SUMMARY OF OPTION PLANS' ACTIVITY

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (thousands)
Outstanding at September 30, 2005	1,799,900	$ 7.80		
Granted	--	--		
Forfeited	(29,560)	$ 9.07		
Expired	--	--		
Exercised	(15,450)	$ 4.19		
Outstanding at December 31, 2005	1,754,890	$ 7.81		
Granted	--	--		
Forfeited	(5,000)	$10.61		
Expired	--	--		
Exercised	(294,450)	$ 6.38		
Outstanding at March 31, 2006	1,455,440	$ 8.08		
Granted	--	--		
Forfeited	(42,600)	$ 9.31		
Expired	--	--		
Exercised	(34,850)	$ 7.79		
Outstanding at June 30, 2006	1,377,990	$ 8.05	5.2	$40,839
Vested and Expected to Vest at June 30, 2006	1,269,668	$ 7.97	5.1	$37,735
Vested at June 30, 2006	575,590	$ 6.26	6.1	$18,092

Prior to the adoption of SFAS No. 123(R), the Company presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the Statement of Cash Flows. SFAS No. 123(R) requires the cash flows resulting from excess tax benefits (the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options) to be classified as financing cash flows. There were no such cash flows in the periods presented.

The Black-Scholes-Merton 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. In applying the Black-Scholes-Merton option valuation model, the Company used the following weighted average assumptions for the Fiscal 2005 Year-to-Date Period:

	Nine Months Ended June 30, 2005
Risk-free interest rate	3.48%
Dividend yield	0%
Volatility factor of the expected market price of the Company's common stock	91.75%
Expected life of the options	5.5 years
Weighted average grant date fair value of options granted	$7.39

No options were granted in the Fiscal 2006 Third Quarter, the Fiscal 2006 Year-to-Date Period, or the Fiscal 2005 Third Quarter. The Company considered the contractual life of the options and the past behavior of employees in estimating the expected life of options granted. The estimated expected life cannot exceed the contractual term, and cannot be less than the vesting term. The volatility factor was estimated using the actual volatility of the Company's stock over the most recently completed time period equal to the estimated life of each option grant. Although no adjustment was made in the period presented above, the Company considers excluding from its volatility factor discrete events which have had a significant effect on its historical volatility but have a remote chance of recurring.

As of June 30, 2006, the unamortized fair value of share-based awards to be amortized over their remaining vesting periods was approximately $2.7 million. The weighted average period over which these costs will be amortized is 2.5 years.

The total intrinsic value of stock options exercised was $0.8 million in the Fiscal 2006 Third Quarter, and $5.4 million in the Fiscal 2006 Year-to-Date Period. The total intrinsic value of stock options exercised was $0.2 million in the Fiscal 2005 Third Quarter and $1.1 million Fiscal 2005 Year-to-Date Period.

Under the 2003 Incentive Plan, 142,200 shares were available for grant at June 30, 2006. This plan covers stock options, warrants, and restricted stock awards. Awards that expire or are canceled without delivery of shares under the 2003 Incentive Plan generally become available for issuance. The Company issues new shares to satisfy stock option exercises.

Stock option and warrant exercises resulted in the issuance of 35,040 shares of Class A Non-voting Common Stock in the Fiscal 2006 Third Quarter, and 345,300 shares in the Fiscal 2006 Year-to-Date Period. The proceeds from the exercises totaled $0.3 million in the Fiscal 2006 Third Quarter and $2.2 million in the Fiscal 2006 Year-to-Date Period.

Stock option and warrant exercises resulted in the issuance of 18,600 shares of Class A Non-voting Common Stock in the Fiscal 2005 Third Quarter, and 80,058 shares in the Fiscal 2005 Year-to-Date Period for total proceeds of $38,000 and $178,000.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to options granted under the Company's stock option plans in periods prior to adoption of SFAS No. 123(R). For purposes of this pro forma disclosure, the value of the options is estimated using the Black-Scholes-Merton option-pricing formula and is amortized to expense over the options' vesting periods:

	Three Months Ended June 30, 2005	Nine Months Ended June 30, 2005
	(In thousands, except per share amounts)	
Net income, as reported	$2,129	$11,047
Add: share-based employee compensation included in reported net income, net of related tax effects	95	285
Deduct: total share-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(260)	(778)
Pro forma net income	$1,964	$10,554
Earnings per share - basic:		
As reported	$ 0.17	$ 0.89
Pro forma	$ 0.16	$ 0.85
Earnings per share - diluted:		
As reported	$ 0.16	$ 0.82
Pro forma	$ 0.15	$ 0.78

At June 30, 2006, warrants to purchase 21,846 shares of Class A Non-voting Common Stock and 4,074 shares of Class B Voting Common Stock at $6.17 per share were outstanding. The warrants are not mandatorily redeemable, and are exercisable at the option of the holder through July 25, 2009.

NOTE K: RECENT PRONOUNCEMENTS: ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). To be recognized in the financial statements, FIN 48 requires that a tax position is more-likely-than-not to be sustained upon examination, based on the technical merits of the position. In making the determination of sustainability, companies must presume tax positions will be examined by the appropriate taxing authority with full knowledge of all relevant information. FIN 48 also prescribes how such benefit should be measured, including the consideration of any penalties and interest. It requires that the new standard be applied to the balances of tax assets and liabilities as of the beginning of the period of adoption and that a corresponding adjustment be made to the opening balance of retained earnings. FIN 48 will be effective for the Company in the fiscal year ending September 30, 2008. The Company is evaluating the potential effect of FIN 48, but does not expect it to have a material effect on the Company's consolidated financial position or results of operations.

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

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

Third Quarter Ended June 30, 2006 vs. Third Quarter Ended June 30, 2005

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the three-month periods ended June 30, 2006 and 2005 ("Fiscal 2006 Third Quarter" and "Fiscal 2005 Third Quarter"):

	Three Months Ended June 30,(a)		% or Point
	2006	2005	Change(b)
Net revenues:			
Sales	$40,640	$30,994	31.1%
Pawn service charges	15,021	14,722	2.0%
Payday loan service charges	1,347	10,231	(86.8)%
Credit service fees	16,474	--	100%
Other	304	303	0.3%
Total revenues	73,786	56,250	31.2%
Cost of goods sold	23,698	18,421	28.6%
Net revenues	$50,088	$37,829	32.4%
Other data:			
Gross margin on sales	41.7%	40.6%	1.1%
Average annual inventory turnover	3.0x	2.7x	0.3x
Average inventory per pawn location at quarter end	$ 118	$ 103	14.6%
Average pawn loan balance per pawn location at quarter end	$ 175	$ 182	(3.8)%
Average yield on pawn loan portfolio	136%	130%	6 pts.
Pawn loan redemption rate	77%	78%	(1) pt.
Signature loan bad debt as a percentage of signature loan revenues	31%	31%	(0) pts.
Expenses and income as a percentage of net revenues (%):			
Operations	54.7	62.6	(7.9) pts.
Payday loan bad debt and direct transaction expenses	1.3	9.0	(7.7) pts.
Credit service bad debt and direct transaction expenses	10.1	--	10.1 pts
Administrative	13.6	14.6	(1.0) pts.
Depreciation and amortization	4.3	5.4	(1.1) pts.
Interest (income) expense, net	(0.3)	0.8	(1.1) pts.
Income before income taxes	17.6	8.8	8.8 pts.
Net income	11.2	5.6	5.6 pts.
Stores in operation:			
Beginning of period	544	472	
New openings	25	12	
Sold, combined, or closed	(1)	(1)	
End of period	568	483	
Average number of stores during the period	550	477	
Composition of ending stores:			
EZPAWN locations	280	280	
EZMONEY signature loan locations adjoining EZPAWNs	165	144	
EZMONEY signature loan locations - free standing	123	59	
Total stores in operation	568	483	
EZPAWN locations offering signature loans	82	112	
Total locations offering signature loans	370	315	

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

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

Nine Months Ended June 30, 2006 vs. Nine Months Ended June 30, 2005

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the nine-month periods ended June 30, 2006 and 2005 ("Fiscal 2006 Year-to-Date Period" and "Fiscal 2005 Year-to-Date Period"):

	Nine Months Ended June 30, (a)		% or Point Change (b)
	2006	2005	
Net revenues:			
Sales	$130,598	$107,577	21.4%
Pawn service charges	46,988	46,073	2.0%
Payday loan service charges	3,602	26,349	(86.3)%
Credit service fees	46,347	--	100%
Other	962	977	(1.5)%
Total revenues	228,497	180,976	26.3%
Cost of goods sold	77,696	64,235	21.0%
Net revenues	$150,801	$116,741	29.2%
Other data:			
Gross margin on sales	40.5%	40.3%	0.2%
Average annual inventory turnover	3.2x	2.9x	0.3x
Average inventory per pawn location at period end	$ 118	$ 103	14.6%
Average pawn loan balance per pawn location at period end	$ 175	$ 182	(3.8)%
Average yield on pawn loan portfolio	137%	137%	(0) pts.
Pawn loan redemption rate	77%	78%	(1) pt.
Signature loan bad debt as a percentage of signature loan revenues	24%	21%	3 pts.
Expenses and income as a percentage of net revenues (%):			
Operations	54.1	60.3	(6.2) pts.
Payday loan bad debt and direct transaction expenses	1.2	5.6	(4.4) pts.
Credit service bad debt and direct transaction expenses	7.1	--	7.1 pts.
Administrative	13.5	14.7	(1.2) pts.
Depreciation and amortization	4.2	5.2	(1.0) pts.
Interest expense, net	0.1	0.8	(0.7) pts.
Income before income taxes	20.9	14.8	6.1 pts.
Net income	13.3	9.5	3.8 pts.
Stores in operation:			
Beginning of period	514	405	
New openings	55	79	
Acquired	1	--	
Sold, combined or closed	(2)	(1)	
End of period	568	483	
Average number of stores during the period	532	451	
Composition of ending stores:			
EZPAWN locations	280	280	
EZMONEY signature loan locations adjoining EZPAWNs	165	144	
EZMONEY signature loan locations - free standing	123	59	
Total stores in operation	568	483	
EZPAWN locations offering signature loans	82	112	
Total locations offering signature loans	370	315	

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

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

EFFECT OF ADOPTING A NEW ACCOUNTING PRINCIPLE FOR SHARE-BASED COMPENSATION

Prior to October 1, 2005, the Company accounted for its share-based employee compensation plans under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations ("APB 25"), as permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-based Compensation." For periods prior to October 1, 2005, share-based employee compensation cost was recognized in the Statement of Operations for only restricted stock grants and options granted at prices below market price on the date of grant. Effective October 1, 2005, the Company adopted the fair value recognition provisions of SFAS No. 123(R), "Share-based Payment," using the modified prospective transition method, as more fully described in Note J of the financial statements included in this report. In accordance with the modified prospective transition provisions, results for prior periods have not been restated. The Company's net income includes the following compensation costs related to our share-based compensation arrangements:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
	(in thousands)			
Gross compensation costs				
Stock options	$187	$ --	$1,042	$ --
Restricted stock	19	147	57	441
Total gross compensation costs	$206	$147	$1,099	$ 441
Income tax benefits				
Stock options	$ --	$ --	$ (95)	$ --
Restricted stock	(7)	(52)	(21)	(156)
Total income tax benefits	$ (7)	$(52)	$ (116)	$(156)
Net compensation expense	$199	$ 95	$ 983	$ 285

At June 30, 2006, the unamortized fair value of share-based awards to be amortized over their remaining vesting periods was approximately $2.7 million. The weighted average period over which these costs will be amortized is 2.5 years. Based on current outstanding options, the Company expects to recognize share-based compensation expense of approximately $0.3 million in the remaining quarter of Fiscal 2006. The expense recognized in the first quarter of Fiscal 2006 was higher than the amount expected for the other quarters in Fiscal 2006 due to the acceleration of vesting of certain options in that quarter, in accordance with their terms.

OVERVIEW

The Company is a lender or provider of credit services to individuals who do not have cash resources or access to credit to meet their short-term cash needs. In 280 EZPAWN locations (as of June 30, 2006), the Company offers non-recourse loans collateralized by tangible personal property, commonly known as pawn loans. At these locations, the Company also sells merchandise, primarily collateral forfeited from its pawn lending operations, to consumers looking for good value. In 288 EZMONEY stores and 82 EZPAWN locations (as of June 30, 2006), the Company offers short-term non-collateralized loans, often referred to as payday loans, or fee-based credit services to customers seeking loans (collectively, "signature loans").

The income earned on pawn lending is pawn service charge revenue. While allowable service charges vary by state and loan size, a majority of the Company's loans are in amounts that permit pawn service charges of 20% per month, or 240% annually. The Company's average pawn loan amount ranges between $70 and $85 but varies depending on the valuation of each item pawned. The total loan term, consisting of the primary term and grace period, ranges between 60 and 120 days.

The Company began reducing the total loan term on pawn loans from 90 days to 60 days in 67 of its pawn locations in August 2005 and another 148 in November 2005. Forty-three locations had previously made the change. The Company believes this change reduced its pawn portfolio approximately 15% for the loans in these stores that were between 60 and 90 days old, with very little or no impact on earned pawn service charge revenues. This change also created a one-time doubling of forfeitures as loans made 90 and 60 days earlier simultaneously

forfeited for a 30-day period, resulting in a higher level of inventory
available for sale (beginning inventory plus forfeitures and

purchases). In the 67 stores converted in August 2005, the Company experienced this doubling of forfeitures as loans matured during the quarter ended December 31, 2005. In the 148 stores converted in November 2005, the Company experienced this doubling of forfeitures as loans matured during the quarter ended March 31, 2006. As a result, inventory available for sale increased over the prior year period 11% and 16% for the December and March quarters.

In its pawnshops, the Company acquires inventory for its retail sales through pawn loan forfeitures and, to a lesser extent, through purchases of customers' merchandise. The realization of gross profit on sales of inventory depends primarily on the Company's assessment of the resale value at the time the property is either accepted as loan collateral or purchased. Improper assessment of the resale value in the lending or purchasing process can result in the realization of a lower margin or reduced marketability of the property.

On July 15, 2005, the EZMONEY stores located in Texas ceased marketing payday loans and began providing fee-based credit services to consumers in obtaining loans from unaffiliated lenders. At June 30, 2006, 232 of the Company's 288 EZMONEY stores and 51 of the Company's 280 pawn stores offered credit services. The Company does not participate in the loans made by the lenders, but typically earns a fee of 20% of the loan amount for assisting the customer in obtaining credit and by enhancing the borrower's creditworthiness through the issuance of a letter of credit. The Company also offers an optional service to improve or establish customers' credit histories by reporting their payments to an external credit-reporting agency. The average loan obtained by the Company's credit service customers is approximately $480 and the term is generally less than 30 days, averaging about 16 days.

The Company earns payday loan service charge revenue on its payday loans. In 87 of its locations, the Company makes payday loans in compliance with state law. The average payday loan amount is approximately $380 and the term is generally less than 30 days, averaging about 19 days. The service charge per $100 loaned ranges from $15 to $22 for a 7 to 23-day period. Through December 2005, the Company also marketed and serviced payday loans made by County Bank of Rehoboth Beach ("County Bank"), a federally insured Delaware bank in some of its locations. After origination of the loans, the Company could purchase a 90% participation in the loans made by County Bank and marketed by the Company. As of December 31, 2005, County Bank no longer maintains a payday loan program. Most of the locations previously marketing County Bank loans now provide credit services to consumers in obtaining loans from unaffiliated lenders.

In the Fiscal 2006 Third Quarter compared to the Fiscal 2005 Third Quarter, the Company saw significant growth in its signature loan contribution and an increase in the gross profit on sales. Somewhat offsetting these were higher operating costs, primarily due to newly opened stores, and administrative costs. The Company's net income improved to $5.6 million in the Fiscal 2006 Third Quarter from $2.1 million in the Fiscal 2005 Third Quarter.

RESULTS OF OPERATIONS

Third Quarter Ended June 30, 2006 vs. Third Quarter Ended June 30, 2005

The following discussion compares the results of operations for the Fiscal 2006 Third Quarter to the Fiscal 2005 Third Quarter. The discussion should be read in conjunction with the accompanying financial statements and related notes.

The Company's Fiscal 2006 Third Quarter pawn service charge revenue increased 2.0%, or $0.3 million from the Fiscal 2005 Third Quarter to $15.0 million. This increase was due to a six percentage point improvement in loan yields to 136%, partially offset by a 2.7% lower average pawn loan balance during the Fiscal 2006 Third Quarter. During the last fifteen months, the Company raised its loan values on gold jewelry in response to an increase in gold market values and similar changes by its competitors. This contributed approximately $0.5 million to the increase in pawn service charges in the Fiscal 2006 Third Quarter. The higher yield and lower ending pawn portfolio resulted largely from the conversion of 215 pawn stores from offering 90-day loan terms to offering 60-day terms, as discussed above.

In the Fiscal 2006 Third Quarter, 97.1% ($14.6 million) of recorded pawn service charge revenue was collected in cash, and 2.9% ($0.4 million) resulted from an increase in accrued pawn service charges receivable. In the comparable Fiscal 2005 Third Quarter, 91.2% ($13.4 million) of recorded pawn service charge revenue was collected in cash, and

8.8% ($1.3 million) resulted from an increase in accrued pawn service charges receivable. This pattern is consistent with the seasonal nature of the pawn lending business. The accrual of pawn service charges is dependent on the size of the loan portfolio and the Company's estimate of collectible loans in its portfolio at the end of each quarter. Consistent with prior year treatment, the Company decreased its estimate of collectible loans at June 30, 2006 in anticipation of lower loan redemptions following the summer lending season.

Sales increased $9.6 million in the Fiscal 2006 Third Quarter compared to the Fiscal 2005 Third Quarter, to $40.6 million. The increase was primarily due to a $3.3 million increase in same store merchandise sales and a $6.1 million increase in jewelry scrapping sales driven by increased gold prices. The increase in merchandise sales is largely due to a $9.2 million increase in inventory available for sale in the period. Greater inventory at the beginning of the quarter, along with an increase in pawn loans maturing in the Fiscal 2006 Third Quarter, which produced a higher level of loan forfeitures, drove the increase in inventory available for sale. The table below summarizes the sales volume, gross profit, and gross margins on the Company's sales:

	Quarter Ended June 30,	
	2006	2005
	(Dollars in millions)	
Merchandise sales	$29.6	$26.1
Jewelry scrapping sales	11.0	4.9
Total sales	$40.6	$31.0
Gross profit on merchandise sales	$12.7	$11.3
Gross profit on jewelry scrapping sales	$ 4.2	$ 1.2
Gross margin on merchandise sales	43.0%	43.4%
Gross margin on jewelry scrapping sales	38.1%	25.5%
Overall gross margin	41.7%	40.6%

The Fiscal 2006 Third Quarter overall gross margin on sales increased 1.1 percentage points from the Fiscal 2005 Third Quarter to 41.7%. This resulted primarily from a 12.6 percentage point improvement in margins on jewelry scrapping sales, offset by a 0.4 percentage point decrease in margins on merchandise sales. The inventory valuation allowance remained unchanged in the Fiscal 2006 Third Quarter, compared to a decrease of $0.2 million in the allowance in the Fiscal 2005 Third Quarter. Absent this change, gross margins on merchandise sales improved 0.2 of a percentage point. Changes in the inventory valuation allowance are recorded in cost of goods sold, directly impacting the Company's gross margins. Inventory shrinkage, included in the merchandise cost of goods sold, improved to 1.2% of merchandise sales in the Fiscal 2006 Third Quarter, compared to 1.4% in the Fiscal 2005 Third Quarter.

In the Fiscal 2006 Second Quarter and Third Quarter, the Company raised its retail prices on gold jewelry in response to higher gold values. The Company also increased the amount it paid to purchase jewelry from customers and loaned on jewelry, which resulted in a higher cost of goods as those loans defaulted and the collateral was sold. The net effect increased gross profit on merchandise sales approximately $0.3 million and jewelry scrapping sales approximately $1.9 million. The increase in gross profit from jewelry scrapping sales was further improved by scrapping 53% more volume in the Fiscal 2006 Third Quarter compared to the Fiscal 2005 Third Quarter.

Signature loan data are as follows:

	Quarter Ended June 30,	
	2006	2005
	(Dollars in thousands)	
Service charge revenue	$17,821	$10,231
Bad debt:		
Net defaults, including interest on brokered loans	(4,520)	(2,928)
Change in valuation allowance	(669)	(259)
Other related costs, net of insufficient funds fees collected	(342)	44
Net bad debt	(5,531)	(3,143)
Direct transaction expenses	(142)	(270)
Operating expenses at EZMONEY stores	(6,890)	(3,687)
Depreciation and amortization at EZMONEY stores	(336)	(218)
Collection and call center costs (included in administrative expense)	(395)	(368)
Contribution to operating income	$ 4,527	$ 2,545
Average signature loan balance outstanding during quarter (a)	$15,845	$ 9,481
Signature loan balance at end of quarter (a)	$17,870	$11,089
Participating locations at end of quarter	370	315
Signature loan bad debt, as a percent of service charge revenue	31%	31%
Direct transaction expenses, as a percent of service charge revenue	1%	3%
Net default rate (a) (b)	5.0%	5.2%

(a) Signature loan balances include payday loans (net of valuation allowance) recorded on the Company's balance sheet and the principal portion of active brokered loans outstanding from independent lenders, the balance of which is not included on the Company's balance sheet.

(b) Principal defaults net of collections, as a percentage of signature loans made and renewed.

The Contribution to operating income presented above includes the effect of incremental operating expenses at EZMONEY stores. Shared operating costs at adjoined EZMONEY stores, such as rent and labor, have been excluded from these figures.

Signature loan service charge revenue increased 74% from the Fiscal 2005 Third Quarter primarily due to higher average loan balances at existing stores and the addition of new EZMONEY stores. In the Fiscal 2006 Third Quarter, 95.5% ($17.0 million) of recorded signature loan service charge revenue was collected in cash and 4.5% ($0.8 million) resulted from an increase in accrued service charges receivable. In the comparable Fiscal 2005 Third Quarter, 93.4% ($9.5 million) of recorded signature loan service charge revenue was collected in cash and 6.6% ($0.7 million) resulted from an increase in accrued service charges receivable.

Although signature loan bad debt increased, it remained constant at 31% of related revenues in the Fiscal 2006 Third Quarter, compared to 31% in the Fiscal 2005 Third Quarter. Direct transaction expenses improved to 1% of related revenues, from 3% in the Fiscal 2005 Third Quarter. The higher transaction expenses in the prior year period related primarily to loans offered by County Bank, which the Company no longer markets.

The Company provides a valuation allowance for expected losses on signature loans and the related fees receivable. Due to the short-term nature of these loans, the Company uses recent net default rates and anticipated seasonal changes in the default rate as the basis for its valuation allowance. At June 30, 2006, the valuation allowance was 39% of signature loan fees receivable (7.0% of the outstanding signature loan principal and fees receivable), compared to 33% of signature loan fees receivable (5.6% of the outstanding signature loan principal and fees receivable) at June 30, 2005.

Operations expense improved to 54.7% of net revenues ($27.4 million) in the Fiscal 2006 Third Quarter from 62.6% of net revenues ($23.7 million) in the Fiscal 2005 Third Quarter. Of the total dollar increase of $3.7 million, $3.2 million related to the growth in EZMONEY stores. These increases were comprised mostly of additional labor, rent, and other increases from new stores.

Administrative expenses in the Fiscal 2006 Third Quarter were $6.8 million compared to $5.5 million in the Fiscal 2005 Third Quarter, a decrease of 1.0 percentage point to 13.6% when measured as a percent of net revenue. The dollar increase was due primarily to a $0.7 million increase in administrative labor and benefits and a $0.3 million increase in professional fees and travel.

Depreciation and amortization expense was $2.1 million in Third Quarter of Fiscal 2006 and 2005. Depreciation on assets placed in service was offset by assets that became fully depreciated in the period.

In the Fiscal 2006 Third Quarter, the Company earned $0.2 million of interest income, compared to interest expense of $0.3 million in the Fiscal 2005 Third Quarter. The Company had an average cash balance of $23.6 million and no debt throughout the Fiscal 2006 Third Quarter, compared to an average debt balance of $14.5 million in the Fiscal 2005 Third Quarter. The Company's net interest income for the Fiscal 2006 Third Quarter is comprised of interest on its invested cash less fees on its line of credit.

The Fiscal 2006 Third Quarter income tax expense was $3.2 million (36.4% of pretax income) compared to $1.2 million (36.0% of pretax income) for the Fiscal 2005 Third Quarter. The increase in effective tax rate between these periods is due to the recognition of non-deductible expense for incentive stock options (from the SFAS No. 123(R) adoption) expected for the year less a decrease in expected state taxes and the smaller impact other non-deductible items are expected to have in relation to increased earnings in the year ending September 30, 2006.

Operating income for the Fiscal 2006 Third Quarter increased $4.9 million from the Fiscal 2005 Third Quarter to $8.0 million, primarily due to the $4.4 million increase in gross profit from sales, the $2.0 million greater contribution from signature loans and the $0.3 million increase in pawn service charges, offset by a $1.3 million increase in administrative expenses and a $0.5 million increase in pawn store operating expenses. After a $0.5 million improvement in net interest, a $2.0 million increase in income taxes related to the increased earnings, and other smaller items, net income improved to $5.6 million in the Fiscal 2006 Third Quarter from $2.1 million in the Fiscal 2005 Third Quarter.

Nine Months Ended June 30, 2006 vs. Nine Months Ended June 30, 2005

The following discussion compares the results of operations for the Fiscal 2006 Year-to-Date Period to the Fiscal 2005 Year-to-Date Period. The discussion should be read in conjunction with the accompanying financial statements and related notes.

The Company's Fiscal 2006 Year-to-Date Period pawn service charge revenue increased 2.0%, or $0.9 million from the Fiscal 2005 Year-to-Date Period to $47.0 million. This increase was due to a 2.0% increase in the average pawn loan balance during the period. Loan yields were unchanged at 137%. During the last fifteen months, the Company raised its loan values on gold jewelry in response to an increase in gold market values and similar changes by its competitors. This contributed approximately $1.8 million to the increase in pawn service charges in the Fiscal 2006 Year-to-Date Period. Although the average pawn loan balance was higher, the ending pawn loan balance was 3.8% lower than at June 30, 2005. The lower ending pawn portfolio resulted largely from the Fiscal 2006 conversion of 215 pawn stores from offering 90-day loan terms to offering 60-day terms, as discussed above.

In the Fiscal 2006 Year-to-Date Period, 105.2% ($49.4 million) of recorded pawn service charge revenue was collected in cash, offset by a 5.2% ($2.4 million) decrease in accrued pawn service charges receivable. In the Fiscal 2005 Year-to-Date Period, 99.3% ($45.7 million) of recorded pawn service charge revenue was collected in cash and 0.7% ($0.4 million) resulted from an increase in accrued pawn service charges receivable. The ending pawn service charge accrual in the Fiscal 2006 Year-to-Date Period was lower primarily due to the shorter loan term offered in 215 pawn stores. The accrual of pawn service charges is dependent on the size of the loan portfolio and the Company's estimate of collectible loans in its portfolio at the end of each quarter. Consistent with prior year treatment, the Company also decreased its estimate of collectible loans at June 30, 2006 in anticipation of lower loan redemptions following the summer lending season.

Sales increased $23.0 million in the Fiscal 2006 Year-to-Date Period compared to the Fiscal 2005 Year-to-Date Period, to $130.6 million. The increase was primarily due to a $12.4 million increase in same store merchandise sales and a $10.1 million increase in jewelry scrapping sales, driven by an increase in gold prices and in the amount of gold scrapped. The increase in merchandise sales is largely due to the higher levels of loan forfeitures available for sale

during the Fiscal 2006 Year-to-Date Period compared to the Fiscal 2005 Year-to-Date Period. As described above, 215 stores shortened their pawn loan term from 90 days to 60 days in the Fiscal 2006 Year-to-Date Period. This created a one-time doubling of pawn loan forfeitures for a thirty-day period in the affected stores. This doubling of loan forfeitures and a higher average pawn loan balance produced the higher levels of inventory available for sale. The table below summarizes the sales volume, gross profit, and gross margins on the Company's sales:

	Nine Months Ended June 30,	
	2006	2005
	(Dollars in millions)	
Merchandise sales	$104.3	$ 91.4
Jewelry scrapping sales	26.3	16.2
Total sales	$130.6	$107.6
Gross profit on merchandise sales	$ 43.9	$ 38.9
Gross profit on jewelry scrapping sales	$ 9.0	$ 4.4
Gross margin on merchandise sales	42.1%	42.5%
Gross margin on jewelry scrapping sales	34.3%	27.5%
Overall gross margin	40.5%	40.3%

The Fiscal 2006 Year-to-Date Period overall gross margin on sales improved 0.2 of a percentage point from the Fiscal 2005 Year-to-Date Period to 40.5%. This resulted primarily from a 6.8 percentage point improvement in margins on jewelry scrapping sales, offset by a 0.4 percentage point decrease in margins on merchandise sales. Included in the Fiscal 2006 Year-to-Date cost of goods sold is a $0.7 million increase in the inventory valuation allowance, compared to a $0.3 million increase in the comparable Fiscal 2005 Year-to-Date Period. Absent this change, gross margins on merchandise sales were unchanged. Inventory shrinkage, included in merchandise cost of goods sold, improved to 1.1% of merchandise sales in the Fiscal 2006 Year-to-Date Period, compared to 1.5% in the Fiscal 2005 Year-to-Date Period.

In the Fiscal 2006 Year-to-Date Period, the Company raised its retail prices on gold jewelry in response to higher gold values. The Company also increased the amount it paid to purchase jewelry from customers and loaned on jewelry, which resulted in a higher cost of goods as those loans defaulted and the collateral was sold. The net effect increased gross profit on merchandise sales approximately $0.6 million and jewelry scrapping sales approximately $3.6 million. The increase in gross profit from jewelry scrapping sales was further improved by scrapping 24% more volume in the Fiscal 2006 Year-to-Date Period compared to the Fiscal 2005 Year-to-Date Period.

Signature loan data are as follows:

	Nine Months Ended June 30,	
	2006	2005
	(Dollars in thousands)	
Service charge revenue	$ 49,949	$26,349
Bad debt:		
Net defaults, including interest on brokered loans	(11,341)	(6,375)
Change in valuation allowance	198	(165)
Sale of older bad debt (c)	--	905
Other related costs, net of insufficient funds fees collected	(919)	130
Net bad debt	(12,062)	(5,505)
Direct transaction expenses	(472)	(1,012)
Operating expenses at EZMONEY stores	(19,314)	(8,907)
Depreciation and amortization at EZMONEY stores	(898)	(461)
Collection and call center costs (included in administrative expense)	(1,150)	(1,101)
Contribution to operating income	$ 16,053	$ 9,363
Average signature loan balance outstanding during period (a)	$ 15,299	$ 8,310
Signature loan balance at end of period (a)	$ 17,870	$11,089
Participating locations at end of period	370	315
Signature loan bad debt, as a percent of service charge revenue	24%	21%
Signature loan bad debt, excluding sale of older bad debt, as a percent of service charge revenue (c)	24%	24%
Direct transaction expenses, as a percent of service charge revenue	1%	4%
Net default rate (a) (b)	4.5%	3.8%
Net default rate, excluding sale of older bad debt (a) (b) (c)	4.5%	4.4%

(a) Signature loan balances include payday loans (net of valuation allowance) recorded on the Company's balance sheet and the principal portion of active brokered loans outstanding from independent lenders, the balance of which is not included on the Company's balance sheet.

(b) Principal defaults net of collections, as a percentage of signature loans made and renewed.

(c) Older bad debts were originated between fiscal 2001 and fiscal 2004.

The Contribution to operating income presented above includes the effect of incremental operating expenses at EZMONEY stores. Shared operating costs at adjoined EZMONEY stores, such as rent and labor, have been excluded from these figures.

Signature loan service charge revenue increased 90% from the Fiscal 2005 Year-to-Date Period primarily due to higher average loan balances at existing stores and the addition of new EZMONEY stores. In the Fiscal 2006 Year-to-Date Period, 99.1% ($49.5 million) of recorded signature loan service charge revenue was collected in cash and 0.9% ($0.4 million) resulted from an increase in accrued signature loan service charges receivable. In the comparable Fiscal 2005 Year-to-Date Period, 97.1% ($25.6 million) of recorded signature loan service charge revenue was collected in cash and 2.9% ($0.8 million) resulted from an increase in accrued signature loan service charges receivable.

Signature loan bad debt remained unchanged at 24% of related revenues in the Fiscal 2006 Year-to-Date Period, compared to the Fiscal 2005 Year-to-Date Period excluding the sale of older bad debt. In December 2004, the Company sold its older bad debt (originated between fiscal 2001 and fiscal 2004) to an outside agency for net proceeds of approximately $0.9 million. Including the benefit of this sale, signature loan bad debt was 21% of related revenues in the Fiscal 2005 Year-to-Date Period. Generally on a weekly basis, the Company now sells bad debt as it ages beyond 60 days. The Company believes that, in today's market, selling this debt is more efficient than other alternatives.

Signature loan direct transaction expenses improved to 1% of related revenues, from 4% in the Fiscal 2005 Year-to-Date Period. The higher transaction expenses in the prior year period related primarily to loans offered by County Bank, which the Company no longer markets.

The Company provides a valuation allowance for expected losses on signature loans and the related fees receivable. Due to the short-term nature of these loans, the Company uses recent net default rates and anticipated seasonal changes in the default rate as the basis for its valuation allowance. At June 30, 2006, the valuation allowance was 39% of signature loan fees receivable (7.0% of the outstanding signature loan principal and fees receivable), compared to 33% of signature loan fees receivable (5.6% of the outstanding signature loan principal and fees receivable) at June 30, 2005.

Operations expense improved to 54.1% of net revenues ($81.6 million) in the Fiscal 2006 Year-to-Date Period from 60.3% of net revenues ($70.4 million) in the Fiscal 2005 Year-to-Date Period. Of the total dollar increase of $11.2 million, $10.4 million related to the growth in EZMONEY stores. These increases were comprised mostly of additional labor, rent, and other increases from new stores.

Administrative expenses in the Fiscal 2006 Year-to-Date Period were $20.3 million compared to $17.2 million in the Fiscal 2005 Year-to-Date Period, a decrease of 1.2 percentage points to 13.5% when measured as a percent of net revenue. The dollar increase was due primarily to a $2.1 million increase in administrative labor and benefits and a $0.6 million increase in stock compensation recognized as a result of adopting SFAS No. 123(R), as described above.

Depreciation and amortization expense was $6.4 million in the Fiscal 2006 Year-to-Date Period compared to $6.0 million in the Fiscal 2005 Year-to-Date Period. Depreciation on assets placed in service, primarily related to the construction of new EZMONEY stores, exceeded the reduction from assets that became fully depreciated or were retired in the period.

In the Fiscal 2006 Year-to-Date Period, interest expense decreased to $0.1 million from $0.9 million in the Fiscal 2005 Year-to-Date Period. The Company had an average outstanding debt balance of $2.1 million and an average cash balance of $14.7 million in the Fiscal 2006 Year-to-Date Period, compared to an average debt balance of $17.9 million in the prior year period. The Company's earnings on its invested cash balance in the Fiscal 2006 Year-to-Date Period offset most of the interest and line of credit fees paid in the period.

The Fiscal 2006 Year-to-Date Period income tax expense was $11.5 million (36.4% of pretax income) compared to $6.2 million (36.0% of pretax income) for the Fiscal 2005 Year-to-Date Period. The increase in effective tax rate between these periods is due to the recognition of non-deductible expense for incentive stock options (from the SFAS No. 123(R) adoption) expected for the year less a decrease in expected state taxes and the smaller impact other non-deductible items are expected to have in relation to increased earnings in the year ending September 30, 2006.

Operating income for the Fiscal 2006 Year-to-Date Period increased $13.2 million from the Fiscal 2005 Year-to-Date Period to $29.9 million, primarily due to the $9.6 million increase in gross profit from sales, the $6.7 million greater contribution from signature loans, and the $0.9 million increase in pawn service charges, offset by a $3.2 million increase in administrative expenses and a $0.8 million increase in pawn store operating expenses. After a $5.3 million increase in income taxes related to the increased earnings, a $0.8 million decrease in net interest, and other smaller items, net income improved to $20.1 million in the Fiscal 2006 Year-to-Date Period from $11.0 million in the Fiscal 2005 Year-to-Date Period.

LIQUIDITY AND CAPITAL RESOURCES

In the Fiscal 2006 Year-to-Date Period, the Company's $29.8 million cash flow from operations consisted of net income plus several non-cash items, primarily depreciation and the change in deferred taxes. In the Fiscal 2005 Year-to-Date Period, the Company's $17.6 million cash flow from operations consisted of net income plus several non-cash items, aggregating to $21.6 million, offset by $4.0 million of changes in operating assets and liabilities, primarily accounts payable, accrued expenses, service charges receivable, prepaid expenses, and other current and non-current assets.

The Company's $6.4 million of cash used in investing activities during the Fiscal 2006 Year-to-Date Period were funded primarily by cash flow from operations. During the Fiscal 2006 Year-to-Date Period, the Company invested $6.7 million in property and equipment, $1.8 million in payday loans made net of repayments, and $1.6 million for

the acquisition of a pawn store. Pawn loan repayments and principal recovery through the sale of forfeited collateral exceeded pawn loans made by $2.6 million, partially offsetting investing cash uses. Further offsetting the investing cash uses was $1.0 million of dividends received from the Company's investment in Albemarle and Bond. Cash flows from operations, as well as $2.2 million received from the exercise of stock options and warrants, funded the $7.0 million debt reduction during the Fiscal 2006 Year-to-Date Period, and increased cash on hand by $18.6 million.

Below is a summary of the Company's cash needs to meet its future aggregate contractual obligations (in thousands):

		Payments due by Period			
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations	$ --	$ --	$ --	$ --	$ --
Interest and commitment fee on long-term obligations	149	149	--	--	--
Capital lease obligations	--	--	--	--	--
Operating lease obligations	100,151	15,568	26,957	20,274	37,352
Purchase obligations	--	--	--	--	--
Other long-term liabilities	--	--	--	--	--
Total	$100,300	$15,717	$26,957	$20,274	$37,352

In addition to the contractual obligations in the table above, the Company is obligated under letters of credit issued to unaffiliated lenders as part of its credit service operations. At June 30, 2006, the Company's maximum exposure for losses on letters of credit, if all brokered loans defaulted and none was collected, was $17.0 million. This amount includes principal, interest, and insufficient funds fees.

In the remaining three months of the fiscal year ending September 30, 2006, the Company also plans to open approximately 45 EZMONEY stores for an expected aggregate capital expenditure of approximately $1.6 million, plus the funding of working capital and start-up losses at these stores. While the Company anticipates that these new stores will increase future earnings, it expects they will have a negative effect on earnings and cash flow in their first year of operation.

The Company had no debt outstanding at June 30, 2006. The Company's credit agreement provides for a $40 million revolving credit facility, secured by the Company's assets, and matures April 1, 2007. Under the terms of the agreement, the Company had the ability to borrow $24.1 million at June 30, 2006, after allowing for $15.9 million in the principal portion of letters of credit issued under its credit service program. Terms of the agreement require, among other things, that the Company meet certain financial covenants. Payment of dividends and additional debt are allowed but restricted. The Company remains contractually obligated to pay the line of credit commitment fee, including $36,000 accrued commitment fee at June 30, 2006. These amounts are included in the contractual obligations table above, assuming no borrowings, and that the current commitment fee will be applicable through the maturity of the credit agreement on April 1, 2007. Cash and debt balances fluctuate based on cash needs and the interest rate on debt, if any, varies in response to the Company's leverage ratio.

The Company anticipates that cash flow from operations and cash on hand will be adequate to fund its contractual obligations, planned store growth, capital expenditures, and working capital requirements during the coming year.

SEASONALITY

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

second fiscal quarters. The Company's cash flow typically is greatest in its second fiscal quarter primarily due to a high level of loan redemptions and sales in the income tax refund season.

USE OF ESTIMATES AND ASSUMPTIONS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion about the Company's market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The Company is exposed to market risk related to changes in foreign currency exchange rates and gold values. The Company also is exposed to regulatory risk in relation to its credit services and payday loans. The Company does not use derivative financial instruments.

The Company's earnings and financial position may be affected by changes in gold values and the resulting impact on pawn lending and jewelry sales. The proceeds of scrap sales and the Company's ability to liquidate excess jewelry inventory at an acceptable margin are dependent upon gold values. The impact on the Company's financial position and results of operations of a hypothetical change in gold values cannot be reasonably estimated. For further discussion, readers should see "Risk Factors" in Part II, Item 1A of this quarterly report on Form 10-Q.

The Company's earnings and financial position are affected by foreign exchange rate fluctuations related to its equity investment in A&B. A&B's functional currency is the U.K. pound. The U.K. pound exchange rate can directly and indirectly impact the Company's results of operations and financial position in several ways. For example, a devalued pound could result in an economic recession in the U.K., which in turn could impact A&B's and the Company's results of operations and financial position. The impact on the Company's results of operations and financial position of a hypothetical change in the exchange rate between the U.S. dollar and the U.K. pound cannot be reasonably estimated due to the interrelationship of operating results and exchange rates. The translation adjustment representing the strengthening in the U.K. pound during the quarter ended March 31, 2006 (included in the Company's June 30, 2006 results on a three-month lag as described above) was approximately a $67,000 increase, net of tax effect, to stockholders' equity. On June 30, 2006, the U.K. pound strengthened to 1.00 to 1.8163 U.S. dollars from 1.7398 at March 31, 2006. No assurance can be given as to the future valuation of the U.K. pound and how further movements in the pound could affect future earnings or the financial position of the Company.

FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, 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. The Company intends that all forward-looking statements be subject to the safe harbors created by these laws. All statements other than statements of historical information provided herein are forward-looking and may contain information about financial results, economic conditions, trends, planned store openings, and known uncertainties. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "expect," "anticipate," "seek," "estimate," "intend," "plan," "projection," "outlook," "expect," and similar expressions. All forward-looking statements are based on current expectations regarding important risk factors. Many of these risks and uncertainties are beyond the Company's control, and in many cases, the Company cannot predict all of the risks and uncertainties that could cause its actual results to differ materially from those expressed in the forward-looking statements. Actual results could differ materially from those expressed in the forward-looking statements, and readers should not regard those statements as a representation by the Company or any other person that the results expressed in the statements will be achieved. Important risk factors that could cause results or events to differ from current expectations are described in Item 1A, "Risk Factors," of this Quarterly Report on Form 10-Q and in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2005. These factors are not intended to be an all-encompassing list of risks and uncertainties that may affect the operations, performance, development and results of the Company's business. 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 obligation 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, store growth plans, or to reflect the occurrence of unanticipated events.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, management of the Company has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of June 30, 2006 ("Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Changes in Internal Controls

There were no changes in the Company's internal controls that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

Important risk factors that could cause results or events to differ from current expectations are described in Part I, Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended September 30, 2005. These factors are supplemented by those discussed under "Quantitative and Qualitative Disclosures about Market Risk" in Part I, Item 3 of this Quarterly Report on Form 10-Q, in Part II, Item 7A of the Company's Annual Report on Form 10-K for the year ended September 30, 2005, and in the following item:

- THE COMPANY'S EARNINGS AND FINANCIAL POSITION ARE AFFECTED BY CHANGES IN GOLD VALUES AND THE RESULTING IMPACT ON PAWN LENDING AND JEWELRY SALES; A SIGNIFICANT OR SUDDEN CHANGE IN GOLD VALUES MAY HAVE A MATERIAL IMPACT ON THE COMPANY'S EARNINGS. Sales proceeds and the Company's ability to liquidate excess jewelry inventory at an acceptable margin are dependent upon gold values. The Company periodically changes its lending guidelines on gold jewelry as gold values change and in response to other market factors, such as competitor loan values. The impact on the Company's financial position and results of operations of a hypothetical change in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not known; however, changes in gold values would likely lead to changes in sales, sales margins, and pawn service charge revenues.

ITEM 6. EXHIBITS

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

SIGNATURE

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

EZCORP, INC.
(Registrant)

Date: August 7, 2006

By: /s/ DAN N. TONISSEN

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

EXHIBIT INDEX

Exhibit Number	Description
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32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

EXHIBIT 31.1

CERTIFICATION

I, Joseph L. Rotunda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EZCORP, Inc. (the "registrant") for the quarter ended June 30, 2006;

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

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

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

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

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: August 7, 2006

/s/ Joseph L. Rotunda

Joseph L. Rotunda
President, Chief Executive Officer
& Director

EXHIBIT 31.2

CERTIFICATION

I, Dan N. Tonissen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EZCORP, Inc. (the "registrant") for the quarter ended June 30, 2006;

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

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

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

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

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: August 7, 2006

/s/ Dan N. Tonissen

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

EXHIBIT 32.1

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

In connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (the "Report") by EZCORP, Inc. ("Registrant"), the undersigned hereby certifies that:

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

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

Date: August 7, 2006

/s/ Joseph L. Rotunda

Joseph L. Rotunda
President, Chief Executive Officer
& Director

EXHIBIT 32.2

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

In connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (the "Report") by EZCORP, Inc. ("Registrant"), the undersigned hereby certifies that:

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

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

Date: August 7, 2006

/s/ Dan N. Tonissen

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