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

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2000

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 December 31, 2000, 10,897,040 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 (UNAUDITED)

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

	December 31, 2000	December 31, 1999	September 30, 2000
		(In thousands)	
Assets:			
Current assets:			
Cash and cash equivalents	$ 5,218	$ 3,263	$ 3,126
Pawn loans	45,257	46,923	46,916
Service charges receivable	9,213	9,405	8,629
Inventory, net	37,898	45,751	35,660
Deferred tax asset	7,154	8,806	9,636
Federal income tax receivable	5,045	--	5,045
Prepaid expenses and other assets	1,565	3,781	1,565
Total current assets	111,350	117,929	110,577
Investment in unconsolidated affiliates	13,872	13,292	14,021
Property and equipment, net	61,388	62,028	61,130
Other assets:			
Goodwill, net	12,036	13,713	12,160
Notes receivable from related parties	3,144	3,000	3,156
Other assets, net	2,958	4,421	2,749
Total assets	$ 204,748	$ 214,383	$ 203,793
Liabilities and Stockholders' Equity:			
Current liabilities:			
Current maturities of long-term debt	$ 84,312	$ 11	$ 22,087
Accounts payable and other accrued expenses	11,750	12,065	12,011
Restructuring reserve	758	--	1,649
Customer layaway deposits	2,280	2,492	2,332
Income taxes payable	--	33	--
Total current liabilities	99,100	14,601	38,079
Long-term debt, less current maturities	98	75,109	59,025
Deferred tax liability	1,622	1,696	3,639
Other long-term liabilities	379	492	379
Total long-term liabilities	2,099	77,297	63,043
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; 10,906,073 issued and 10,897,040 outstanding at December 31, 2000 and September 30, 2000; 10,831,043 issued and 10,822,010 outstanding at December 31, 1999	109	108	109
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	114,571	114,470	114,569
Retained earnings (deficit)	(10,106)	8,482	(11,159)
	104,586	123,072	103,531
Treasury stock (9,033 shares)	(35)	(35)	(35)
Receivable from stockholder	(729)	(729)	(729)
Accumulated other comprehensive income	(273)	177	(96)
Total stockholders' equity	103,549	122,485	102,671
Total liabilities and stockholders' equity	$ 204,748	$ 214,383	$ 203,793

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

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

	Three Months Ended December 31, 2000	Three Months Ended December 31, 1999
	(In thousands, except per share amounts)	
Revenues:		
Sales	$ 32,377	$ 38,090
Pawn service charges	14,664	15,594
Other	200	256
Total revenues	47,241	53,940
Cost of goods sold	18,098	22,683
Net revenues	29,143	31,257
Operating expenses:		
Operations	19,063	21,806
Administrative	3,892	4,328
Depreciation and amortization	2,434	2,522
Total operating expenses	25,389	28,656
Operating income	3,754	2,601
Interest expense, net	2,188	1,332
Equity in net income of unconsolidated affiliate	(27)	(64)
Gain on sale of assets	(3)	(580)
Income before income taxes	1,596	1,913
Income tax expense	543	650
Income before cumulative effect of a change in accounting principle	$ 1,053	$ 1,263
Cumulative effect on prior years (to September 30, 1999) of change in method of revenue recognition, net of tax	--	(14,344)
Net income (loss)	$ 1,053	$ (13,081)
Amounts per common share (fully diluted):		
Income before cumulative effect of a change in accounting principle	$ 0.09	$ 0.10
Cumulative effect on prior years (to September 30, 1999) of change in method of revenue recognition, net of tax	$ --	$ (1.19)
Net income (loss)	$ 0.09	$ (1.09)
Weighted average shares outstanding Basic and diluted	12,087	12,012
Cash dividends per common share	$ --	$ 0.0125

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

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

	Three Months Ended December 31, 2000	Three Months Ended December 31, 1999
	(In thousands)	
Operating Activities:		
Net income	$ 1,053	$ (13,081)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Cumulative effect of a change in accounting principle	--	14,344
Depreciation and amortization	2,434	2,522
Net gain on sale or disposal of assets	(3)	(580)
Income from investment in unconsolidated affiliate	(27)	(64)
Changes in operating assets and liabilities:		
Service charges receivable	(584)	97
Inventory	(2,238)	(2,076)
Prepaid expenses, other current assets, and other assets, net	(377)	(162)
Accounts payable, accrued expenses, and other long-term liabilities	(146)	989
Customer layaway deposits	(52)	70
Restructuring reserve	(891)	--
Federal income taxes	465	2,135
Net cash provided by (used in) operating activities	(366)	4,194
Investing Activities:		
Pawn loans forfeited and transferred to inventory	19,072	22,912
Pawn loans made	(45,240)	(47,314)
Pawn loans repaid	27,827	31,419
Net decrease in loans	1,659	7,017
Additions to property, plant, and equipment	(2,503)	(6,239)
Proceeds from sale of assets	4	3,545
Net cash provided by (used in) investing activities	(840)	4,323
Financing Activities:		
Proceeds from bank borrowings	4,300	5,000
Payments on borrowings	(1,002)	(13,003)
Payment of dividends	--	(150)
Net cash provided by (used in) financing activities	3,298	(8,153)
Change in cash and cash equivalents	2,092	364
Cash and cash equivalents at beginning of period	3,126	2,899
Cash and cash equivalents at end of period	$ 5,218	$ 3,263
Non-cash Investing and Financing Activities:		
Foreign currency translation adjustment	$ 177	$ 33

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

EZCORP, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
DECEMBER 31, 2000

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, 2000. As more fully described in Note B, the financial statements for the three months ended December 31, 1999 have been adjusted to give effect to a change in accounting principle as of October 1, 1999.

The Company's business is subject to seasonal variations, and operating results for the three-month period ended December 31, 2000 are not necessarily indicative of the results of operations for the full fiscal year.

NOTE B: CHANGE IN ACCOUNTING PRINCIPLE

During the second quarter of fiscal 2000, the Company changed its method of revenue recognition on pawn loans by reducing the accrual of pawn service charge revenue to the estimated amount which will be realized through loan collection and recording forfeited collateral at the lower of cost (the principal amount of the loan) or market. Previously, pawn service charges were accrued on all loans, and the carrying value of the forfeited collateral was the lower of cost (principal amount of loan plus accrued pawn service charges) or market.

The Company believes the new method of revenue recognition is preferable in that it better aligns reported net revenues and earnings with current economic trends in its business and the management of the Company. In addition, the Company believes the new method improves comparability of its operating results and financial position with similar companies.

The accounting change was first reported during the second quarter of fiscal 2000. Accordingly, net income for the first quarter of fiscal 2000 has been restated to reflect the accounting change as if it were reported in that quarter. This adjustment increased net income before the cumulative effect of an accounting change for the first quarter of fiscal 2000 by $813,000 ($0.07 per share).

NOTE C: RESTRUCTURING CHARGE

In fiscal 2000 the Company reviewed its store portfolio to determine whether closing certain stores would improve the Company's profitability and to determine whether certain stores were strategically viable. As a result of this review and the continuing evaluation of such assets for impairment, the Company decided to close 54 stores and recorded a pretax charge of $11.8 million ($7.8 million net of tax) during the fourth quarter of Fiscal 2000, as more fully described in Note C to the Company's audited financial statements for the year ended September 30, 2000.

Of the 54 stores, 45 were closed as of December 31, 2000, and the remaining 9 are expected to close in fiscal 2001. As of December 31, 2000, approximately 148 employees were terminated as part of this restructuring, and approximately 41 additional employees will be terminated when the remaining stores close.

The results of operations from the 54 stores scheduled for closure were as follows (in thousands):

	Three Months Ended December 31,	
	2000	1999
Total revenues	$ 1,638	$ 5,409
Operating loss	$ (296)	$ (379)

At December 31, 2000, the Company had a remaining restructuring reserve of $0.8 million. It is anticipated that all remaining material cash outlays required for these store closings and related restructuring costs will be made during fiscal 2001. The following is a summary of the types and amounts recognized as accrued expenses together with cash payments made against such accruals (in thousands):

	Lease Settlement Costs	Workforce Severance	Write-off of Long-Lived and Intangible Assets	Administrative and Other Exit Costs	Net Book Value of Assets Sold	Proceeds from Sale of Assets	Total Reserve
Reserve balance at September 30, 2000	$ 582	$ 908	$ --	$ 456	$ 430	$ (727)	$1,649
Reserve Utilized	(263)	(336)	--	(246)	(46)	--	(891)
Reserve balance at December 31, 2000	$ 319	$ 572	$ --	$ 210	$ 384	$ (727)	$ 758

In conjunction with the restructuring in fiscal 2000, the Company recorded an additional $1.2 million inventory reserve for anticipated losses on sales at stores to be closed. This amount was charged to cost of goods sold in fiscal 2000 and is excluded from the table above. Of this inventory reserve, $0.1 million was utilized by September 30, 2000, and $0.6 million was utilized in the first quarter of fiscal 2001, leaving a balance of $0.5 million in the reserve at December 31, 2000. The Company anticipates that the remaining reserve will be utilized in fiscal 2001 as the related inventory is sold.

NOTE D: ACCOUNTING PRINCIPLES AND PRACTICES

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

The Company provides inventory reserves for shrinkage and cost in excess of market value. The Company estimates these reserves using analysis of sales trends, inventory aging, sales margins and shrinkage on inventory. At December 31, 2000, December 31, 1999, and September 30, 2000, inventory reserves were $1.6 million, $1.4 million, and $2.2 million, respectively.

Property and equipment is shown net of accumulated depreciation of $43.5 million, $39.6 million and $47.2 million at December 31, 2000, December 31, 1999, and September 30, 2000, respectively.

Certain prior year balances have been reclassified to conform with the fiscal 2001 presentation.

NOTE E: EARNINGS PER SHARE

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

	Three Months Ended December 31, 2000	Three Months Ended December 31, 1999
	(In thousands)	
Numerator		
Numerator for basic and diluted earnings per share: net income	$ 1,053	$(13,081)
Denominator		
Denominator for basic earnings per share: weighted average shares	12,087	12,012
Effect of dilutive securities:		
Warrants and options	--	--
Dilutive potential common shares	--	--
Denominator for diluted earnings per share: adjusted weighted average shares and assumed conversions	12,087	12,012
Basic earnings per share	$ 0.09	$ (1.09)
Diluted earnings per share	$ 0.09	$ (1.09)

Options to purchase 1,392,649 and 1,534,763 weighted average shares of common stock at an average price of $8.16 and $11.30, respectively, were outstanding for the three-month periods ended December 31, 2000 and 1999. These options were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of common shares and, therefore, the effect would be anti-dilutive.

NOTE F: INVESTMENT IN UNCONSOLIDATED AFFILIATE

The Company owns 13,276,666 common shares of Albemarle & Bond Holdings, plc ("A&B"), representing 29.86% of A&B's 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 three month period ended December 31, 2000 represents its percentage interest in the results of A&B's operations, reduced by the amortization of the excess purchase price over fair market value, using an estimate of earnings for July 2000 through September 2000. The company plans to reconcile this amount during its quarter ending March 31, 2001 after A&B's results have been reported to the public. The company does not expect the actual results to differ materially from this estimate.

NOTE G: 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 H: 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 shareholders' equity. Comprehensive income (loss) for the three-month periods ended December 31, 2000 and 1999 was approximately $0.9 million and ($13.0) million, respectively. The difference between comprehensive income and net income 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 is presented in the Condensed Consolidated Balance Sheets as "Accumulated other comprehensive income."

NOTE I: LONG-TERM DEBT

On December 15, 2000, the Company amended and restated its $85 million secured credit agreement, which matures December 3, 2001. The amended credit agreement provides for a $45 million revolving credit facility and two term loan facilities totaling $40 million which are secured by substantially all of the Company's assets. Availability under the revolving credit facility is tied to pawn loan and inventory balances. The term facilities require principal payments of $22.1 million during fiscal 2001. These principal payments will be made from operating cash flow, the sale of assets, primarily sale-leaseback transactions of various owned properties, and a tax refund resulting from the Company's fiscal 2000 operating loss. Interest on the facility is at the agent bank's prime rate plus 250 to 350 basis points. The Company pays a commitment fee of 25 basis points on the unused amount of the revolving facility.

The Company's credit agreement requires, among other things, that the Company meet certain financial covenants. Specifically, the Company must operate within specified levels of consolidated net worth, leverage ratio, capital expenditures, inventory turnover, fixed charge coverage ratio, and EBITDA (earnings before interest, taxes, depreciation and amortization). The Company believes that these covenants will be achieved based upon the Company's current and anticipated performance. Based upon management's fiscal 2001 operating plan, including the sale-leaseback of certain assets and the availability under the revolving credit facility, the Company believes that there is adequate liquidity to fund the Company's working capital requirements, planned capital expenditures, and make the required principal payments under the credit agreement. However, material shortfalls or variances from anticipated performance or delays in the sale of certain of its assets could require the Company to seek a further amendment to its credit agreement or alternate sources of financing, or to limit capital expenditures to an amount less than currently anticipated or permitted under the credit agreement.

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.

First Quarter Ended December 31, 2000 vs. First Quarter Ended December 31, 1999

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the three-month periods ended December 31, 2000 and 1999. As more fully discussed under "Accounting Change" and in Note B to the condensed consolidated financial statements, financial data for the three months ended December 31, 1999 has been adjusted for a change in accounting for pawn service charges.

	Three Months Ended December 31,(a) 2000	1999	% or Point Change(b)
Net Revenues:			
Sales	$32,377	$38,090	(15.0)%
Pawn service charges	14,664	15,594	(6.0)%
Other	200	256	(21.9)%
Total revenues	47,241	53,940	(12.4)%
Cost of goods sold	18,098	22,683	(20.2)%
Net revenues	$29,143	$31,257	(6.8)%
Other Data:			
Gross profit as a percent of sales	44.1%	40.5%	3.6 pts.
Average annual inventory turnover	1.9x	2.0x	(0.1)x
Inventory balance per average location as of the end of the quarter	$ 130	$ 137	(5.1)%
Loan balance per average location as of the end of the quarter	$ 156	$ 140	11.4%
Average yield on loan portfolio	126%	123%	3 pts.
Redemption rate	77%	75%	2 pts.
Expenses as a Percent of Total Revenues:			
Operating	40.4%	40.4%	0.0 pt.
Administrative	8.2%	8.0%	0.2 pt.
Depreciation and amortization	5.2%	4.7%	0.5 pt.
Interest, net	4.6%	2.5%	2.1 pt.
Locations in Operation:			
Beginning of period	313	331	
Acquired	--	--	
Established	--	3	
Sold, combined or closed	22	--	
End of period	291	334	
Average locations in operation during the period(c)	302.0	332.5	

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(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.

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

ACCOUNTING CHANGE

During the second quarter of fiscal 2000, the Company changed its method of revenue recognition on pawn loans by reducing the accrual of pawn service charge revenues to the estimated amount that will be realized through loan collection, and recording forfeited collateral at the lower of the principal balance of the loan or estimated market value. Previously, pawn service charges were accrued on all loans, and the carrying value of the forfeited collateral was the lower of cost (principal amount of loan plus accrued pawn service charges) or market.

The Company believes the new method of revenue recognition is preferable in that it better aligns reported net revenues and earnings with current economic trends in its business and the management of the Company. In addition, the Company believes the new method improves comparability of its operating results and financial position with similar companies.

The accounting change was first reported during the second quarter of fiscal 2000. Accordingly, net income for the first quarter of fiscal 2000 has been restated to reflect the accounting change as if it were reported in that quarter. This adjustment increased net income before the cumulative effect of an accounting change for the first quarter of fiscal 2000 by $813,000 ($0.07 per share).

RESULTS OF OPERATIONS

The following discussion compares the results of operations for the three-month period ended December 31, 2000 ("Fiscal 2001 Period") to the three-month period ended December 31, 1999 ("Fiscal 2000 Period"). The discussion should be read in conjunction with the accompanying financial statements and related notes.

During the Company's fourth fiscal 2000 quarter, the Company made the decision to close up to 54 stores. As of the end of the Fiscal 2001 Period, 45 of the 54 stores had closed. In the Fiscal 2000 Period, these 45 stores had net revenues of $2.4 million, store operating expenses of $2.2 million and depreciation and amortization of $0.3 million, for an operating loss of $0.1 million.

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. In the Fiscal 2001 Period, pawn service charge revenue decreased $0.9 million from the Fiscal 2000 Period to $14.7 million due to closed stores ($0.9 million). Decreases from lower average loan volumes for the quarter ($0.3 million) were offset by higher yields ($0.3 million). Annualized yields for the Fiscal 2001 Period were 126%, three percentage points above the Fiscal 2000 Period.

A secondary, but related, activity of the Company is the sale of merchandise, primarily collateral forfeited from its lending activity. For the Fiscal 2001 Period, sales decreased approximately $5.7 million from the Fiscal 2000 Period to approximately $32.4 million. This decrease was primarily the result of lower same store sales ($3.1 million) and loss of volume from closed stores ($2.8 million). Annualized inventory turnover was 1.9 times in the Fiscal 2001 Period compared to 2.0 times in the Fiscal 2000 Period.

For the Fiscal 2001 Period, gross margins on merchandise sales increased 3.6 percentage points from the Fiscal 2000 Period to approximately 44 percent. Improved margins on merchandise sales contributed 4.8 percentage points of this increase, offset 1.2 percentage points by lower margins from stores closed during the Fiscal 2001 Period. Inventory shrinkage for the quarter was 1.0% of merchandise sales, unchanged from the prior year period.

In the Fiscal 2001 Period, operating expenses as a percentage of total revenues remained unchanged at 40%. Administrative expenses as a percent of total revenue increased 0.2 of a percentage point in the Fiscal 2001 Period to 8.2%. This increase was primarily due to the effect of proportionally larger year over year decreases in revenues than in administrative expenses.

Depreciation and amortization as a percent of total revenue increased one half of a percentage point from the Fiscal 2000 Period to 5.2%. This resulted from proportionally larger year over year decreases in revenues than in depreciation and amortization from closed stores. Interest expense as a percent of total revenue increased 2.1

percentage points from the Fiscal 2000 Period to 4.6%. The interest expense increase was due to higher interest rates coupled with increased average debt balances.

Income before the cumulative effect of an accounting change for the Fiscal 2001 Period was $1.1 million compared to $1.3 million in the Fiscal 2000 Period. Lower net revenues in the Fiscal 2001 Period ($2.1 million), mainly due to closed stores, were more than offset by lower total operating expenses ($3.3 million), resulting in operating income $1.2 million above the prior year period. After higher interest expenses in the Fiscal 2001 Period and less gain on the sale of assets ($0.6 million), income before the cumulative effect of an accounting change decreased $0.2 million.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities for the Fiscal 2001 Period was $0.4 million as compared to $4.2 million provided in the Fiscal 2000 Period, a decrease of $4.6 million. An increase in pawn service charges receivable, reflecting stronger seasonal loan growth and higher yields this year compared to a year ago, a $1.7 million tax refund in the prior year period, $0.9 million in restructuring related payments made in the current period, and timing of payroll and related accruals account for most of the year-over-year change in cash provided by operating activities. Net cash used in investing activities was $0.8 million for the Fiscal 2001 Period compared to $4.3 million provided in the Fiscal 2000 Period. The change is due to smaller decreases in pawn loan balances in the Fiscal 2001 Period, lower levels of capital expenditures, and $3.5 million of proceeds from the sale of assets in the prior year period. In the first quarter of fiscal 2001, the Company invested $2.5 million to upgrade or replace existing equipment and computer systems, funded primarily with bank borrowings.

The Company's credit agreement requires, among other things, that the Company meet certain financial covenants. Specifically, the Company must operate within specified levels of consolidated net worth, leverage ratio, capital expenditures, inventory turnover, fixed charge coverage ratio, and EBITDA (earnings before interest, taxes, depreciation and amortization). The Company believes that these covenants will be achieved based upon the Company's current and anticipated performance. Based upon management's fiscal 2001 operating plan, including the sale-leaseback of certain assets and the availability under the revolving credit facility, the Company believes that there is adequate liquidity to fund the Company's working capital requirements, planned capital expenditures, and make the required principal payments under the credit agreement. However, material shortfalls or variances from anticipated performance or delays in the sale of certain of its assets could require the Company to seek a further amendment to its credit agreement or alternate sources of financing, or to limit capital expenditures to an amount less than currently anticipated or permitted under the credit agreement.

The outstanding balance under the credit agreement bears interest at the agent bank's prime rate plus 250 to 350 basis points, payable monthly. In addition, the Company pays a commitment fee of 25 basis points of the unused amount of the total commitment. At December 31, 2000, the Company had $84 million outstanding under the credit agreement.

SEASONALITY

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

QUALITATIVE AND QUANTITATIVE 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 and foreign currency exchange rates. The Company does not use derivative financial instruments.

The Company's earnings are affected by changes in interest rates due to the impact those changes have on its variable-rate debt instruments. The majority of the Company's long-term debt at December 31, 2000 is comprised of variable-rate debt instruments. If interest rates average 25 basis points more in the remaining three quarters of fiscal 2001, the Company's interest expense for the year would increase by approximately $158,000. This amount is determined by considering the impact of the hypothetical interest rate increase on the Company's variable rate long-term debt at December 31, 2000.

The Company's earnings and financial position are affected by foreign exchange rate fluctuations related to the equity investment in Albemarle & Bond Holdings, plc ("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, including potential economic recession in the U.K. resulting from a devalued pound. 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. The translation adjustment representing the weakening in the U.K. pound during the quarter ended December 31, 2000 was approximately $177,000. On December 31, 2000, the U.K. pound closed at 0.6699 to 1.00 U.S. dollar, a decrease from 0.6836 at September 30, 2000. No assurance can be given as to the future valuation of the U.K. pound and how further movements in the pound could effect 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 yield on loan portfolios, redemption rates, labor and employment matters, competition, operating risk, charges related to store closings, acquisition, and expansion risk, liquidity, and capital requirements and the effect of government and environmental regulations and (ii) adverse changes in the market for the Company's services. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligations to release publicly the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereon, including without limitation, changes in the Company's business strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

PART II

ITEM 1. LEGAL PROCEEDINGS

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.

ITEM 2. CHANGES IN SECURITIES

Not Applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a)

Exhibit Number	Description	Incorporated by Reference to
None		

(b) Reports on Form 8-K

The Company has not filed any reports on Form 8-K for the quarter ended December 31, 2000.

SIGNATURE

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

EZCORP, INC.

(Registrant)

Date: February 14, 2001

By: /s/ DAN N. TONISSEN

(Signature)

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