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 MARCH 31, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROM ______________ TO _____________

COMMISSION FILE NUMBER 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)

(512) 314-3400
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

NA
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

As of March 31, 2003, 10,997,831 shares of the registrant's Class A Non-voting Common Stock, par value $.01 per share and 1,190,057 shares of the registrant's Class B Voting Common Stock, par value $.01 per share were outstanding.

EZCORP, INC.
INDEX TO FORM 10-Q

PART I

ITEM 1. FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets

	March 31, 2003	March 31, 2002	September 30, 2002
	(In thousands) (Unaudited)		
Assets:			
Current assets:			
Cash and cash equivalents	$ 3,386	$ 1,224	$ 1,492
Pawn loans	41,218	40,152	49,248
Payroll advances	2,253	1,096	2,326
Pawn service charges receivable, net	7,966	7,951	8,819
Payroll advance service charges receivable, net	442	236	485
Inventory, net	29,535	31,331	32,097
Deferred tax asset	6,418	6,105	6,418
Federal income tax receivable	--	--	359
Prepaid expenses and other assets	2,456	2,044	1,898
Total current assets	93,674	90,139	103,142
Investment in unconsolidated affiliates	15,124	14,066	14,406
Property and equipment, net	28,659	37,725	32,190
Goodwill, net	--	11,401	11,148
Notes receivable from related parties	1,500		

1,556 1,522
Deferred tax
asset, non-
current 1,948
-- -- Other
assets, net
3,977 3,547
3,562 -------
--- ---------
- -----------
--- Total
assets $
144,882 $
158,434 $
165,970
==========
==========
==============
Liabilities
and
stockholders'
equity:
Current
liabilities:
Current
maturities of
long-term
debt $ -- $
37,445 $
2,936
Accounts
payable and
other accrued
expenses
10,027 9,279
11,581
Restructuring
reserve 3 93
34 Customer
layaway
deposits
1,731 2,005
2,166 Federal
income taxes
payable 443 -
- -- --------
-- ----------

- Total
current
liabilities
12,204 48,822
16,717 Long-
term debt,
less current
maturities
28,000 --
39,309
Deferred tax
liability --
1,193 1,191
Deferred
gains and
other long-
term
liabilities
4,019 3,871
4,209 -------
--- ---------
- -----------
--- Total
long-term
liabilities
32,019 5,064
44,709
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;
11,006,864
issued and
10,997,831
outstanding
at March 31,
2003;
10,946,874
issued and
10,937,841
outstanding
at March 31,
2002;
10,985,675
issued and
10,976,642
outstanding
at September
30, 2002 110
109 110 Class
B Voting
Common Stock,
convertible,
par value
$.01 per
share;
Authorized
1,198,990
shares;
1,190,057
issued and
outstanding
12 12 12
Additional
paid-in
capital
114,796
114,664
114,729
Accumulated
deficit
(13,777)
(9,261)
(9,523) -----
----- -------
--- ---------
----- 101,141
105,524
105,328
Treasury
stock, at
cost (9,033
shares) (35)
(35) (35)
Receivable
from
stockholder
(729) (729)
(729)
Accumulated
other
comprehensive
income (loss)
282 (212)

(20) --------
-- ----------

- Total
stockholders'
equity
100,659
104,548
104,544 -----
----- -------
--- ---------
----- Total
liabilities
and
stockholders'
equity $
144,882 $
158,434 $
165,970
==========
==========
==============

See Notes to Condensed Consolidated Financial Statements (unaudited).

Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
	(In thousands, except per share amounts)			
Revenues:				
Sales	$ 35,771	$ 31,732	$ 69,969	$ 68,891
Pawn service charges	14,323	13,919	29,957	29,132
Payroll advance service charges	2,675	1,620	5,752	3,541
Other	253	210	543	499
Total revenues	53,022	47,481	106,221	102,063
Cost of goods sold	22,672	19,820	43,992	42,990
Net revenues	30,350	27,661	62,229	59,073
Operating expenses:				
Operations	21,414	18,999	42,859	39,597
Administrative	4,393	3,667	8,690	7,871
Depreciation and amortization	2,192	2,532	4,459	5,130
Total operating expenses	27,999	25,198	56,008	52,598

---------- --
-------- ----
------ ------

Operating
income 2,351
2,463 6,221
6,475
Interest
expense, net
474 996 1,131
2,739 Equity
in net income
of
unconsolidated
affiliate
(427) (248)
(730) (312)
(Gain)/loss
on sale of
assets --
(22) -- 133 -
--------- ---
------- -----
----- -------
--- Income
before income
taxes and
cumulative
effect of
adopting a
new
accounting
principle
2,304 1,737
5,820 3,915
Income tax
expense 806
643 2,037
1,449 -------
--- ---------
- ----------

Income before
cumulative
effect of
adopting a
new
accounting
principle
1,498 1,094
3,783 2,466
Cumulative
effect of
adopting a
new
accounting
principle,
net of tax --
-- (8,037) --
---------- --
-------- ----
------ ------
---- Net
income (loss)
$ 1,498 $
1,094 $
(4,254) $
2,466
==========
==========
==========
==========
Income (loss)
per common
share
(basic):
Income before
cumulative
effect of
adopting a

new accounting principle $ 0.12 $ 0.09 $ 0.31 $ 0.20 Cumulative effect of adopting a new accounting principle, net of tax -- -- (0.66) -- ---------- ---------- ---------- ---------- Net income (loss) $ 0.12 $ 0.09 $ (0.35) $ 0.20 ========== ========== ========== ========== Income (loss) per common share (assuming dilution): Income before cumulative effect of adopting a new accounting principle $ 0.12 $ 0.09 $ 0.30 $ 0.20 Cumulative effect of adopting a new accounting principle, net of tax -- -- (0.64) -- ---------- ---------- ---------- ---------- Net income (loss) $ 0.12 $ 0.09 $ (0.34) $ 0.20 ========== ========== ========== ========== Weighted average shares outstanding: Basic 12,181 12,128 12,174 12,128 Assuming dilution 12,513 12,276 12,438 12,174 Proforma amounts assuming the new accounting principle is applied retroactively: Net income $ 1,498 $ 1,260 $ 3,783 $

2,799 Net
income per
diluted share
$ 0.12 $ 0.10
$ 0.30 $ 0.23

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

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended March 31,	
	2003	2002
	(In thousands)	
Operating Activities:		
Net income (loss)	$ (4,254)	$ 2,466
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of adopting a new accounting principle	8,037	--
Depreciation and amortization	4,459	5,130
Deferred taxes	(3,139)	1,308
Net loss on sale or disposal of assets	--	133
Deferred compensation expense	3	3
Income from investment in unconsolidated affiliate	(730)	(312)
Changes in operating assets and liabilities:		
Service charges receivable, net	896	654
Inventory	2,562	2,900
Notes receivable from related parties	22	33
Prepaid expenses, other current assets, and other assets, net	1,978	(567)
Accounts payable and accrued expenses	(1,375)	(109)
Restructuring reserve	(31)	(124)

Customer
layaway
deposits
(435) (76)
Deferred
gains and
other long-
term
liabilities
(190) (157)
Federal
income taxes
802 -- ------
---- --------
-- Net cash
provided by
operating
activities
8,605 11,282
Investing
Activities:
Pawn loans
forfeited and
transferred
to inventory
36,899 36,217
Pawn loans
made (88,725)
(89,331) Pawn
loans repaid
59,856 60,106
---------- --
-------- Net
decrease in
pawn loans
8,030 6,992
Payroll
advances 73
154 Additions
to property
and equipment
(882) (540)
Investment in
unconsolidated
affiliate 313
183 Proceeds
from sale of
assets --
3,714 -------
--- ---------
- Net cash
provided by
investing
activities
7,534 10,503
Financing
Activities:
Net payments
on bank
borrowings
(14,245)
(22,747) ----
------ ------
---- Net cash
used in
financing
activities
(14,245)
(22,747) ----
------ ------
---- Change
in cash and
cash
equivalents
1,894 (962)
Cash and cash
equivalents
at beginning
of period
1,492 2,186 -
--------- ---

Cash and cash equivalents at end of period	$ 3,386	$ 1,224
	==========	==========
Non-cash Investing and Financing Activities:		
Foreign currency translation adjustment	$ 302	$ 125
Deferred gain on sale-leaseback	$ --	$ 829
Issuance of stock to 401k plan	$ 63	$ --

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 (consisting of normal recurring entries) considered necessary for a fair presentation have been included. The accompanying financial statements should be read with the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2002. The balance sheet at September 30, 2002 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 six-month period ended March 31, 2003 are not necessarily indicative of the results of operations for the full fiscal year.

NOTE B: ACCOUNTING PRINCIPLES AND PRACTICES

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 Company's inventory allowance is based on the type and age of merchandise as well as recent sales trends and margins. At March 31, 2003, March 31, 2002, and September 30, 2002, the valuation allowance deducted from the carrying value of inventory was $2.4 million, $1.0 million, and $1.7 million, respectively.

Property and equipment is shown net of accumulated depreciation of $28.7 million, $37.7 million and $32.2 million at March 31, 2003, March 31, 2002, and September 30, 2002, respectively.

The Company's payroll advance bad debt expense, included in store operating expense, was $0.5 million and $1.4 million for the three-month and six month periods ended March 31, 2003 (the "Fiscal 2003 Quarter" and the "Fiscal 2003 Period," respectively), representing 3.3% and 4.5% of loans. In the comparable 2002 periods (the "Fiscal 2002 Quarter" and the "Fiscal 2002 Period," respectively), payroll advance bad debt expense was $0.5 million and $1.5 million, representing 5.3% and 7.7%, respectively, of loans made.

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

The Company accounts for its stock based compensation plans in accordance with the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations ("APB 25"). Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock Based Compensation" encourages expensing the fair value of employee stock options, but allows an entity to continue to account for stock based compensation to employees under APB 25 with disclosures of the pro forma effect on net income had the fair value accounting provisions of SFAS No. 123 been adopted. The Company has calculated the fair value of options granted in these periods using the Black-Scholes option-pricing model and has determined the pro forma impact on net income. See Note H, Common Stock, Warrants, and Options.

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" effective October 1, 2002. Under the provisions of SFAS No. 142, goodwill and other intangible assets having an indefinite useful life are no longer subject to amortization but will be tested for impairment at least annually. The effects of the adoption of this new accounting principle are discussed in Note I.

Certain prior year balances have been reclassified to conform to the fiscal 2003 presentation.

NOTE C: EARNINGS (LOSS) PER SHARE

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

```
Three
Months
Ended Six
Months
Ended March
31 March 31
-----------
-----------
----- -----
-----------
-----------
- 2003 2002
2003 2002 -
-----------
-----------
- ---------
--- -------
----- (In
thousands,
except per
share
amounts)
Numerator
Income
before
cumulative
effect of
adopting a
new
accounting
principle $
1,498 $
1,094 $
3,783 $
2,466
Cumulative
effect of
adopting a
new
accounting
principle,
net of tax
-- --
(8,037) --
-----------
- ---------
--- -------
----- -----
------- Net
income
(loss)
1,498 1,094
$ (4,254)
2,466
Denominator
============
============
============
============
Denominator
for basic
earnings
per share:
weighted
average
shares
12,181
12,128
12,174
12,128
Effect of
```

dilutive securities: Warrants and options 332 148 264 46 -------- ---- ------ ------ ---- -------- -- ----------

Dilutive potential common shares 332 148 264 46 ----------- - --------- --- ------- ----- ----- -------

Denominator for diluted earnings per share: adjusted weighted average shares and assumed conversions 12,513 12,276 12,438 12,174 ============ ============ ============ ============

Basic earnings (loss) per share $ 0.12 $ 0.09 $ (0.35) $ 0.20 ============ ============ ============ ============

Diluted earnings (loss) per share $ 0.12 $ 0.09 $ (0.34) $ 0.20 ============ ============ ============ ============

The following table presents the weighted average shares subject to options outstanding during the periods indicated. Anti-dilutive options have been excluded from the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive.

Three Months Ended Six Months Ended March 31 March 31 - ---------- ---------- -------- - ---------- ---------- --------

	2003	2002	2003	2002
Total options outstanding				
Weighted average shares subject to options	2,072,291	1,460,049	2,016,227	1,466,027
Average exercise price per share	$ 5.98	$ 7.70	$ 6.15	$ 7.69
Anti-dilutive options outstanding				
Weighted average shares subject to options	901,545	937,098	915,615	948,953
Average exercise price per share	$ 10.72	$ 10.88	$ 10.76	$ 10.78

NOTE D: INVESTMENT IN UNCONSOLIDATED AFFILIATE

The Company owns 13,276,666 common shares of Albemarle & Bond Holdings, plc ("A&B"), approximately 29% of A&B's total outstanding shares. The Company accounts for its investment in A&B using the equity method. Since A&B's fiscal year ends three months prior to the Company's fiscal year, the income reported by the Company for its investment in A&B is on a three-month lag. The income reported for the Company's Fiscal 2003 Period represents its percentage interest in the results of A&B's operations from July through December 2002.

NOTE E: CONTINGENCIES

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

NOTE F: COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) includes net income (loss) and other revenues, expenses, gains and losses that are excluded from net income (loss) but are included as a component of total stockholders' equity. Comprehensive income for the Fiscal 2003 Quarter was $1.7 million and comprehensive loss for the Fiscal 2003 Period was $4.0 million. Comprehensive income for the comparable 2002 periods was $1.0 million and $2.6 million, respectively. The difference between comprehensive income (loss) and net income (loss) results primarily from the effect of foreign currency translation adjustments in accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." The accumulated balance of foreign currency activity excluded from net income (loss) is presented in the Condensed Consolidated Balance Sheets as "Accumulated other comprehensive income (loss)."

NOTE G: LONG-TERM DEBT

The Company's $40 million credit agreement matures March 31, 2005. Availability of funds under the revolving credit facility is tied to loan and inventory balances, and advances are secured by the Company's assets. At the Company's option, interest on the revolving credit facility accrues at i) the Eurodollar rate plus 250 to 325 basis points, depending on leverage ratio, or ii) the agent bank's base rate ("Prime") plus 100 to 175 basis points, depending on leverage ratio. Terms of the agreement require, among other things, that the Company meet certain financial covenants. In addition, payment of dividends is prohibited and incurrence of additional debt is restricted. Effective October 30, 2002, the Company amended its credit agreement to exclude the cumulative effect of adopting SFAS No. 142, described in Note I below, from the calculation of its consolidated net worth covenant.

The Company has a $0.7 million letter of credit as required by an insurance policy.

NOTE H: COMMON STOCK, WARRANTS, AND OPTIONS

The Company accounts for its stock based compensation plans in accordance with the intrinsic value method prescribed in APB 25. SFAS No. 123 encourages expensing the fair value of employee stock options, but allows an entity to continue to account for stock based compensation to employees under APB 25 with disclosures of the pro forma effect on net income had the fair value accounting provisions of SFAS No. 123 been adopted. The Company has calculated the fair value of options granted using the Black-Scholes option-pricing model and has determined the pro forma impact on net income. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period.

The Company's pro forma results are as follows:

	Three Months Ended March 31		Six Months Ended March 31	
	2003	2002	2003	2002
	(In thousands, except per share amounts)			
Net income (loss), as reported	$ 1,498	$ 1,094	$ (4,254)	$ 2,466
Add: stock based employee compensation expense included in reported net income (loss), net of related tax effects	0	1	1	2
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(138)	(124)	(267)	(253)
Pro forma net income (loss)	$ 1,360	$ 971	$ (4,520)	$ 2,215
Earnings (loss) per share, basic:				
As reported	$ 0.12	$ 0.09		

$ (0.35) $
0.20 Pro
forma $
0.11 $ 0.08
$ (0.37) $
0.18
Earnings
(loss) per
share,
assuming
dilution:
As reported
$ 0.12 $
0.09 $
(0.34) $
0.20 Pro
forma $
0.11 $ 0.08
$ (0.36) $
0.18

NOTE I: CHANGE IN ACCOUNTING PRINCIPLE - GOODWILL AND OTHER INTANGIBLE ASSETS

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" effective October 1, 2002. Under the provisions of SFAS No. 142, goodwill and other intangible assets having an indefinite useful life are no longer subject to amortization but will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired. With the adoption of SFAS No. 142, the Company ceased amortization of goodwill and pawn licenses, which will lower amortization expense approximately $603,000 annually, beginning October 1, 2002. The Company also ceased goodwill amortization related to its equity investment in A&B, which will result in a $453,000 annual increase in "equity in net income of unconsolidated affiliates." During the quarter ended December 31, 2002, the Company completed impairment tests of its goodwill and pawn licenses. The testing indicated no impairment of pawn licenses and an $8.0 million impairment charge for goodwill, recorded as a cumulative effect of adopting a new accounting principle. The Company's implied fair value of goodwill was $0 as a result of the Company's allocation of enterprise value to all of the Company's assets and liabilities. With the assistance of independent valuation specialists, enterprise value was estimated based on discounted cash flows and market capitalization. In accordance with SFAS No. 142, the Company also reassessed the useful lives of intangible assets other than goodwill and pawn licenses, resulting in no change.

The following table presents the results of the Company on a comparable basis as if SFAS No. 142 had been effective for all periods presented.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
	(In thousands)			
Net income (loss) as reported	$ 1,498	$ 1,094	$ (4,254)	$ 2,466
Goodwill and pawn license amortization, net of tax	--	95	--	190
Amortization of goodwill related to A&B, net of tax	--	71	--	143
Cumulative effect of adopting a new accounting principle, net of tax	--	--	8,037	--
Adjusted net income	1,498	1, 260	3,783	2,799
Basic earnings (loss) per share:				
Net income (loss) as reported	$ 0.12	$ 0. 09	$ (0.35)	$ 0.20
Goodwill and pawn license amortization, net of tax	--	0.01	--	0.02
Amortization of goodwill related to A&B, net of tax	--	0.00		

-- 0.01 Cumulative effect of adopting a new accounting principle, net of tax - - -- 0.66 -- ------------ - ---------- --- -------- ----- ------ ------- Adjusted net income $ 0.12 $ 0.10 $ 0.31 $ 0.23 Diluted earnings (loss) per share: Net income (loss) as reported $ 0.12 $ 0.09 $ (0.34) $ 0.20 Goodwill and pawn license amortization, net of tax - - 0.01 -- 0.02 Amortization of goodwill related to A&B, net of tax -- 0.00 -- 0.01 Cumulative effect of adopting a new accounting principle, net of tax - - -- 0.64 -- ------------ - ---------- --- -------- ----- ------ ------- Adjusted net income $ 0.12 $ 0.10 $ 0.30 $ 0.23

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

March 31, March 31, September 30, 2003 2002 2002 -- ----------- ------------ - ---------- --- (In thousands) Goodwill $ - - $ 11,401 $ 11,148 Pawn licenses 1,549 1,597 1,549 ------ ------- ---- --------- --

Total	$ 1,549	$ 12,998	$ 12,697

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

	March 31, 2003		March 31, 2002		September 30, 2002	
	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization
(In thousands)						
License application fees	$ 742	$ 546	$ 742	$ 515	$ 742	$ 530
Real estate finders' fees	554	230	554	189	554	210
Non-compete agreements	388	209	388	189	388	199
Total	$ 1,684	$ 985	$ 1,684	$ 893	$ 1,684	$ 939

Total amortization expense from definite lived intangible assets was approximately $23,000 and $46,000 for the three and six months ended March 31, 2003, compared to $3,000 and $26,000 for the three and six months ended March 31, 2002. The amortization expense for the year ended September 30, 2002 was approximately $72,000. 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, 2002 (in thousands):

Fiscal Year	Amortization Expense
2003	$ 90
2004	77
2005	68
2006	67
2007	67

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

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.

Second Quarter Ended March 31, 2003 vs. Second Quarter Ended March 31, 2002

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the three-month periods ended March 31, 2003 and 2002:

	Three Months Ended March 31, (a)		% or Point
	2003	2002	Change(b)
	(Dollars in thousands)		
Net Revenues:			
Sales	$ 35,771	$ 31,732	12.7%
Pawn service charges	14,323	13,919	2.9%
Payroll advance service charges	2,675	1,620	65.1%
Other	253	210	20.5%
Total revenues	53,022	47,481	11.7%
Cost of goods sold	22,672	19,820	14.4%
Net revenues	$ 30,350	$ 27,661	9.7%
Other Data:			
Gross margin	36.6%	37.5%	(0.9) pts.
Average annual inventory turnover	2.8x	2.5x	0.3x
Average inventory per location at end of period	$ 105	$ 112	(6.3)%
Average pawn loan balance per location at end of period	$ 147	$ 143	2.8%

Average yield on pawn loan portfolio	134%	130%	4 pts.
Redemption rate	78%	78%	--
Expenses as a Percent of Net Revenues:			
Operating	70.6%	68.7%	1.9 pts.
Administrative	14.5%	13.3%	1.2 pts.
Depreciation and amortization	7.2%	9.2%	(2.0) pts.
Interest, net	1.6%	3.6%	(2.0) pts.
Locations in Operation:			
Beginning of period	280	283	
Sold, combined or closed	--	3 -	
End of period	280	280	
Average locations in operation during the period	280	281	

- ----------

(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.

Six Months Ended March 31, 2003 vs. Six Months Ended March 31, 2002

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the six-month periods ended March 31, 2003 and 2002:

Six Months Ended % or March 31, (a) Point 2003 2002 Change (b) ----------- ----------- ----------- (Dollars in thousands) Net Revenues: Sales $ 69,969 $ 68,891 1.6% Pawn service charges 29,957 29,132 2.8% Payroll advance service charges 5,752 3,541 62.4% Other 543 499 8.8% ----------- ----------- -- Total revenues 106,221 102,063 4.1% Cost of goods sold 43,992 42,990 2.3% - ---------- ----------- Net revenues $ 62,229 $ 59,073 5.3% =========== =========== Other Data: Gross margin 37.1% 37.6% (0.5) pts. Average annual inventory turnover 2.7x 2.6x 0.1x Average inventory per location at end of the period $ 105 $ 112 (6.3)% Average pawn loan balance per location at end of $ 147 $ 143 2.8% period Average yield on pawn loan portfolio 133% 130% 3 pts. Redemption rate 77% 77% -- Expenses as a Percent of Net

Revenues:			
Operating	68.9%	67.0%	1.9 pts.
Administrative	14.0%	13.3%	0.7 pts.
Depreciation and amortization	7.2%	8.7%	(1.5) pts.
Interest, net	1.8%	4.6%	(2.8) pts.
Locations in Operation:			
Beginning of period	280	283	
Sold, combined or closed	--	3	
End of period	280	280	
Average locations in operation during the period	280	282	

- ----------

(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.

GENERAL

The Company's primary activity is the making of small, non-recourse loans secured by tangible personal property. The income earned on this activity is pawn service charge revenue. While allowable service charges vary by state and by amount of the loan, a majority of the Company's pawn loans are in amounts that permit pawn service charges of 20% per month or 240% per annum. The Company's average pawn loan amount has historically averaged between $70 and $75. The allowable term of pawn loans also differs by state, but is typically 30 days with an automatic 60-day grace period.

A secondary, but related, activity of the Company is the sale of merchandise. The Company acquires inventory for its retail sales primarily through pawn loan forfeitures and, to a lesser extent, through purchases from customers and wholesale distributors. The realization of gross profit on sales of inventory primarily depends on the Company's initial assessment of the property's resale value. Improper assessment of the resale value in the lending function can result in reduced marketability of the property and the realization of a lower margin. Typically, the Company's sales margins will be between 35% and 45%.

The Company also offers unsecured payroll advances in most of its pawnshops. In most locations, the Company markets and services payroll advances made by County Bank, a federally insured Delaware bank; and in a limited number of locations, the Company makes the loan. With loans made by County Bank, the Company may purchase an 85% participation in the loan. The average payroll advance amount is just over $300 and the terms are generally less than 30 days, averaging about 15 days. The service charge per $100 loaned is typically $18 for up to a 23-day period, but varies in certain locations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates 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 payroll advances, 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 from the estimates under different assumptions or conditions.

Management believes the following critical accounting policies represent the more significant judgments and estimates used in the preparation of its consolidated financial statements.

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 uncollectible 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 uncollectible loans. In the three and six-month periods ended March 31, 2003 (the "Fiscal 2003 Quarter" and the "Fiscal 2003 Period"), the Company collected in cash 111% and 103%, respectively, of recorded pawn service charge revenue, offset by seasonal reductions in the pawn service charge receivable. For the three and six-month periods ended March 31, 2002 (the "Fiscal 2002 Quarter" and the "Fiscal 2002 Period"), 112% and 102%, respectively, of recorded pawn service charge revenue was collected in cash.

Payroll advances and related service charges reported in the Company's consolidated financial statements reflect only the Company's participation interest in these loans. The Company accrues service charges on the loans the Company deems to be collectible. Accrued service charges related to defaulted loans are deducted from service charge revenue upon loan default, and increase service charge revenue upon subsequent collection.

ALLOWANCE FOR LOSSES ON PAYROLL ADVANCES: Unlike pawn loans, payroll advances are unsecured, and their profitability is highly dependent upon the Company's ability to manage the default rate and collect

defaulted loans. The Company considers a loan defaulted if the loan has not been repaid or refinanced by the maturity date. Although defaulted loans may be collected later, the Company charges defaulted loans' 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 also provides an allowance for losses on active payroll advances and related service charges receivable. This estimate is based largely on recent net default rates and expected seasonal fluctuations in default rates. The accuracy of the Company's allowance estimate is dependent upon several factors, including its ability to predict future default rates based on historical trends and expected future events. Actual loan losses could vary from those estimated due to variance in any of these factors. Changes in the principal valuation allowance are charged to bad debt expense, a component of operations expense on the Company's statement of operations. Changes in the service charge receivable valuation allowance are charged to payroll advance service charge revenue. Increased defaults and credit losses may occur during a national or regional economic downturn, or could occur for other reasons, resulting in the need to increase the allowance. The Company believes it effectively manages these risks by using a credit scoring system, closely monitoring the performance of the portfolio, and participating in loans made by a bank using similar strategies.

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 reserves or charge-offs on the principal portion of pawn loans. In order to state inventory at the lower of cost or market (net realizable value), the Company provides a reserve for shrinkage and excess, obsolete, or slow-moving inventory. The Company's inventory reserve is based on the type and age of merchandise as well as recent sales trends and margins. At March 31, 2003, this reserve increased to approximately $2.4 million, or 7.4% of the gross inventory balance compared to $1.0 million, or 3.0% at March 31, 2002, primarily due to an increase in aging general merchandise. Changes in the inventory reserve are recorded as cost of goods sold. The Company's inventory reserve is dependent on its ability to predict future events based on historical trends. Unexpected variations in sales margins, inventory turnover, or other factors, including fluctuations in gold prices or new product offerings could increase or decrease the Company's inventory reserves.

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 considered important which 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 Fiscal 2002 or 2003.

EFFECT OF ADOPTION OF NEW ACCOUNTING PRINCIPLE: The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" effective October 1, 2002. Under the provisions of SFAS No. 142, goodwill and other intangible assets having an indefinite useful life are no longer subject to amortization but will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired. With the adoption of SFAS No. 142, the Company ceased amortization of goodwill and pawn licenses, which will lower amortization expense approximately $603,000 annually, beginning October 1, 2002. The Company also ceased goodwill amortization related to its equity investment in Albemarle & Bond Holdings plc ("A&B"), which will result in a $453,000 annual increase in "equity in net income of unconsolidated affiliates." During the quarter ended December 31, 2002, the Company completed impairment tests of its goodwill and pawn licenses. Such testing indicated no impairment of pawn licenses and an $8.0 million, net of tax, impairment charge for goodwill, recorded as a cumulative effect of adopting a new accounting principle. In accordance with SFAS No. 142, the Company also reassessed the useful lives of intangible assets other than goodwill and pawn licenses, resulting in no change.

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 of the jurisdictions 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 and, to the extent it believes that recovery is not likely, it must establish a valuation allowance against the deferred tax asset. An expense must be included within the tax provision in the statement of operations for any increase in the valuation allowance for a given period. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against net deferred tax assets.

STOCK-BASED COMPENSATION: The Company accounts for its stock based compensation plans in accordance with the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). In October 1995, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123, "Accounting for Stock Based Compensation." SFAS No. 123 encourages expensing the fair value of employee stock options, but allows an entity to continue to account for stock based compensation to employees under APB 25 with disclosures of the pro forma effect on net income had the fair value accounting provisions of SFAS No. 123 been adopted. The Company has calculated the fair value of options granted in these periods using the Black-Scholes option-pricing model and has determined the pro forma impact on net income.

DISCLOSURE AND INTERNAL CONTROLS: Based on an assessment of the effectiveness of the Company's disclosure controls and procedures, accounting policies, and the underlying judgments and uncertainties affecting the application of those policies and procedures, management believes that the Company's condensed consolidated financial statements provide a meaningful and fair perspective of the Company in all material respects. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation. Management identified no significant deficiencies or material weaknesses in internal controls. Other risk factors, such as those discussed elsewhere in this interim report as well as changes in business strategies, could adversely impact the consolidated financial position, results of operations, and cash flows in future periods.

RESULTS OF OPERATIONS

Second Quarter Ended March 31, 2003 vs. Second Quarter Ended March 31, 2002

The following discussion compares the results of operations for the Fiscal 2003 Quarter to the Fiscal 2002 Quarter. The discussion should be read in conjunction with the accompanying financial statements and related notes.

The Company's Fiscal 2003 Quarter pawn service charge revenue increased 3%, or $0.4 million from the Fiscal 2002 Quarter to $14.3 million. The improvement is due to a four percentage point increase in loan yields to 134% ($0.5 million), offset slightly by a lower average loan balance ($0.1 million). Variations in the annualized loan yield, as seen between these periods, are due generally to changes in the level of loan forfeitures, a mix shift between loans with different yields, and changes in rates. The Company's average balance of pawn loans outstanding during the Fiscal 2003 Quarter was 0.5% lower and ending pawn loans outstanding were 2.7% higher than for the Fiscal 2002 Quarter.

Sales increased $4.0 million in the Fiscal 2003 Quarter, when compared to the Fiscal 2002 Quarter, to $35.8 million. The increase was due to a $1.8 million increase in jewelry scrapping sales and a $2.2 million increase in same store sales, primarily from higher layaway sale completions. During the quarter ended December 31, 2001, the Company required that all layaway sales be paid in full by December 15 rather than the normal ninety-day period. This increased financial sales in the first quarter of fiscal 2002 as layaway sales that would have typically been paid in the second quarter were paid in full in the first quarter of fiscal 2002 ended December 31, 2001. In fiscal 2003, the December 15 deadline was used only for layaways initiated prior to November 3, reducing the acceleration of sales as was seen in the first quarter of fiscal 2002. As a result, sales in the second fiscal 2003 quarter, ending March 31, 2003, benefited from greater layaway sale completions than was seen in the second quarter of fiscal 2002.

Below is a summary of the comparable periods' sales and margins:

	Quarter Ended March 31, 2003	Quarter Ended March 31, 2002
	(Dollars in thousands)	
Merchandise sales	$ 31,587	$ 29,397
Jewelry scrapping sales	4,184	2,335
Total sales	35,771	31,732
Gross profit on merchandise sales	$ 12,344	$ 11,816
Gross profit on jewelry scrapping sales	755	96
Gross margin on merchandise sales	39.1%	40.2%
Gross margin on jewelry scrapping sales	18.0%	4.1%
Overall gross margin	36.6%	37.5%

The Fiscal 2003 Quarter overall gross margins on sales decreased 0.9 of a percentage point from the Fiscal 2002 Quarter to 36.6%. Although jewelry scrapping margins improved in the Fiscal 2003 Quarter, they typically are lower than the margin on merchandise sales, providing downward pressure on overall margins. As a result, the increase in scrapping volume decreased overall margins in the Fiscal 2003 Quarter by 2.5 percentage points when compared to the Fiscal 2002 Quarter. Margins on merchandise sales, excluding jewelry scrapping, decreased 1.1 percentage points primarily due to an increase in the allowance for aged and obsolete inventory in the Fiscal 2003 Quarter. Inventory shrinkage, included in cost of goods sold, was 1.9% of merchandise sales in the Fiscal 2003 Quarter compared to 1.6% in the Fiscal 2002 Quarter.

Payroll advance data are as follows:

Quarter Ended
March 31, ---

(Dollars in thousands)	2003	2002
Service charge revenue	$ 2,675	$ 1,620
Bad debt (included in operating expense)	(489)	(455)
Other direct expenses (included in operating expense)	(279)	(217)
Collection and call center costs (included in administrative expense)	(189)	(78)
Contribution to operating income	1,718	870
Average payroll advance balance outstanding during quarter	$ 2,529	$ 1,339
Payroll advance loan balance at end of quarter	2,253	1,096
Average loan balance per participating location at end of quarter	9.8	5.3
Participating locations at end of quarter (whole numbers)	229	205
Net default rate (defaults net of collections, measured as a percent of loans made)	3.6%	5.1%

The Contribution to operating income presented above is the incremental contribution only and excludes other costs such as labor, rent, and other overhead costs.

Payroll advance service charge revenue increased from the Fiscal 2002 Quarter primarily due to higher average loan balances. Despite the 89% higher average loan balances, bad debt for the Fiscal 2003 Quarter was only 7% above the Fiscal 2002 Quarter due to an improvement in net defaults. The maturing of the product and a growth in the number of locations offering the loans increased the loan balance, which includes only active loans as discussed in "Critical Accounting Policies and Estimates" above.

The Company provides for a valuation allowance on both the principal and fees receivable for payroll advances. Due to the short-term nature of these loans, the Company uses recent net default rates and anticipated seasonal changes in the rate as the basis for its valuation allowance, rather than reserving the annual or quarterly rate. At March 31, 2003, the valuation allowance was 5.2% of payroll advance receivables.

In the Fiscal 2003 Quarter, store operating expenses as a percent of net revenues increased 1.9 percentage points to 70.6%. The Fiscal 2003 Quarter operating expenses reflect a $0.5 million increase in rent from equipment and the sale-leaseback of previously owned store locations, a $0.5 million increase in robbery losses, and a $1.0 million increase in labor related costs. Increased labor costs are primarily from higher health benefits, merit increases, and higher incentive pay as a result of the Company's earnings improvement. Administrative expenses measured as a percentage of net revenues increased 1.2 percentage points from the Fiscal 2002 Quarter to 14.5%. The increase is due primarily to higher labor related costs and payroll advance collection costs.

Depreciation and amortization expense, when measured as a percentage of net revenue, decreased 2.0 percentage points in the Fiscal 2003 Quarter to 7.2%. This improvement is primarily due to the reduction in depreciable assets through the sale-leaseback of previously owned locations and adoption of SFAS No. 142, which ceased amortization of goodwill and indefinite lived pawn licenses effective October 1, 2002, as discussed in Critical Accounting Policies and Estimates above.

In the Fiscal 2003 Quarter, interest expense decreased 52% to $0.5 million. Lower average debt balances and lower effective interest rates contributed to the decrease. At March 31, 2003, the Company's total debt was $28.0 million compared to $37.4 million at March 31, 2002.

The Fiscal 2003 Quarter income tax provision was $0.8 million (35% of pretax income) compared to $0.6 million (37% of pretax income) for the Fiscal 2002 Quarter. The decrease in effective tax rate is due to non-tax deductible items having a smaller percentage impact on larger pre-tax earnings in the Fiscal 2003 Quarter.

Operating income for the Fiscal 2003 Quarter decreased $0.1 million from the Fiscal 2002 Quarter to $2.4 million. Improvements in the gross profit on sales ($1.2 million), contribution from payroll advances ($0.8 million), and pawn service charges ($0.4 million), were offset by increases in store operating and administrative expenses. After a $0.5 million decrease in interest expense and smaller changes in other non-operating items, net income improved to $1.5 million in the Fiscal 2003 Quarter from $1.1 million in the Fiscal 2002 Quarter.

Six Months Ended March 31, 2003 vs. Six Months Ended March 31, 2002

The following discussion compares the results of operations for the Fiscal 2003 Period to the Fiscal 2002 Period. The discussion should be read in conjunction with the accompanying financial statements and related notes.

The Company's Fiscal 2003 Period pawn service charge revenue increased 3%, or $0.8 million from the Fiscal 2002 Period to $30.0 million. The improvement is primarily due to a three percentage point improvement in loan yields to 133% in the Fiscal 2003 Period. Variations in the annualized loan yield, as seen between these periods, are due generally to changes in the level of loan forfeitures, a mix shift between loans with different yields, and changes in rates. The Company's average balance of pawn loans outstanding during the Fiscal 2003 Period was 0.5% higher and ending pawn loans outstanding were 2.7% higher than for the Fiscal 2002 Period.

Sales increased $1.1 million in the Fiscal 2003 Period, when compared to the Fiscal 2002 Period, to $70.0 million. The increase was due to higher jewelry scrapping sales ($1.0 million) and higher same store merchandise sales ($0.2 million), offset by lower sales from closed stores ($0.1 million).

Below is a summary of the comparable periods' sales and margins:

	Six Months Ended March 31,	
	2003	2002
	(Dollars in thousands)	
Merchandise sales	$ 63,132	$ 63,067
Jewelry scrapping sales	6,837	5,824
Total sales	69,969	68,891
Gross profit on merchandise sales	$ 25,195	$ 25,963
Gross profit (loss) on jewelry scrapping sales	782	(62)
Gross margin on merchandise sales	39.9%	41.2%
Gross margin on jewelry scrapping sales	11.4%	(1.1)%
Overall gross margin	37.1%	37.6%

The Fiscal 2003 Period overall gross margins on sales decreased 0.5 of a percentage point from the Fiscal 2002 Period to 37.1%. Although jewelry scrapping margins improved in the Fiscal 2003 Period, they typically are lower than the margin on merchandise sales, providing downward pressure on overall margins. As a result, the increase in scrapping volume decreased overall margins in the Fiscal 2003 Period by 1.0 percentage point when compared to the Fiscal 2002 Period. Margins on merchandise sales, excluding jewelry scrapping, decreased 1.3 percentage points primarily due to an increase in the allowance for aged and obsolete inventory in the Fiscal 2003 Period. Also contributing to the decrease in margins was an increase in inventory shrinkage, from 1.2% of merchandise sales in the Fiscal 2002 Period to 1.5% in the Fiscal 2003 Period.

Payroll advance data are as follows:

Six Months Ended March 31, (Dollars in thousands)	2003	2002
Service charge revenue	$ 5,752	$ 3,541
Bad debt (included in operating expense)	(1,428)	(1,514)
Other direct expenses (included in operating expense)	(637)	(372)
Collection and call center costs (included in administrative expense)	(333)	(149)
Contribution to operating income	3,354	1,506
Average payroll advance balance outstanding during period	2,440	1,346
Payroll advance loan balance at end of period	2,253	1,096
Average loan balance per participating location at end of period	9.8	5.3
Participating locations at end of period (whole numbers)	229	205
Net default rate (defaults net of collections, measured as a percent of loans made)	4.7%	7.5%

The Contribution to operating income presented above is the incremental contribution only and excludes other costs such as labor, rent, and other overhead costs.

Payroll advance service charge revenue increased from the Fiscal 2002 Period primarily due to higher average loan balances. Despite the 81% increase in average loan balances, bad debt for the Fiscal 2003 Period was lower than the Fiscal 2002 Period due to an improvement in the net default rate. The maturing of the product and a growth in the number of locations offering the loans increased the loan balance.

In the Fiscal 2003 Period, store operating expenses increased 1.9 percentage points to 68.9% of net revenues. The Fiscal 2003 Period operating expenses reflect a $1.0 million increase in rent from equipment and the sale-leaseback of previously owned store locations, a $0.6 million increase in robbery losses, and a $0.7 million increase in labor related costs. Administrative expenses measured as a percentage of net revenues increased 0.7 of a percentage point from the Fiscal 2002 Period to 14.0%. The increase is due primarily to higher labor related costs, payroll advance collection costs, and professional fees and services.

Depreciation and amortization expense decreased 1.5 percentage points in the Fiscal 2003 Period to 7.2% of net revenue. This improvement is primarily due to the reduction in depreciable assets through the sale-leaseback of previously owned locations and adoption of SFAS No. 142, which ceased amortization of goodwill and indefinite lived pawn licenses effective October 1, 2002, as discussed in Critical Accounting Policies and Estimates above.

In the Fiscal 2003 Period, interest expense was $1.1 million, a 59% decrease from the Fiscal 2002 Period. Lower average debt balances and lower effective interest rates contributed to the decrease. At March 31, 2003, the Company's total debt was $28.0 million compared to $37.4 million at March 31, 2002.

The Fiscal 2003 Period income tax provision was $2.0 million (35% of pretax income) compared to $1.4 million (37% of pretax income) for the Fiscal 2002 Period. The decrease in effective tax rate is due to non-tax deductible items having a smaller percentage impact on larger pre-tax earnings in the Fiscal 2003 Period.

On October 1, 2002, the Company adopted SFAS No. 142 regarding goodwill and other intangible assets. During the Fiscal 2003 Period, the Company completed its transitional impairment tests, resulting in a non-cash $8.0 million impairment charge for goodwill, recorded as a cumulative effect of adopting a new accounting principle.

Operating income for the Fiscal 2003 Period decreased $0.3 million from the Fiscal 2002 Period to $6.2 million. Improvements in the contribution from payroll advances ($1.8 million), pawn service charges ($0.8 million) and the gross profit on sales ($0.1 million), were offset by increases in store operating and administrative expenses. After a $1.6 million decrease in interest expense and smaller changes in other non-operating items, income before the cumulative effect of adopting a new accounting principle improved to $3.8 million in the Fiscal 2003 Period from $2.5 million in the Fiscal 2002 Period. After the $8.0 million cumulative effect of adopting a new accounting principle, the Company reported a net loss of $4.3 million compared to a net income of $2.5 million in the Fiscal 2002 Period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's $8.6 million cash flow from operations in the Fiscal 2003 Period consisted of $4.4 million of earnings before depreciation, amortization, the cumulative effect of adopting a new accounting principle, and other non-cash items, coupled with a $4.2 million return of investment in net operating assets, primarily inventory. Net cash provided by investing activities was $7.5 million for the Fiscal 2003 Period resulting primarily from an $8.0 million reduction in pawn loans, and $0.9 million invested in property and equipment. During the Fiscal 2003 Period, the Company used its cash flow from operating and investing activities to reduce its outstanding debt by $14.2 million while increasing its cash on hand by $1.9 million.

The Company anticipates that cash flow from operations and availability under its revolving credit facility will be adequate to fund planned capital expenditures, working capital requirements, and required debt payments during the coming year. However, there can be no assurance that cash flow from operating activities and funds available under its credit facility will be adequate for these expenditures.

The Company's $40 million credit agreement matures March 31, 2005. Availability of funds under the revolving credit facility is tied to loan and inventory balances, and advances are secured by the Company's assets. Interest on the revolving credit facility is the Eurodollar rate plus 250 to 325 basis points or the agent bank's base rate ("Prime") plus 100 to 175 basis points. Terms of the agreement require, among other things, that the Company meet certain financial covenants and that no dividends be paid. The Company believes that the financial covenants established in its credit facility will be achieved based upon the Company's current and anticipated performance. Effective October 30, 2002, the Company amended the credit agreement to exclude the cumulative effect of adopting SFAS No. 142 from the calculation of the consolidated net worth covenant. At March 31, 2003, the Company had $28.0 million outstanding on the revolving credit facility.

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 is greatest in its second fiscal quarter primarily due to a high level of loan redemptions and sales in the income tax refund season.

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 interest rates, foreign currency exchange rates, and gold prices. The Company does not use derivative financial instruments.

The Company's earnings and financial position may be affected by changes in gold prices 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 prices. The impact on the Company's financial position and results of operations of a hypothetical change in gold prices cannot be reasonably estimated.

The Company's earnings are affected by changes in interest rates due to the impact those changes have on its debt, all of which is variable-rate debt. Under its amended and restated credit agreement dated October 30, 2002, the Company's effective interest rate was reduced by approximately 300 basis points. If interest rates average 300 basis points less during the remaining six months of the fiscal year ending September 30, 2003 than they did in the comparable period of 2002, the Company's interest expense during those six months would decrease by approximately $0.4 million. This amount is determined by considering the impact of the hypothetical interest rates on the Company's variable-rate debt at March 31, 2003.

The Company's earnings and financial position are affected by foreign exchange rate fluctuations related to the 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 financial position and results of operations of a hypothetical change in the exchange rate between the U.S. dollar and the U.K. pound cannot be reasonably estimated 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 December 31, 2002 (included in the Company's March 31, 2003 results on a three-month lag as described above) was approximately $187,000. On March 31, 2003, the U.K. pound closed at 1.00 to 1.5749 U.S. dollars, a weakening from 1.6044 at December 31, 2002. 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 includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical information provided herein are forward-looking and may contain information about financial results, economic conditions, trends and known uncertainties. The Company cautions the reader that actual results could differ materially from those expected by the Company depending on the outcome of certain factors, including without limitation (i) fluctuations in the Company's inventory and loan balances, inventory turnover, average yields on loan portfolios, pawn redemption rates, payroll advance default and collection rates, labor and employment matters, competition, operating risk, acquisition, and expansion risk, liquidity, and capital requirements and the effect of government and environmental regulations, and (ii) adverse changes in the market for the Company's services. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligations to release publicly the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereon, including without limitation, changes in the Company's business strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

ITEM 4. CONTROLS AND PROCEDURES

Our principal executive and financial officers have concluded, based on their evaluation as of a date within 90 days before the filing of this interim report on Form 10-Q, that our disclosure controls and procedures under Rule 13a-14 of the Securities Exchange Act of 1934 are effective to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

Subsequent to our evaluation, there were no significant changes in internal controls or other factors that could significantly affect these internal controls.

PART II

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is involved in litigation and regulatory actions arising from its normal business operations. Currently, the Company is a defendant in several actions, some of which involve claims for substantial amounts. While the ultimate outcome of these actions cannot be ascertained, 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

By written consent of the holder of a majority of the Company's Class B voting common stock dated February 4, 2003, the Company's existing directors were unanimously re-elected. Ernst & Young LLP was re-appointed as the Company's independent auditors for the fiscal year ending September 30, 2003 as part of the same written consent.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit

Number	Description	Incorporated by Reference to
99.1	Certification of Chief Executive Officer	
99.2	Certification of Chief Financial Officer	

(b) Reports on Form 8-K

	Filing Date	Item Reported	Information Reported
8-K	04/22/02	Item 12 - Results of Operations and Financial Condition	Quarterly earnings announcement and related press release.

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: May 5, 2003

By: /s/ DAN N. TONISSEN

(Signature)

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

CERTIFICATIONS

I, Joseph L. Rotunda, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EZCORP, Inc. (the "registrant");

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 5, 2003

/s/ Joseph L. Rotunda
Joseph L. Rotunda
President, Chief Executive Officer
& Director

I, Dan N. Tonissen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EZCORP, Inc. (the "registrant");

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 5, 2003

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

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference to Page
99.1	Certification of Chief Executive Officer	26
99.2	Certification of Chief Financial Officer	27

EXHIBIT 99.1

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 March 31, 2003 (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: May 5, 2003

/s/ Joseph L. Rotunda

Joseph L. Rotunda
President, Chief Executive Officer
& Director

EXHIBIT 99.2

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 March 31, 2003 (the "Report") by EZCORP, Inc. ("Registrant"), the undersigned hereby certifies that:

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

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

Date: May 5, 2003

/s/ Dan N. Tonissen

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