ANNUAL REPORT 2010

CASH CONVERTERS INTERNATIONAL LIMITED

Corporate Directory

DIRECTORS

Reginald Webb	*Chairman*
Peter Cumins	*Managing Director*
John Yeudall	*Non-Executive Director*
William Love	*Non-Executive Director*
Joseph Beal	*Non-Executive Director*

COMPANY SECRETARY

Ralph Groom

REGISTERED OFFICE

Level 18, Citibank House
37 St George's Terrace
Perth Western Australia 6000
ABN 39 069 141 546

WEBSITE

www.cashconverters.com

SHARE REGISTRARS

IN AUSTRALIA:
Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
Perth Western Australia 6000

IN UNITED KINGDOM:
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgewater Road
Bristol BS 99 7NH

AUDITORS

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St George's Terrace
Perth Western Australia 6000

SOLICITORS

Cooke & Co
50 Eora Creek Terrace
Dianella Western Australia 6059

BANKERS

IN AUSTRALIA:
Westpac Business Bank
109 St George's Terrace
Perth Western Australia 6000

IN UNITED KINGDOM:
HSBC
8 Canada Square
London
United Kingdom E14 5HQ

TRUSTEE FOR UNSECURED NOTE HOLDERS

Perpetual Trustee Consolidated Limited
Level 11, Angel Place
123 Pitt Street
Sydney New South Wales 2000

STOCK EXCHANGE

IN AUSTRALIA:
Australian Stock Exchange
Exchange Plaza, 2 The Esplanade
PERTH Western Australia 6000

IN UNITED KINGDOM:
London Stock Exchange Limited
London United Kingdom
EC2N 1HP

Chairman and Managing Director's Review

It gives us great pleasure to present the Annual Report and the Group accounts for the financial year ending 30 June 2010.

The directors of Cash Converters International Limited ('Cash Converters') are pleased to report a record profit result of $21.6 million for the 2010 financial year. This is the fourth consecutive year that the Company has exceeded its forecast guidance number.

The table below provides a summary of the financial performance.

FINANCIAL RESULTS SUMMARY

	30 June 2010 $	30 June 2009 $	Variance %
Revenue	127,787,778	94,803,282	**+34.8**
EBITDA	33,774,670	25,604,525	**+31.9**
Depreciation and amortisation	1,561,768	1,162,068	**+34.4**
EBIT	32,212,902	24,442,457	**+31.8**
Income tax	9,536,414	7,152,524	**+33.3**
Borrowing costs	1,000,325	1,135,225	**-11.9**
Net profit before minority interests	21,676,163	16,154,708	**+34.2**
Less minority interests	46,241	(10,153)	**+555.4**
Net profit after minority interests	21,629,922	16,164,861	**+33.8**
Basic earnings per share	6.60	6.77	**-2.5**
Diluted earnings per share	6.58	6.66	**-1.2**

Note:139,751,334 new shares were issued during the year

DIVISIONAL OPERATING PROFIT

Franchise operations	8,710,344	8,642,091	**+0.8**
Store operations	6,844,755	5,383,490	**+27.1**
Financial services - administration	9,112,424	7,512,836	**+21.3**
Financial services – personal loans	15,454,064	9,780,737	**+58.0**
Total	40,121,587	31,319,154	**+28.1**
Corporate head office costs	(8,909,010)	(8,011,922)	**+11.2**
Total divisional operating profit before tax and minority interest	31,212,577	23,307,232	**+33.9**

Highlights

- The 2010 financial year has been the most successful in the Company's history, with a record net profit of $21.6 million, up 34.2% on the previous year.
- Revenue growth of 34.8% to $127.8 million. The major drivers for revenue growth over the year included an increase in personal loan interest income received of $6.1 million and establishment fees of $2.5 million, an increase in corporate store revenue of $16.9 million from the acquisition of 13 stores over the year and an increase in financial services commission of $6.8 million.
- The UK operations contributed an EBIT of $2.1 million. This was down slightly from last year in Australian Dollar terms as a result of a stronger dollar against the Pound. The EBIT contribution in Pound Sterling terms was up 13% to £1.1 million for the year. Store numbers (company owned and franchised) grew by a record 21 to 157.
- The Company owned store strategy has gained momentum with the acquisition this year of 13 franchised stores, four in the UK and nine in Australia. In addition five new Company owned stores were opened in the UK, taking total corporate store numbers to 58.
- The corporate store network has seen revenues grow by 37.1% to $62.5 million producing a combined EBIT of $6.8 million (up 27.4% on 2009) for the UK and Australian owned stores, with only a part year contribution from the 13 stores acquired.
- Safrock loan book growth of 80.9% to $38.7 million. The Safrock personal loans business generated an EBIT of $15.4 million (2009 $9.7 million) which is 58.8% on the previous year. Bad debt write offs were marginally up at 7.95%. Historically 7.5%.
- The MON-E business, which is the cash advance administration platform, generated an EBIT of $9.1 million (2009 $7.5 million) which is up 21.3% on the previous year.
- The acquisition of the Quickdraw business in May 2010, which in a full year will add $1.3 million of EBIT. Quickdraw administered the cash advance administration platform that serviced South Australia and the Northern Territory.

FINANCIAL SERVICES

The launch of the financial service products, (cash advance and personal loans) in the UK in October 2009 has been an outstanding success. After an initial trial period through a limited number of corporate stores the products commenced rollout in May into the franchised and corporate store network. We expect to see strong take up of our financial services products in the UK during the 2011 financial year.

Collection levels across the UK financial services products are in line with our experience in Australia.

Some key finance division statistics

FOR THE TWELVE MONTHS ENDING 30 JUNE 2010

CASH ADVANCE - AUSTRALIA

- Total principal loaned increased, by **25.4% to $156,173,824**
- Average loan amount increased from **$303 to $319**
- Total customer numbers increased by **25.1% to 289,369**

PERSONAL LOANS - AUSTRALIA

- Total number of loans approved increased by **110.3% to 60,586**
- Total number of active customers increased by **110.3% to 38,481**
- Loan Book increased by **80.9% to $38.7 million**

CASH ADVANCE – UK

- Total principal loaned **£488,380**
- Average loan amount **£91.68**
- Total customer numbers **2,634**

PERSONAL LOANS – UK

- Total number of loans approved **1,545**
- Total number of active customers **1,341**
- Loan book **£593,026**

ONLINE

Cash Converters online presence allows us to present the business to a new audience of potential customers at a low delivery cost.

We have seen new customers visit stores and purchase products after their first contact with the brand commenced with their online search. We are also beginning to see commercial quantities of product sales, with over $1.3 million in sales through the online channel during 2010.

The online software platform has been further developed to allow all store inventories to be listed automatically on the Australian ‘Webshop’ channel. It will allow customers to not only purchase product that is listed with a photo but to search by category and email the store for more detail, including a photo of any item of interest from the balance of the store’s inventory.

The Company receives a commission based on an agreed percentage of sales for providing the ‘Webshop’ online service to its franchisees.

SOME KEY ONLINE STATISTICS:

	UK	Australia
Registered users	85,748	22,699
Unique visitors	1,340,806	963,275
Total page views	21,896,582	14,175,273

As we can see from these statistics we now have a significant number of visitors to our UK and Australian ‘Webshop’ sites. Our strategy will be to maximise the commercial opportunities that these new customers present.

Online lending is one such opportunity. An online lead generation campaign was a key component of our 2010 online marketing strategy.

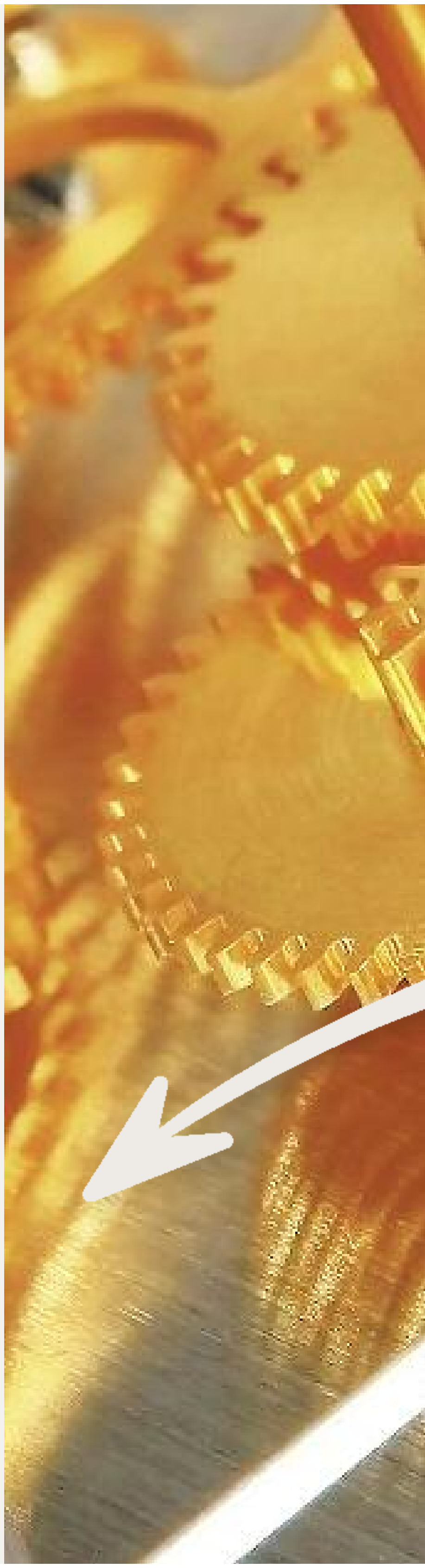
This has been an outstanding success;

KEY METRICS FROM ONLINE LEAD GENERATION CAMPAIGN:

Number of leads	17,576
Number of loans	3,325
Number new customers	2,241
% new customers	68%
Value of personal loans written	$1,721,530
Value of cash advances written	$613,426
Total value of loans written	$2,334,995

After a successful 12 month trial of the online lead generation system for personal loans and cash advance, the Company launched, in June 2010, a fully integrated online personal loan system. This will allow a customer to complete an application, sign contracts and receive funds without visiting a store.

It is expected that this will lift the conversion from application to loan rate, from a very low 17%, as customers will no longer be required to visit the store and will therefore benefit from the convenience of an end to end application.



Chairman and Managing Director's Review

EZCORP INC SUBSCRIBES FURTHER FUNDS TO ACCELERATE GROWTH

In May 2010, the Company issued 16,200,000 additional ordinary shares at an issue of price of 60 cents per share to EZCORP Inc to raise $9,720,000. Following completion of the issue, EZCORP Inc shareholding increased to 124,418,000 shares (representing 32.8% of Cash Converters) from 108,218,000 shares (29.8%). The 3% increase was permitted under the provisions of item 9 of section 611 of the Corporations Act.

These additional funds will be allocated to fast tracking the Company's growth strategies.

SUBSEQUENT EVENTS

The Company announced in July the acquisition of four franchised stores in the northern UK towns of Halifax, Dewsbury and Scunthorpe. These stores were purchased from existing franchisees for a total price of £1.9 million, including assets of £550,000.

The acquisition was based on an EBIT multiple of 4.7 times and is anticipated to increase the Group's EBIT by approximately £400,000 during the first full year of ownership.

The Company announced in August that it had contracted to acquire 13 franchised stores in Australia, comprising eight in Queensland, two in New South Wales, two in South Australia and one in Victoria.

The 13 stores were purchased from existing franchisees for a total price of $21.9 million, which included tangible assets of $6.3million.

The acquisition price represents an EBIT multiple of 3.7 times.

The acquisition of these stores is anticipated to increase the Company's EBIT by approximately $5.8 million in the first full year of ownership.

These acquisitions take the total number of stores owned by the Company to 71 stores – 39 in Australia and 32 in the UK.

DIVIDEND

The directors have declared a fully franked final dividend of 1.5 cents per share. The dividend will be paid on 30 September 2010 to those shareholders on the register at the close of business on 16 September 2010. This will take the total dividend payment for the year to 3.0 cents per share, fully franked. This represents a payout ratio of approximately 51.4% of after tax profit.

GUIDANCE FOR THE 2011 FINANCIAL YEAR

Cash Converters is targeting NPAT for 2011 financial year in the range of $27-$27.5 million, which represents an increase of approximately 27% on this year's result.

The Company expects earnings growth in 2011 from;

- The full year impact of;
  - Store acquisitions in 2010;
  - The acquisition of the Quickdraw business in May 2010. Quickdraw administered the cash advance administration platform that serviced South Australia and the Northern Territory;
  - The significant growth in the Safrock loan book this financial year;
  - The growth of the financial services launched in the UK in October 2009;
- The acquisition of 13 franchised stores in Australia in the first quarter of the 2011 financial year.

OUTLOOK

Cash Converters is very well positioned to fast track the execution of its stated strategy of opening new company stores in the UK and Australia, as well as further acquisitions of franchised stores in the 2011 financial year. The Company plans to open 12 new Company owned stores in the UK in the 2011 financial year.

The Company sees the acquisition of franchised stores and increasing the funding capacity of the cash advance and personal loan products as a real opportunity to transform the group into a significant store operating entity.

The staff, management and franchisees are to be congratulated for their contributions to the strong financial result this year.

Reg Webb
Chairman

Peter Cumins
Managing Director

Perth, Western Australia
Date 17 September 2010

Review of the Year

- Earnings before interest, tax, depreciation and amortisation

  up 31.9% to $33,774,670 (2009: $25,604,525)

- Net profit attributable to members

  up 33.8% to $21,629,922 (2009: $16,164,861)

- Store operations, operating profit before tax

  up 27.1% to $6,844,755 (2009: $5,383,490)

- Financial services - administration, operating profit before tax

  up 21.3% to $9,112,424 (2009: $7,512,836)

- Financial services – personal loans, operating profit before tax

  up 58.0% to $15,454,064 (2009: $9,780,737)

- Franchise operations, operating profit before tax steady

  at $8,710,344 (2009: $8,642,091)

- Fully franked dividend for the year

  3.0 cents

- Corporate store network in the UK expands

  to 32 stores

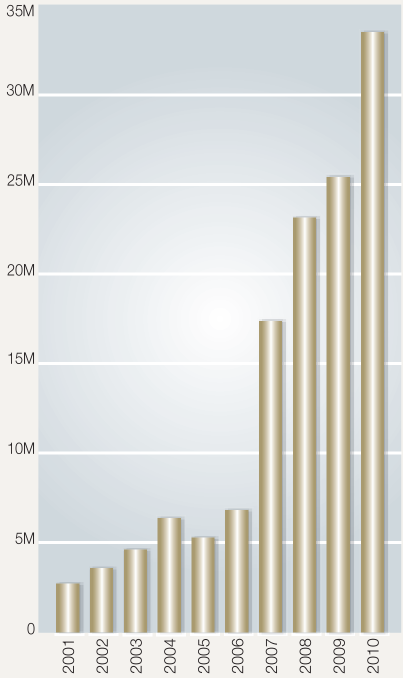
- Corporate store network expands to

  26 stores in Australia

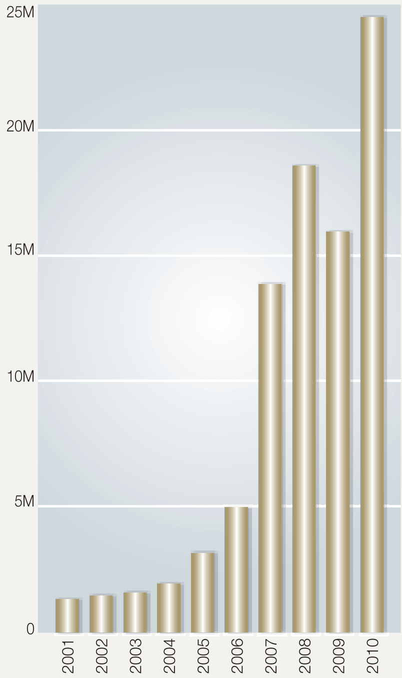
  with a further 13 acquired in September 2010 taking

  the total to 39 stores

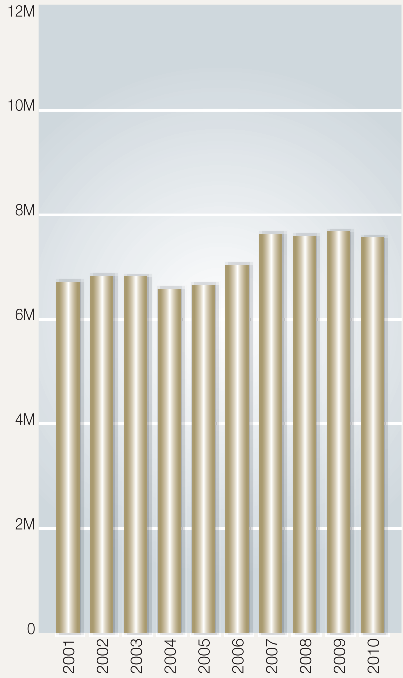
OPERATING PROFIT
Before tax, depreciation, amortisation & interest



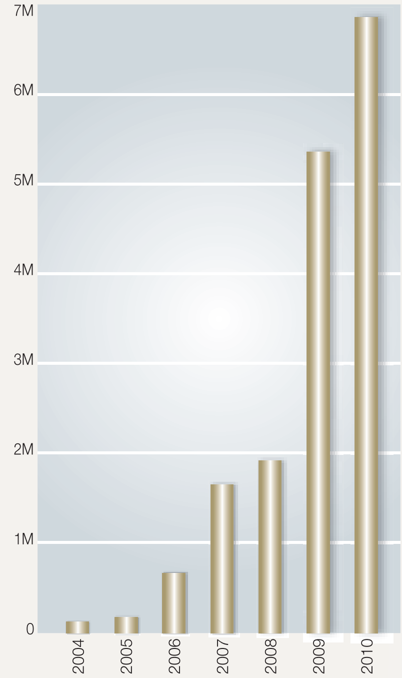
FINANCIAL SERVICES
Operating profit before tax



WEEKLY FRANCHISE FEES



STORE OPERATIONS
Operating profit before tax



Acquisitions

UK CORPORATE STORES

On 10 August 2009 Cash Converters (UK) Limited acquired a store in Barnsley from an existing franchisee for a total consideration of £0.7 million ($1.4 million) including assets.

Two stores were acquired in October 2009, Loughborough and Nottingham, Rotherham was also acquired in January 2010. Consideration for these stores was £1.0 million ($2.0 million) including assets.

In July 2010 Cash Converters (UK) Limited acquired four franchised stores in the northern UK towns of Halifax, Dewsbury and Scunthorpe. These stores were purchased from existing franchisees for a total price of £1.9 million, including assets of £550,000. The acquisition was based on an earnings before interest and tax (EBIT) multiple of 4.7 times and is anticipated to increase the Group's EBIT by approximately £400,000 during the first full year of ownership.

AUSTRALIA

Nine stores have been acquired in Australia during the period December 2009 to June 2010. A store at Northlands, Western Australia (WA) was acquired in December 2009, six stores were acquired in May 2010 from a multiple franchise owner in Queensland, a further store was acquired in WA and one store was also acquired in Victoria during May 2010.

The total consideration for these stores was $5.7 million including assets.

In August 2010 the Company announced that it had contracted to acquire 13 franchised stores in Australia, comprising eight in Queensland, two in New South Wales, two in South Australia and one in Victoria. The 13 stores were purchased from existing franchisees for a total price of $21.9 million, which included tangible assets of $6.3million. The acquisition price represents an EBIT multiple of 3.7 times.

The acquisition of these stores is anticipated to increase the consolidated entity's EBIT by approximately $5.8 million in the first full year of ownership.

These acquisitions take the total number of stores owned by the consolidated entity to 71 stores – 39 in Australia and 32 in the UK.

History

The history of Cash Converters dates back to November 1984, when Brian Cumins, the Company's founder, began operating his first retail outlet in Perth, Western Australia.

During the next four years the merchandising formula and trading style that has underwritten the groups success were developed and tested in the market place. A total of seven stores were open and trading profitably before the franchising of Cash Converters began with the opening of two franchised outlets in Perth in June 1988.

In 1990 the Group began to expand into other Australian States and now has over 140 outlets throughout Australia. The success of its Australian operations resulted in Cash Converters seeking to expand into overseas markets.

The Company's carefully planned entry into Europe was launched in 1991 when the first store in the United Kingdom was opened at Gants Hill in Essex. Since then further stores have opened in the UK taking the total to just over 160 stores.

The Company's first non-English speaking market, commenced with the opening of its pilot store in Vitrolles, near Marseilles in France in December 1994.

Since launching the concept in 1984, Cash Converters has grown enormously with representation in 21 countries worldwide and to a network of close to 500 franchise stores.

Cash Converters has grown enormously with representation in 21 countries worldwide

Group Structure

CASH CONVERTERS INTERNATIONAL LIMITED (CCIL)
Parent Entity
Incorporated in Australia
Public Company

- **CCUK Holdings PLC (CCUKH)**
  100% owned by CCIL
  Incorporated in the UK
  Overseas Entity
  - **CCUK Ltd**
    100% owned by CCUKH
    Incorporated in the UK
    Overseas Entity
- **Cash Converters Pty Ltd (CCPL)**
  100% owned by CCIL
  Incorporated in Australia
  Large Proprietary Company
  - **Cash Converters Finance Corporation Limited (CCFCL)**
    34.0% owned by CCPL
    Incorporated in Australia
    Disclosing Entity
- **CCUSA Limited (CCUSA)**
  99.29% owned by CCIL
  Incorporated in Australia
  Small Proprietary Company
  - **CCUSA Inc (CCUSA)**
    100% owned by CCUSA
    Incorporated in the USA
    Overseas Entity
- **MON-E Pty Ltd**
  100% owned by CCIL
  Incorporated in Australia
  Small Proprietary Company
- **Safrock Finance Group Pty Ltd**
  Safrock Finance Corporation QLD Pty Ltd
  Safrock Finance Corporation WA Pty Ltd
  Finance Administrators of Australia Pty Ltd
  100% owned by CCIL
  Incorporated in Australia
  All small Proprietary Companies
- **Cash Converters (Stores) Pty Ltd**
  100% owned by CCIL
  Incorporated in Australia
  Small Proprietary Company
- **Cash Converters (Cash Advance) Pty Ltd**
  100% owned by CCIL
  Incorporated in Australia
  Small Proprietary Company

Corporate Objectives

The Directors see the following as the principal corporate objectives of the group:

- To achieve high profitability, enabling Cash Converters to meet its responsibilities to shareholders and other stakeholders;
- To offer opportunities for franchisees and employees to succeed both financially and in their careers;
- To be recognised as a world leader in the retail of second hand goods and the provision of micro-lending products; and
- To provide consumers with retail outlets that are distinguished by the quality of retail standards and value of the merchandise on offer.

Core Business

The core business of Cash Converters is the ownership and franchising of retail and financial services stores, which operate as retailers of second hand goods and suppliers of financial products. The Cash Converters business has changed consumer perceptions of its industry by the systematic application of modern retailing practices, professional management techniques and high ethical standards to the management of its stores. As a result, Cash Converters has been able to position its corporate and franchised outlets as alternative retail merchandise and financial services stores and, in the process, created a profitable market for the group.

Over 20 years, the Company has developed and refined its franchise offering to the point where it has mature and stable multi-store franchise chains in both Australia and the United Kingdom. The Company also acts as the international master franchisor of the franchising concept. The Company grants trade mark licences to enable independent entities to develop a matching franchise chain in another country in return for a passive royalty income. This minimises risk to the Company while allowing the brand to flourish overseas.

Directors' Profiles

REGINALD WEBB – *Non-Executive Chairman*

Mr Webb was appointed Chairman in January 2005. Mr Webb has been a non-executive director for many years and has made a very significant contribution in helping to guide the company towards the stable and successful state that it now enjoys.

He is a Fellow of the Institute of Chartered Accountants of Australia and was for many years a Partner of PricewaterhouseCoopers (previously Price Waterhouse). In that position he worked in both North America and Europe as well as Australia. He was a partner for 20 years and served on the Policy Board of that firm. He is currently a Director of D'Orsogna Limited.

PETER CUMINS – *Managing Director*

Mr Cumins is an Australian national. He is the Managing Director of Cash Converters International Limited. He joined the group in August 1990 as Finance and Administration Manager when the Company had just 23 stores, becoming General Manager in March 1992. He became Group Managing Director in April 1995.

Mr Cumins is a qualified accountant, and has overseen the major growth in the number of franchisees in Australia as well as the international development of the Cash Converters franchise system. His experience in the management of large organisations has included senior executive positions in the government health sector, specifically with the Fremantle Hospital Group, where he was Finance and Human Resources Manager.

JOHN YEUDALL *(C.Eng.,M.I.Struct.E.)* – *Non-Executive Director*

Mr Yeudall is a Chartered Engineer and member of the Australian Institute of Company Directors. He was founder of the IKEA franchise in Western Australia.

Mr Yeudall was previously Australia's senior Trade Commissioner in the Middle East and Consul General for Dubai. He joined the board in 2002.

WILLIAM LOVE – *Non-Executive Director*

Mr Love has served as an independent director of EZCORP since October 2008 and has served as chairman of the Audit Committee of the EZCORP board of directors since November 2009. He joined the board of Cash Converters International Limited in 2009.

Mr Love is a licensed Certified Public Accountant and a Certified Valuation Analyst, and since January 1993 has practised public accounting in the Austin, Texas based William C Love accounting firm. From 1972 to 1993, Mr Love worked with the accounting firm of KPMG Peat Marwick and its predecessors, including appointments as Partner in Charge of Audit, Partner in Charge of Tax and Managing Partner of its Austin, Texas office.

JOSEPH BEAL – *Non-Executive Director*

Mr Beal has served as an independent director of EZCORP since August 2009 and serves on the Compensation Committee. Mr Beal also joined the Cash Converters International Limited board in 2009.

Until his retirement in January 2008, Mr Beal was the General Manager and Chief Executive Officer of the Lower Colorado River Authority (LCRA), a Texas conservation and reclamation district with over $1 billion in annual revenues, over $3 billion in assets and more than 2,200 employees. Mr Beal joined LCRA in 1995 to lead its Water Services division, and was appointed by the LCRA board in January 2000 to become its eighth General Manager and Chief Executive Officer. Before joining LCRA, Mr Beal was Senior Vice President and Chief Operating Officer at Espey Huston & Associates, an international engineering and environmental consulting firm based in Austin.

Financial Report

Directors' Report

In respect of the financial year ended 30 June 2010 the directors of Cash Converters International Limited submit the following report made out in accordance with a resolution of the directors.

DIRECTORS

The following persons held office as directors of the Company during or since the end of the financial year:

- Mr Reginald Webb (non-executive director, chairman)
- Mr Peter Cumins (managing director)
- Mr John Yeudall (non-executive director)
- Mr Paul Cowan (non-executive director - resigned 5 November 2009)
- Mr William Love (non-executive director - appointed 5 November 2009)
- Mr Joseph Beal (non-executive director - appointed 5 November 2009)

PRINCIPAL ACTIVITIES

The consolidated entity's principal activity is that of a franchisor of second hand goods and financial services stores, a provider of secured and unsecured loans and the operator of a growing number of corporate stores, all of which trade under the Cash Converters name.

Country franchise licences are also sold to sub-franchisors to allow the development of the Cash Converters brand but without the need for support from Cash Converters International Limited.

TRADING RESULTS

The consolidated entity's net profit attributable to members of the parent entity for the year ended 30 June 2010 was $21,629,922 (2009: $16,164,861) after a charge for income tax of $9,536,414 (2009: $7,152,524), and adjusting for profit attributable to outside equity interests in controlled entities of $46,241 profit (2009: $10,153 loss).

DIVIDENDS

The directors of the Company paid a fully franked interim dividend of 1.5 (one and a half) cents per share on 31 March 2010. The directors have also declared a final fully franked dividend of 1.5 (one and a half) cents per share to be paid on 30 September 2010 to those shareholders on the register at the close of business on 16 September 2010. In addition, a fully franked dividend of 1.5 (one and a half) cents per share declared in relation to the prior year was paid on 30 September 2009.

REVIEW OF OPERATIONS

A summary of consolidated revenues and results by significant industry segments is set out below.

	Segment revenues Year Ended		Segment results Year Ended	
	2010	2009	2010	2009
Franchise operations	22,974,687	24,409,362	8,710,344	8,642,091
Store operations	62,534,745	45,789,144	6,844,755	5,383,490
Financial services - administration	10,249,019	9,516,552	9,112,424	7,512,836
Financial services – personal loans	37,069,623	20,620,040	15,454,064	9,780,737
Intersegment elimination of revenues	(6,183,971)	(5,816,743)	-	-
Totals	126,644,103	94,518,355	40,121,587	31,319,154
Corporate head office income / (costs)	1,143,675	284,927	(8,909,010)	(8,011,922)
Total revenue/operating profit	127,787,778	94,803,282	31,212,577	23,307,232
Income tax attribute to operating profits			(9,536,414)	(7,152,524)
Operating profit after income tax			21,676,163	16,154,708
(Profit)/loss attributable to outside equity interests			(46,241)	10,153
Profit attributable to members of Cash Converters International Limited			21,629,922	16,164,861

Comments on the operations and the results of those operations are set out below:

FRANCHISE OPERATIONS

The profit before tax for the franchise operations was $8,710,344 (2009: $8,642,091) for the ending 30 June 2010. The Australian business contributed $4,572,720, the UK business $3,871,912 and the International operations $265,712 of the profit before tax.

The total number of franchised stores throughout the group now stands at 544 with 157 stores in the UK, 138 in Australia and 249 throughout the rest of the world. Franchised stores continue to be opened, with 12 in the UK and two stores in Australia opened in the period. Internationally most of the growth is coming from Spain, France and South Africa although other countries are also growing albeit at a slower rate.

The franchise network for Australia and the UK is currently reasonably stable, however, one franchisee in Victoria, Australia, is currently in litigation for not following acceptable company procedures. A disagreement with one of our other Australian franchisees was settled in favour of the franchisor in the first half of this period – this action resulted from the franchisee using alternative computer software not sanctioned by the franchisor.

All franchise fees are being paid and the revenue from this division is steady, although franchise store acquisitions for the corporate store network will reduce this revenue stream as the payment of franchise fees ceases.

The potential for franchise expansion, particularly in the UK, is still significant, with few countries, outside of Australia, reaching saturation level of franchised stores.

STORE OPERATIONS

This division encompasses the corporate store network in both the UK and Australia. Currently there are 32 stores in the UK and 26 in Australia, taking the total store numbers to 58. Negotiations have recently concluded to acquire a further 13 stores in Australia, one in Victoria, two in South Australia, two in New South Wales and eight store in Queensland. Not all stores are being acquired from existing franchisees with five 'greenfield' sites recently opening in the UK – these five are performing strongly.

The store operations delivered a profit before tax of $6,844,755 (2009:$5,383,490) up $1,461,265 (27.1%) on the previous corresponding period and demonstrates the potential of the division. The Australian business contributed $4,432,808 and the UK business $2,411,947 of the net profit before tax.

Although Christmas trading in Australia, this year, was more difficult than the previous year as a result of the government stimulus package in 2008, the corporate stores have performed well in the second half of the year and have finished above budget for the full period. The UK stores finished behind budget as a result of the five new stores opened and contributing opening losses.

In November 2009 the financial services currently offered in Australia were launched in the UK. The trial commenced in the north of England at the Ashton-under-Lyne store and was successfully completed. As a result it has now been offered in all other corporate stores and some franchised stores. The credit environment in the UK operates under a more sophisticated credit rating system than Australia with both positive and negative credit checks available for prospective borrowers - this reduces the risk when offering unsecured loans.

Overall this division in performing strongly and is likely to grow and develop into one of the strongest and most profitable divisions within the group. The UK in particular has good opportunities to secure high street locations for new stores. This coupled with the excellent potential for developing financial services augurs well for strong growth in the UK. Although the opportunities for 'greenfield' sites in Australia are not as strong as the UK, certain states (New South Wales and Victoria) do offer strong growth potential for new 'greenfield' sites. There are still a number of opportunities in Australia to acquire ex-franchised stores.

FINANCIAL SERVICES OPERATIONS AND ADMINISTRATION

These divisions incorporate the trading results of MON-E Pty Ltd and Safrock Finance Group Pty Ltd (Safrock). Safrock provides small, mainly unsecured loans through the franchise and corporate store networks. MON-E Pty Ltd is responsible for providing the internet platform and administration services for the Cash Converters network in Australia (including South Australia from May 2010 onwards) to offer small (approx $300) cash advance loans to their customers.

During the period under review the net profit before tax for this division was $24,566,488 (2009:$17,293,573), representing an increase on last year's corresponding period of $7,272,915 (42.1%). Safrock contributed $15,454,064 and MON-E $9,112,424 of the net profit before tax for the current period.

The Christmas period is one of the busiest periods for the Safrock loan product and this year was no exception with a new record of over $8 million being loaned out. The growth of the loan book over the period has been very strong – starting at $21.4 million at the beginning of the year and finishing at $38.7 million as at the end of June.

The legislation affecting the micro-lending industry has made good progress; however, the proposed licensing of all micro-lenders has now been delayed until June 2011. The Company is well progressed and ready for the legislative changes.

As mentioned under the stores division the financial products offered in Australia are now being offered in the UK, initially through the corporate store network and then the franchise network. It is anticipated that these loans will perform strongly in the UK.

CORPORATE OFFICE COSTS

These costs represent the support office costs for both Australia and the UK. These costs are shown separately because it is difficult to allocate these costs to any specific division/segment and to calculate an arbitrary split of the costs would not be appropriate in obtaining an accurate contribution from each of the divisions.

CHANGES IN STATE OF AFFAIRS

During the financial year there were no significant changes in the state of affairs of the consolidated entity other than referred to elsewhere in the report, the financial statements or notes thereto.

SUBSEQUENT EVENTS

Since the end of the financial year the directors are not aware of any matter or circumstance, other than those mentioned below, that has significantly or may significantly affect the operations of the Company, the results of these operations or the state of affairs of the Company in subsequent financial years.

The Company announced in July the acquisition of four franchised stores in the northern UK towns of Halifax, Dewsbury and Scunthorpe. These stores were purchased from existing franchisees for a total price of £1.9 million, including assets of £550,000. The acquisition was based on an EBIT multiple of 4.7 times and is anticipated to increase the Group's EBIT by approximately £400,000 during the first full year of ownership.

The Company announced in August that it had contracted to acquire 13 franchised stores in Australia, comprising eight in Queensland, two in New South Wales, two in South Australia and one in Victoria. The 13 stores were purchased from existing franchisees for a total price of $21.9 million, which included tangible assets of $6.3million. The acquisition price represents an EBIT multiple of 3.7 times.

The acquisition of these stores is anticipated to increase the Company's EBIT by approximately $5.8 million in the first full year of ownership.

These acquisitions take the total number of stores owned by the Company to 71 stores - 39 in Australia and 32 in the UK.

On 23 August Cash Converters International Limited (CCIL) exercised its right to acquire further shares in Cash Converters USA Limited (CCUSA) by subscribing for 11,813,900 additional one cent shares. CCIL has paid the subscription price of $118,139 by set-off against part of the debt due and payable by CCUSA to CCIL. CCIL now has 12,017,975 shares in CCUSA representing 99.285%

FUTURE DEVELOPMENTS

There are no likely developments in the operations of the consolidated entity other than those discussed in this report.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report as the directors believe it would likely result in unreasonable prejudice to the consolidated entity.

INFORMATION ON DIRECTORS/COMPANY SECRETARY

Director/Company Secretary	Qualifications and experience	Special responsibilities	Particulars of directors' relevant interests in shares of Cash Converters International Limited Number
Peter Cumins	Former General Manager of Cash Converters Pty Ltd. A qualified accountant. Joined the board in 1995.	Managing Director Member of the Nomination Committee	7,840,530
Reginald Webb	FCA. Fellow of the Institute of Chartered Accountants and a former partner of PricewaterhouseCoopers. Mr Webb joined the board in 1997. He is also a director of D'Orsogna Limited since 1996.	Non-Executive Chairman Chairman of the Audit Committee. Member of the Remuneration and Nomination Committees	1,112,500
John Yeudall	A Chartered Engineer and member of the Australian Institute of Company Directors. Founder of the IKEA franchise in Western Australia. Previously Australia's senior Trade Commissioner Middle East and Consul General Dubai. Joined the board in 2002.	Non-Executive Director Member of the Audit and Nomination Committees and Chairman of the Remuneration Committee	295,668
William Love	A licensed Certified Public Accountant and a Certified Valuation Analyst. Former partner of KPMG Peat Marwick and its predecessors. Mr Love joined the board in 2009 and he is also a board member of EZCORP Inc.	Non-Executive Director Member of the Audit, Remuneration and Nomination Committees	Nil
Joseph Beal	Former CEO of the Lower Colorado River Authority, a Texas conservation and reclamation district with over US$1 billion in annual revenues, over $3 billion in assets and over 2,200 employees. Mr Beal joined the board in 2009 and he is also a board member of EZCORP Inc.	Non-Executive Director Member of the Audit, Remuneration and Nomination Committees	Nil
Paul Cowan	Bachelor of Economics. Qualified Chartered Accountant. Experience of 25 years in the financial services sector. Executive Director of River Capital Pty Ltd.	Non-Executive Director Member of the Audit and Nomination Committees	Nil
Ralph Groom	FCPA, FCIS, ACMA. Qualified as a Chartered Management Accountant in the UK before joining the group in 1995. Undertook further studies in Australia to qualify as a CPA and Chartered Secretary.	Company Secretary Chief Financial Officer	3,007,347

The particulars of directors' interests in shares are as at the date of this directors' report, or date of resignation if applicable. Mr Paul Cowan resigned on 5 November 2009.

Directors' Report

DIRECTORS' MEETINGS

The number of directors' meetings and meetings of committees of directors held in the period each director held office and the number of meetings attended by each director are:

	Board of directors meetings		Audit committee meetings		Remuneration/nomination committee meetings	
Director	**Number held**	**Number attended**	**Number held**	**Number attended**	**Number held**	**Number attended**
P. Cumins	13	13	3	3	-	-
R. Webb	13	12	3	3	5	5
J. Yeudall	13	13	3	3	5	5
W. Love	7	7	1	1	3	3
J. Beal	7	6	1	1	3	3
P. Cowan	6	6	2	2	2	2

REMUNERATION REPORT

DIRECTORS' AND EXECUTIVES' REMUNERATION

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Cash Converters International Limited directors and its senior management for the financial year ended 30 June 2010. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of directors and senior management
- Key terms of employment contracts.

DIRECTOR AND SENIOR MANAGEMENT DETAILS

The following persons acted as directors of the company during or since the end of the financial year:

- Mr Reginald Webb (Non-executive Director, Chairman)
- Mr Peter Cumins (Managing Director)
- Mr John Yeudall (Non-executive Director)
- Mr William Love (Non-executive Director – appointed 5 November 2009)
- Mr Joseph Beal (Non-executive Director – appointed 5 November 2009)
- Mr Paul Cowan (Non-executive Director – resigned 5 November 2009)

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Mr Michael Cooke (Group Legal Counsel)
- Ian Day (General Manager, Australia)
- Ralph Groom (Company Secretary / Chief Financial Officer)
- David Patrick (Director of Operations, UK)
- Jim Spratley (Group Accountant, UK)
- Richard Pilgrim (Operations Manager, UK)

Senior management as used within this remuneration report are officers who are involved in, concerned in, or who take part in, the management of the affairs of Cash Converters International Limited and / or related bodies corporate.

REMUNERATION POLICY

The remuneration committee, consisting of four non-executive directors, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors and other senior executives.

Executive remuneration and other terms of employment are reviewed by the committee having regard to performance against goals set, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, performance-related bonuses and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's operations.

Remuneration and other terms of employment for the managing director and certain other senior executives are formalised in service agreements (refer to the key terms of employment contracts section within the remuneration report for further information).

Remuneration of non-executive directors is determined by the remuneration committee and approved by the Board within the maximum amount approved by the shareholders from time to time. Bonuses are not payable to non-executive directors.

Remuneration packages contain the following key elements:

a. Short-term employee benefits – salary/fees, bonuses and non-monetary benefits including the provision of motor vehicles;

b. Post-employment benefits – include superannuation and prescribed retirement benefits;

Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2010:

	30 June 2010	**30 June 2009**	**30 June 2008**	**30 June 2007**	**30 June 2006**
Revenue	127,787,778	94,803,282	74,405,882	45,979,982	22,628,922
Net profit before tax	31,212,577	23,307,232	21,598,569	16,710,114	6,149,424
Net profit after tax	21,676,163	16,154,708	15,174,586	11,631,146	4,260,941
Share price at start of year	42.0	24.0	71.0	45.0	23.0
Share price at end of year	55.0	42.0	24.0	71.0	45.0
Interim dividend (i)	1.50	1.50	1.50	1.50	0.75
Final dividend (i) (ii)	1.50	1.50	1.50	1.50	1.00
Basic earnings per share	6.60	6.77	6.28	5.29	2.88
Diluted earnings per share	6.58	6.66	6.12	5.14	2.88

(i) Franked to 100% at 30% corporate income tax rate.

(ii) Declared after the balance date and not reflected in the financial statements.

In addition, during 2009 Cash Converters International Limited repurchased 1,509,327 shares for $355,288. The shares were repurchased at the prevailing market price on the date of the buy-back.

There is no relationship between shareholder wealth and remuneration, however certain bonuses are paid based on performance targets set for the individual concerned as discussed further in the following section.

REMUNERATION REPORT *(continued)*

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the nature and amount of each element of the remuneration of each director of the Company and member of senior management of the consolidated entity are set out in the following tables:

	Short-term employee benefits				Post employment benefits	Other long-term employee benefits	Share-based payment	
	Salary & fees $	Bonus $	Motor vehicles $	Other $	Super-annuation $	employee benefits $	Options & rights $	Total $
2010								
Non-executive directors								
R. Webb	85,000	-	-	-	-	-	-	85,000
J. Yeudall	60,000	-	-	-	-	-	-	60,000
W. Love	40,000	-	-	-	-	-	-	40,000
J. Beal	40,000	-	-	-	-	-	-	40,000
P. Cowan	25,000	-	-	-	-	-	-	25,000
Executive directors								
P. Cumins	367,504	150,000	39,522	-	-	-	-	557,026
Other executives of the consolidated entity								
M. Cooke	356,364	-	-	-	-	-	-	356,364
I. Day	225,625	-	-	-	50,000	-	-	275,625
J. Spratley	150,711	49,380	14,401	-	26,861	-	-	241,353
R. Groom	202,232	-	20,851	14,976	50,000	-	-	288,059
D. Patrick	178,279	29,492	11,077	-	66,581	-	-	285,429
R. Pilgrim	101,209	65,920	11,077	-	21,470	-	-	199,676
Total	1,831,924	294,792	96,928	14,976	214,912	-	-	2,453,532
2009								
Non-executive directors								
R. Webb	85,000	-	-	-	-	-	-	85,000
J. Yeudall	60,000	-	-	-	-	-	-	60,000
A. Moffat	18,349	-	-	-	1,651	-	-	20,000
C. Hetherington	45,872	-	-	-	4,128	-	-	50,000
P. Cowan	40,822	-	-	-	-	-	-	40,822
Executive directors								
P. Cumins	367,500	-	30,821	-	-	-	-	398,321
Other executives of the consolidated entity								
M. Cooke	347,727	-	-	-	-	-	-	347,727
I. Day	240,826	-	-	-	21,674	-	-	262,500
J. Spratley	171,054	32,128	17,162	-	36,330	-	-	256,674
R. Groom	183,616	-	20,663	14,976	54,908	-	-	274,163
M. Lemmon	187,879	40,724	14,763	-	29,606	-	-	272,972
R. Pilgrim	114,871	65,195	13,201	-	23,186	-	-	216,453
Total	1,863,516	138,047	96,610	14,976	171,483	-	-	2,284,632

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses - 2010

The bonus received by P Cumins was paid for achieving a profit result for the whole group that was above the forecast result. This bonus was awarded at the discretion of the board.

The bonuses received by D Patrick, R Pilgrim and J Spratley were paid for achieving a profit result for the UK business that was above the forecast result. Bonuses are earned and awarded at the discretion of the Board. The actual bonuses were granted quarterly throughout the period.

Bonuses - 2009

The bonuses received by M Lemmon, R Pilgrim and J Spratley were paid for achieving a profit result for the UK business that was above the forecast result. Bonuses are earned and awarded at the discretion of the Board. The actual bonuses were granted quarterly throughout the period.

All bonuses are cash settled and were paid in full during the period concerned. There is no predefined upper or lower limit to the annual bonus pool.

No share based payments were made during the current or prior financial year.

Cash bonus as a percentage of total compensation

	2010	2009
P. Cumins	26.9%	-
D. Patrick	10.3%	-
M. Lemmon	-	14.9%
J. Spratley	20.5%	12.5%
R. Pilgrim	33.0%	30.1%

KEY TERMS OF EMPLOYMENT CONTRACTS

Contracts of employment for Peter Cumins, Michael Cooke, Ralph Groom and Ian Day require a notice period of not less than three months from the executive and twelve months from the company, to terminate employment. In the event of termination by the company the company may elect that the executive does not serve the notice period in which case twelve months salary would be payable. The contracts are rolling with no fixed term.

Contracts of employment for David Patrick, Richard Pilgrim and Jim Spratley require a notice period of not less than three months by either party. In the event of termination by the company the company may elect that the executive does not serve the notice period in which case three months salary would be payable. The contracts are rolling with no fixed term.

None of the non-executive directors have an employment contract with the company.

ENVIRONMENTAL STATEMENT

The Company has assessed whether there are any particular or significant environmental Regulations, which apply to the Company, and has determined that there are none.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Ralph Groom, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included at the end of the financial statements.

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001, as the nature of the services was limited to the preparation of the statutory income tax returns, compliance audits and generic accounting advice. All non-audit services have been reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor, and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 4 to the financial statements.

The directors' report is signed in accordance with a resolution of directors made pursuant to S298(2) of the Corporations Act 2001.

For and on behalf of the Board

Reginald Webb

Director

Perth, Western Australia

Date: 17 September 2010

BOARD

The Board is responsible for setting the Company's strategic direction and it strives to create shareholder value and to ensure shareholders funds are adequately protected. Its functions include:

- Approving corporate strategies, financial budgets and group policies;
- Assessing actual performance against budgets in order to monitor the suitability of corporate strategy and to assess the performance of the management team;
- Review operational performance to ensure a clear understanding of the financial health of the Company;
- Ensure the Company always acts with a high level of ethical standards and in a legal and responsible way;
- Appointing, evaluating and rewarding the senior executives of the management team.

The non-executive directors, being Mr Reginald Webb, Mr John Yeudall, Mr William Love and Mr Joseph Beal, are independent, having no business or other relationships, which could compromise their autonomy. If a potential conflict of interest does arise, the director concerned does not receive the associated board papers and leaves the board meeting while the issue is considered. Directors must keep the Board advised on any matters that may lead to a conflict of interest. The Board has not conducted a performance evaluation in the current reporting period. A formal Board Charter has been adopted by the Board.

AUDIT COMMITTEE

The audit committee was established in 1995 and comprises of the four non-executive directors appointed by the Board, being Mr Reginald Webb (Chairman), Mr John Yeudall, Mr William Love and Mr Joseph Beal, and with regular attendance by the managing director at the request of the audit committee.

Meetings of the committee are usually held in February, July and August each year and at any other time as requested by a member of the committee or the external auditors. The primary function of the committee is to assist the Board in fulfilling its responsibilities for the Company's financial reporting and external reporting and ensuring all accounting reports are prepared in accordance with the appropriate accounting standards and statutory requirements. In addition, it reviews the performance of the auditors and makes any recommendations the committee feels necessary.

INDEPENDENT PROFESSIONAL ADVICE

In fulfilling their duties, the directors may obtain independent professional advice at the Company's expense.

SHARE TRADING

Included in the Board Charter is a share trading policy. This policy imposes restrictions on share dealings for directors, officers and senior employees and prohibits them from dealing in Company's securities while in possession of inside information.

REMUNERATION COMMITTEE

The remuneration committee was established on 26 May 1997 and comprises of the four non-executive directors, being Mr John Yeudall (Chairman), Mr Reginald Webb, Mr William Love and Mr Joseph Beal. The aims of the committee are to maintain a remuneration policy, which ensures the remuneration package of senior executives properly reflects their duties and responsibilities, and to attract and motivate senior executives of the quality required.

ASX BEST PRACTICE RECOMMENDATIONS

The table below contains each of the ASX Best Practice Recommendations. Where the Company has complied with a recommendation during the reporting period, this is indicated with a tick (✓) in the appropriate column. Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a cross (✗) and the Company's reasons are set out on the corresponding note appearing at the end of the table.

		Complied	Note
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	✓	
1.2	Disclose the process for evaluating the performance of senior executives.	✓	
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	✓	
2.1	A majority of the Board should be independent directors	✓	
2.2	The Chairperson should be an independent director	✓	
2.3	The roles of the Chairperson and Chief Executive Officer should not be exercised by the same individual	✓	
2.4	The Board should establish a nomination committee	✓	
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	✓	
2.6	Provide the information indicated in Guide to reporting on Principle 2	✓	
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:		
	3.1.1 the practices necessary to maintain confidence in the Company's integrity	✓	
	3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	✓	
3.3	Provide the information indicated in Guide to reporting on Principle 3	✓	
4.1	The Board should establish an audit committee	✓	
4.2	Structure of the audit committee so that it consists of:		
	- only non-executive directors	✓	
	- a majority of independent directors	✓	
	- an independent chairperson, who is not chairperson of the Board	✗	(1)
	- at least three members	✓	
4.4	The audit committee should have a formal charter	✓	
4.5	Provide the information indicated in Guide to reporting on Principle 4	✓	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclose requirements to ensure accountability at a senior management level for that compliance	✓	
5.2	Provide the information indicated in Guide to reporting on Principle 5	✓	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	✓	
6. 2	Provide the information indicated in Guide to reporting on Principle 6	✓	

ASX BEST PRACTICE RECOMMENDATIONS

		Complied	Note
7.1	The Board or appropriate board committee should establish policies on risk oversight and management	✓	
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide the information indicated in Guide to reporting on Principle 7	✓	
8.1	The Board should establish a remuneration committee	✓	
8.2	Clearly distinguish the structure of non-executive directors remuneration from that of executives	✓	
8.3	Provide the information indicated in Guide to reporting on Principle 9	✓	

(1) The Chairman of the audit committee is also the Chairman of the Board. However, the Directors are of the belief that the Chairman, being a retired partner of PricewaterhouseCoopers, is suitably qualified to undertake both roles.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
Revenue	2	127,787,778	94,803,282
Employee benefits expense		(24,887,303)	(19,711,189)
Depreciation and amortisation expenses		(1,572,965)	(1,162,068)
Finance costs		(1,000,325)	(1,135,225)
Legal fees / legal settlements		(473,505)	(506,175)
Changes in inventories		(30,517,836)	(23,972,266)
Area agents fees / commissions		(7,545,069)	(4,941,768)
Rental expense on operating leases		(4,742,358)	(3,912,899)
Motor vehicle / travel costs		(915,354)	(1,113,848)
Advertising and promotion		(4,017,176)	(1,227,387)
Bad debts / bad debt provision		(10,815,370)	(4,819,032)
Professional and registry costs		(1,646,158)	(1,375,378)
Auditing and accounting services		(646,743)	(343,615)
Bank charges		(912,388)	(821,029)
Other expenses from ordinary activities		(6,882,651)	(6,454,171)
Profit before income tax expense	2	31,212,577	23,307,232
Income tax expense	3	(9,536,414)	(7,152,524)
Profit for the year		21,676,163	16,154,708
Other comprehensive income			
Exchange differences on translation of foreign operations		(547,635)	(175,655)
Other comprehensive income for the period		(547,635)	(175,655)
Total comprehensive income for the period		21,128,528	15,979,053
Profit attributable to:			
Owners of the company	2	21,629,922	16,164,861
Non-controlling interest	2	46,241	(10,153)
		21,676,163	16,154,708
Total comprehensive income attributable to:			
Owners of the company		21,082,287	15,989,206
Non-controlling interest		46,241	(10,153)
		21,128,528	15,979,053
Earnings per share			
Basic (cents per share)	24	6.60	6.77
Diluted (cents per share)	24	6.58	6.66

The accompanying notes form an integral part of the consolidated statement of comprehensive income

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
Current assets			
Cash and cash equivalents	5	50,716,388	7,002,971
Trade receivables	6	8,172,853	6,681,554
Personal loans receivable	6	41,598,787	25,070,661
Inventories	7	10,707,497	6,958,592
Other assets	8	1,432,939	853,164
Total current assets		112,628,464	46,566,942
Non-current assets			
Trade and other receivables	6	3,117,286	1,368,700
Plant and equipment	9	6,810,314	4,633,423
Deferred tax assets	3	2,777,803	1,866,991
Goodwill	15	54,280,310	49,873,170
Other intangible assets	14	16,283,662	10,473,947
Other financial assets		1,250,000	-
Total non-current assets		84,519,375	68,216,171
Total assets		197,147,839	114,783,114
Current liabilities			
Trade and other payables	10	10,513,380	8,366,970
Borrowings	11	3,280,316	3,942,312
Current tax payables	3	5,404,919	3,298,192
Deferred establishment fees	13	1,773,041	1,310,668
Provisions	12	1,415,261	1,127,578
Total current liabilities		22,386,917	18,045,720
Non-current liabilities			
Borrowings	11	10,616,687	12,978,034
Deferred tax liabilities	3	1,288,539	1,269,700
Total non-current liabilities		11,905,226	14,247,734
Total liabilities		34,292,143	32,293,454
Net assets		162,855,696	82,489,660
Equity			
Issued capital	16	116,812,467	47,202,376
Reserves	17	(1,421,453)	259,515
Retained earnings	17	47,149,168	34,758,496
Equity attributable to owners of the company		162,540,182	82,220,387
Non-controlling interests	22	315,514	269,273
Total equity		162,855,696	82,489,660

The accompanying notes form an integral part of the consolidated statement of financial position

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

	Issued capital $	Foreign currency translation reserve $	Other reserve $	Retained earnings $	Attributable to owners of the parent $	Non-controlling interest $	Total $
Balance as at 1 July 2008	**46,424,331**	**(698,163)**	**2,266,667**	**25,773,648**	**73,766,483**	**279,426**	**74,045,909**
Profit for the period	-	-	-	16,164,861	16,164,861	(10,153)	16,154,708
Exchange differences arising on translation of foreign operations	-	(175,655)	-	-	(175,655)	-	(175,655)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**(175,655)**	**-**	**16,164,861**	**15,989,206**	**(10,153)**	**15,979,053**
Payment of dividends	-	-	-	(7,180,013)	(7,180,013)	-	(7,180,013)
Issue of shares from reserve	1,133,333	-	(1,133,333)	-	-	-	-
Share buy back	(355,288)	-	-	-	(355,288)	-	(355,288)
Share issue costs							
Balance at 30 June 2009	**47,202,376**	**(873,818)**	**1,133,334**	**34,758,496**	**82,220,388**	**269,273**	**82,489,661**
Profit for the period	-	-	-	21,629,922	21,629,922	46,241	21,676,163
Exchange differences arising on translation of foreign operations	-	(547,635)	-	-	(547,635)	-	(547,635)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**(547,635)**	**-**	**21,629,922**	**21,082,287**	**46,241**	**21,128,528**
Payment of dividends	-	-	-	(9,239,250)	(9,239,250)	-	(9,239,250)
Issue of shares	68,829,000	-	-	-	68,829,000	-	68,829,000
Share issue costs	(352,243)	-	-	-	(352,243)	-	(352,243)
Issue of shares from reserve	1,133,334	-	(1,133,334)	-	-	-	-
Balance at 30 June 2010	**116,812,467**	**(1,421,453)**	**-**	**47,149,168**	**162,540,182**	**315,514**	**162,855,696**

The accompanying notes form an integral part of the consolidated statement of changes in equity

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
Cash flows from operating activities			
Receipts from customers		103,268,010	79,109,342
Payments to suppliers and employees		(95,910,452)	(70,540,758)
Interest received		1,349,126	475,581
Interest received from personal loans		16,028,251	13,997,544
Interest and costs of finance paid		(960,577)	(1,129,562)
Income tax paid		(7,267,174)	(6,613,012)
Net cash flows provided by operating activities	25	16,507,184	15,299,135
Cash flows from investing activities			
Net cash paid for acquisitions of controlled entities	28	(7,975,624)	(11,035,619)
Acquisition of intangible asset	14	(5,750,000)	-
Purchase of plant and equipment		(3,386,969)	(1,504,176)
Loan repayments from non related entities		-	2,325
Payment to acquire financial assets		(1,250,000)	-
Net increase in personal loans		(8,782,661)	(7,503,859)
Instalment credit loans made to franchisees		(2,089,139)	(454,692)
Instalment credit loans repaid by franchisees		210,272	712,617
Net cash flows used in investing activities		(29,024,121)	(19,783,404)
Cash flows from financing activities			
Dividends paid – members of parent entity		(9,239,250)	(7,180,013)
Proceeds from borrowings		1,354,952	7,349,143
Repayment of borrowings		(3,241,921)	(3,394,752)
Capital element of finance lease and hire purchase payments		(344,597)	(181,714)
Share buy-back		-	(355,289)
Issue of shares by controlling entity		68,829,000	-
Share issue costs		(352,242)	-
Redemption of unsecured notes by controlled entity		(307,800)	(216,600)
Issue of unsecured notes by controlled entity		93,001	204,816
Net cash flows provided by/(used in) financing activities		56,791,143	(3,774,409)
Net increase/(decrease) in cash and cash equivalents		44,274,206	(8,258,678)
Cash and cash equivalents at the beginning of the period		6,345,038	15,284,545
Effects of exchange rate changes on the balance of cash held in foreign currencies		97,144	(680,829)
Cash and cash equivalents at the end of the period	25	50,716,388	6,345,038

The accompanying notes form an integral part of the consolidated statement of cash flows

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report comprises the consolidated financial report of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 17 September 2010.

BASIS OF PREPARATION

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise noted, all amounts are presented in Australian dollars.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the consolidated entity's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the balance sheet date was $54,280,310 (2009: $49,873,170) refer to note 15.

Useful lives of other intangible assets

The consolidated entity reviews the estimated useful lives of other intangible assets at the end of each annual reporting period. The estimation of the remaining useful lives of the other intangible assets requires the entity to make significant estimates based on both past performance and expectations of future performance.

The carrying amount of other intangible assets at the balance sheet date was $14,524,488 (2009: $8,948,813) refer to note 14.

Allowance for doubtful debts

The impairment of personal loans requires the Group to assess impairment regularly. The credit provisions raised (specific and collective) represent management's best estimate of the losses incurred in the loan portfolio at balance date based on their experienced judgment. The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics. The historical loss experience is adjusted based on current observable data and events. The use of such judgments and reasonable estimates is considered by management to be an essential part of the process and does not impact on reliability.

Specific provisioning is applied when the full collectibles of one of the Group's loans is identified as being doubtful.

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. In the current year, the company and the consolidated entity have adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the company's and the consolidated entity's accounting policies.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(b) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash in banks and investments in short term money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(c) EMPLOYEE BENEFITS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(d) FINANCIAL ASSETS

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified as 'loans and receivables'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method less impairment.

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

(e) FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at the fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue policies.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(f) FOREIGN CURRENCY

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

i. exchange differences on transactions entered into in order to hedge certain foreign currency risks ; and

ii. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

(g) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) IMPAIRMENT OF OTHER TANGIBLE AND INTANGIBLE ASSETS

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(i) INCOME TAX

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore a deferred tax liability is not recognised in relation to the temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

(i) INCOME TAX *(continued)*

Deferred tax *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Cash Converters International Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(j) INTANGIBLE ASSETS

Trade names

Trade names are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 100 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Intangible assets acquired in a business combination

All potential intangible assets including software, acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Web site development costs

Development expenditure incurred is recognised when it is possible that future economic benefits that are attributable to the asset will flow to the entity.

Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised on a straight line basis over the estimated useful life of 10 years.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the consolidated entity's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(k) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(l) LEASED ASSETS

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Consolidated entity as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) PAYABLES

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Consolidated Entity. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

(n) PRINCIPLES OF CONSOLIDATION *(continued)*

Non-controlling interests in subsidiaries are identified separately from the consolidated entity's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in the consolidated entity's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the consolidated entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the consolidated entity loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(o) PLANT AND EQUIPMENT

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	8 years
Plant and equipment	5 years
Equipment under finance lease	5 years
Fixtures & fittings	8 years

(p) PROVISIONS

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) REVENUE RECOGNITION

Income from franchisees is recognised as follows:

Franchise sales/renewals

Fees in respect of the initial sale of a franchise licence and fees from the renewal of a franchise licence are recognised on an accruals basis. Income is recognised in full upon the sale's completion or upon the renewal of the licence as all material services and/or conditions relating to the sale or renewal have been fully performed or satisfied by the economic entity.

Continuing franchise fees/levies

Continuing franchise fees/levies in respect of particular services, are recognised as income when they become due and receivable and the costs in relation to the income are recognised as expenses when incurred.

Instalment credit loan interest

Interest received from franchisees in respect of instalment credit loans is recognised as income when earned. The effective interest rate method has been used to allocate fixed interest to accounting periods.

Personal loan interest

Interest revenue in relation to personal loans is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset net carrying amount.

Loan establishment fee revenue

Establishment fees are deferred and recognised over the life of the loans at the effective interest rate applicable so as to recognise revenue at a constant rate to the underlying principal over the expected life of the loan.

Other categories of revenue

Other categories of revenue, such as retail wholesale sales, corporate store revenue, cheque cashing commission and financial services commission, are recognised when the consolidated entity has transferred the risks and rewards of the goods to the buyer or when the services are provided. Bank interest and rent are recognised as earned on an accruals basis.

(r) SHARE-BASED PAYMENTS

All equity-settled share-based payments were granted and vested before 7 November 2002. The consolidated entity has elected not to expense these options, as permitted on first time adoption of A-IFRS.

(s) BUSINESS COMBINATIONS

Subsequent to 1 July 2009

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the consolidated entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (refer below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the consolidated entity's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the consolidated entity attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

(s) BUSINESS COMBINATIONS *(continued)*

Subsequent to 1 July 2009 *(continued)*

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the consolidated entity of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the consolidated entity obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Prior to 1 July 2009

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the consolidated entity in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the consolidated entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations including those Standards and Interpretations issued by the IASB/IFRIC where an Australian equivalent has not been made by the AASB, were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2010	30 June 2011
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	1 February 2010	30 June 2011
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012

Management is currently evaluating the impact that the initial application of the following Standards and Interpretations will have on the financial report of the consolidated entity:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011
AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 July 2010	30 June 2011
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2011	30 June 2012

Adoption of new and revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a material change to the consolidated entity's accounting policies, except as noted below.

AASB 3 Business Combinations (revised 2008) and AASB 127 Consolidated and Separate Financial Statements (revised 2008)

AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages.

These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary.

The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had no material impact on earnings per share during the current period.

AASB 8 Operating Segments

AASB 8 replaced AASB 114 Segment Reporting upon its effective date. AASB 8 is a disclosure Standard that has resulted in a redesignation of the consolidated entity's reportable segments. AASB 8 disclosures are shown in note 29, including the related revised comparative information.

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The consolidated entity has elected to present one statement.

AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The consolidated entity has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments. The consolidated entity's financial instruments are not complex or outside ordinary Corporate transactional activities and so the impact of this standard has been relatively minor.

2. PROFIT FROM OPERATIONS

(a) REVENUE

Revenue from continuing operations consisted of the following items:

	2010 $	2009 $
Revenue		
Weekly franchise fees	7,429,347	7,650,729
Initial fees	555,421	179,075
Licence fees	-	15,000
Ten-year renewals	285,818	412,273
Sub-franchisor licence sales	-	137,776
Advertising levies	416,600	393,650
Instalment credit loan interest	273,599	270,417
Personal loan interest	16,856,456	10,797,495
Loan establishment fees	7,017,713	4,505,190
Recovery of bad debt	1,161,417	884,588
Retail wholesale sales	5,222,620	5,308,920
Cheque cashing commission	689,575	1,081,461
Training levies	870,294	968,248
Corporate store revenue	62,534,745	45,558,986
Computer levy	1,682,092	1,614,406
Financial services commission and brokerage	20,829,872	14,017,007
Rent received	57,151	67,987
Interest revenue	1,349,125	475,581
	127,231,845	94,338,789
Other revenue	555,933	464,493
Total revenue	127,787,778	94,803,282

(b) PROFIT BEFORE INCOME TAX

	2010 $	2009 $
Profit before income tax has been arrived at after charging the following expenses:		
Changes in inventories (cost of sales)	30,517,836	23,972,266
Area agents fees / commissions	7,545,069	4,941,768
Depreciation of plant and equipment	1,198,110	840,278
Amortisation of intangibles	374,855	321,790
Rental expense on operating leases	4,742,358	3,912,899
Finance costs		
Interest	893,370	1,084,969
Finance lease charges	106,955	50,256
Total finance costs	1,000,325	1,135,225
Provision for employee benefits	366,863	209,609
Employee superannuation	1,874,246	1,418,787
Bad debts written off		
Trade debtors/instalment loans and personal loans	8,172,120	4,819,032
Amounts received or due and receivable, by Deloitte Touche Tohmatsu for (these amounts are paid on behalf of the Company by a controlled entity):		
Auditing the financial statements	362,476	343,615
Other services	284,267	206,488
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from continuing operations:		
Loss on disposal of plant and equipment	7,048	-

3. INCOME TAX EXPENSE

(a) INCOME TAX RECOGNISED IN PROFIT OR LOSS

	2010 $	2009 $
Tax expense comprises:		
Current tax expense	10,272,741	7,176,157
Adjustment recognised in the current year in relation to the current tax of prior years	143,406	(38,079)
Deferred tax expense relating to the origination and reversal of temporary differences	(879,733)	14,446
Total tax expense	9,536,414	7,152,524
Attributable to:		
Continuing operations	9,536,414	7,152,524

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2010 $	2009 $
Profit from continuing operations	31,212,577	23,307,232
Income tax expense calculated at 30%	9,363,773	6,992,170
Non-deductible expenses	91,460	247,819
Prior year adjustments	143,406	-
Unused tax losses and tax offsets not recognised as deferred tax assets	(15,355)	-
Utilisation of prior year tax losses not previously recognised as deferred tax assets	-	-
Other	(46,870)	(87,465)
	9,536,414	7,152,524
Under provision of income tax in previous year	-	-
	9,536,414	7,152,524

(b) CURRENT TAX LIABILITIES

	2010 $	2009 $
Income tax payable attributable to:		
Entities in the Australian tax-consolidated group	4,967,482	2,697,371
Overseas subsidiaries	437,437	600,821
	5,404,919	3,298,192

(c) DEFERRED TAX BALANCES

	2010 $	2009 $
Deferred tax assets comprise:		
Provisions	1,975,654	1,002,702
Deferred income	533,912	393,200
Share issue costs	97,546	172,770
Other	170,692	298,319
	2,777,803	1,866,991
Deferred tax liabilities comprise:		
Plant and equipment	174,629	137,219
Intangible assets	1,071,461	1,085,069
Other	42,269	47,412
	1,288,539	1,269,700

(d) INCOME TAX RECOGNISED DIRECTLY IN EQUITY

	2010 $	2009 $
The following deferred amounts were credited directly to equity during the period:		
Deferred tax		
Share issue expenses deductible over 5 years	12,240	99,488

3. INCOME TAX EXPENSE *(continued)*

	2010 $	2009 $
(e) UNRECOGNISED DEFERRED TAX BALANCES		
The following deferred tax assets have not been brought to account as assets:		
Tax losses – revenue	151,220	166,511
Tax losses – capital	2,721,601	2,721,601
	2,872,820	2,888,112

(f) TAX CONSOLIDATION

Relevance of tax consolidation to the consolidated entity

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Cash Converters International Limited. The members of the tax-consolidated group are identified in note 22.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Cash Converters International Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognized in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Amendments to tax consolidation

The Australian Tax Laws Amendments (2010 Measures No.1) Act 2010 was substantively enacted on 12 May 2010. The Act introduced a 'rights to future income' amendment which may provide a revenue deduction for certain types of rights acquired in a business combination. This mandatory change retrospectively increases allowable deductions for certain acquired rights and similar arrangements in business combinations occurring since the formation of the Australian tax-consolidated group (1 July 2003).

The consolidated entity believes that a potential claim may exist for historical business combinations where the companies became part of the tax consolidated group following 1 July 2003. The consolidated entity has established a project team to complete the process to determine if a valid claim exists. No amounts have been recorded in the consolidated entity's financial statements for the year ended 30 June 2010.

4. REMUNERATION OF AUDITORS

	2010 $	2009 $
Auditor of the parent entity		
Audit or review of the financial report	348,629	332,615
Taxation services	95,498	60,358
Other non-audit services	188,769	146,130
Related practice of the parent entity auditor		
Taxation services	13,847	11,000
	646,743	550,103

The auditor of Cash Converters International Limited is Deloitte Touche Tohmatsu. The auditors remuneration for Cash Converters International Limited is borne by Cash Converters Pty Ltd.

	2010 $	2009 $

5. CASH AND CASH EQUIVALENTS

	2010 $	2009 $
On hand	1,651,071	1,006,682
In bank	49,065,317	5,996,289
	50,716,388	7,002,971

6. TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
CURRENT		
Trade receivables (i)	7,265,523	6,181,129
Allowance for doubtful debts	-	-
	7,265,523	6,181,129
Installment credit loans (ii)	907,330	500,425
Allowance for doubtful debts	-	-
	907,330	500,425
Total trade receivables (net)	8,172,853	6,681,554
Personal short term loans (iii)	46,771,032	27,248,628
Allowance for doubtful debts	(5,172,245)	(2,177,967)
Total personal loans receivable (net)	41,598,787	25,070,661
Total Current	49,771,640	31,752,215
NON-CURRENT		
Instalment credit loans (ii)	3,117,286	1,368,700
Total Non-current	3,117,286	1,368,700

i. Trade debtors include weekly franchise fees, sub-master licence sales and development agent fees outstanding. Where the collection of the debtor is doubtful an allowance for doubtful debts is recognised, with no allowance being recognised at either 30 June 2010 or 2009. The average credit period on sales is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter, interest is charged at 2% per month on the outstanding balance.

ii. The instalment credit loans relate to Cash Converters Finance Corporation Limited and Cash Converters Pty Ltd and have a maximum maturity of 5 years. Interest rates are fixed at the time of entering into the contract at the rate of 12% or 13% depending on the repayment options agreed with each franchisee.

To secure the instalments credit loans a fixed and floating charge is held over the franchisee's store. Where collection of the debtor is doubtful and the assessed value of the property is less than the amount outstanding, an allowance for doubtful debtors is recognised for the shortfall, with no allowance being recognized at either 30 June 2010 or 30 June 2009.

iii. The credit period provided in relation to personal short term loans varies from 30 days to 7 months. Interest is charged on these loans at a fixed rate which varies dependent on the state of origin. An allowance has been made for estimated unrecoverable amounts arising from loans already issued, which has been determined by reference to past default experience. Before accepting any new customers, the consolidated entity uses an external scoring system to assess the potential customer's credit quality and define credit limits by customer. There is no concentration of credit risk within the personal loan book.

6. TRADE AND OTHER RECEIVABLES *(continued)*

	2010 $	2009 $
AGEING OF PAST DUE BUT NOT IMPAIRED		
60 – 90 days	1,253,852	965,114
90 – 120 days	138,152	286,526
Total	1,392,004	1,251,640
Personal short term loans: movement in the allowance for doubtful debts		
Balance at the beginning of the year	2,177,967	2,169,879
Balance recognised on acquisition of business	-	-
Impairment losses recognised on receivables	9,983,020	3,846,170
Amounts written off as uncollectible	(8,150,159)	(4,819,032)
Amounts recovered during the year	1,161,417	980,950
Impairment losses reversed	-	-
Unwind of discount	-	-
Balance at the end of the year	5,172,245	2,177,967

In determining the recoverability of a personal loan, the consolidated entity considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

	2010 $	2009 $
AGEING OF IMPAIRED PERSONAL SHORT TERM LOANS		
60 - 90 days	1,168,459	825,064
90 - 120 days	-	-
Total	1,168,459	825,064

7. INVENTORIES

New and pre-owned goods at cost	10,707,497	6,958,592

8. OTHER ASSETS

CURRENT		
Prepayments	1,432,939	853,164

	Leasehold improvements at cost $	Plant and equipment at cost $	Equipment under finance lease at cost $	Total $

9. PLANT AND EQUIPMENT

	Leasehold improvements at cost $	Plant and equipment at cost $	Equipment under finance lease at cost $	Total $
Gross carrying amount				
Balance as at 1 July 2008	167,945	4,945,759	158,144	5,271,848
Acquisition through business combinations	28,629	996,390	-	1,025,019
Additions	17,558	1,843,489	-	1,861,047
Disposals	-	(360,022)	(158,144)	(518,166)
Net foreign currency exchange differences	(1,716)	(25,944)	-	(27,660)
Balance as at 30 June 2009	212,416	7,399,672	-	7,612,088
Acquisition through business combinations	-	596,590	-	596,590
Additions	72,371	2,990,547	-	3,062,918
Disposals	-	(116,856)	-	(116,856)
Net foreign currency exchange differences	(18,992)	(349,511)	-	(368,503)
Balance as at 30 June 2010	265,795	10,520,442	-	10,786,237
Accumulated depreciation				
Balance as at 1 July 2008	84,575	2,448,828	158,144	2,691,547
Disposals	-	(360,022)	(158,144)	(518,166)
Depreciation expense	23,481	816,796	-	840,278
Net foreign currency exchange differences	(2,262)	(32,731)	-	(34,993)
Balance as at 30 June 2009	105,794	2,872,871	-	2,978,665
Disposals	-	(29,516)	-	(29,516)
Depreciation expense	33,221	1,164,889	-	1,198,110
Net foreign currency exchange differences	(10,014)	(161,322)	-	(171,336)
Balance as at 30 June 2010	129,001	3,846,922	-	3,975,923
Net book value				
As at 30 June 2009	106,622	4,526,801	-	4,633,423
As at 30 June 2010	136,794	6,673,520	-	6,810,314

10. TRADE AND OTHER PAYABLES

	2010 $	2009 $
CURRENT		
Trade payables	6,522,134	3,249,157
Accruals	3,696,046	4,607,814
Unsecured notes	270,200	484,999
Other	25,000	25,000
	10,513,380	8,366,970

The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the allowed credit period in order to avoid the payment of interest on outstanding accounts. Unsecured notes do not earn interest and are repayable on demand should a franchisee leave the franchise network, but otherwise will be credited to the consolidated entity's income in payment of a noteholder's franchise renewal fee, at the end of the initial franchise term.

	2010 $	2009 $

11. BORROWINGS

All borrowings are secured

	2010 $	2009 $
CURRENT		
At amortised cost		
Bank overdraft (i)	-	657,933
Loans (i)	2,934,993	2,975,774
Hire purchase and lease liabilities (note 19) (ii)	345,323	308,605
	3,280,316	3,942,312
NON-CURRENT		
At amortised cost		
Loans (i)	9,811,275	11,830,324
Hire purchase and lease liabilities (note 19) (ii)	805,412	1,147,710
	10,616,687	12,978,034
FINANCING ARRANGEMENTS		
Unrestricted access was available at balance date to the following lines of credit:		
Credit standby arrangements		
Total facilities		
Bank overdrafts	934,624	1,376,436
Variable rate bill facility	10,559,000	13,159,000
Term loans	2,187,268	1,647,098
	13,680,892	16,182,532
Used at balance date		
Bank overdrafts	-	657,933
Variable rate bill facility	10,559,000	13,159,000
Term loans	2,187,268	1,647,098
	12,746,268	15,464,031
Unused at balance date		
Bank overdrafts	934,624	750,000
Variable rate bill facility	-	-
Term loans	-	-
	934,624	750,000

i. *The bank overdraft and the loans payable (which includes term loans and a variable rate bill facility) are secured by a fixed and floating charge over the total assets of the entity and a cross guarantee from the parent entity. There have been no breaches of loan covenants during the current or prior period.*

ii. *Hire purchase and lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.*

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates are variable and are currently between two and two and three quarter percentage points above the bank base rate. Refer to note 18 for further information in relation to financial instruments.

12. PROVISIONS

	2010 $	2009 $
CURRENT		
Employee benefits	1,398,311	1,123,079
Fringe benefits tax	16,950	4,499
	1,415,261	1,127,578

	2010 $	2009 $

13. DEFERRED ESTABLISHMENT FEES

	2010 $	2009 $
Deferred establishment fees	1,773,041	1,310,668

Deferred establishment fees relate to establishment fees charged on personal loans

14. OTHER INTANGIBLE ASSETS

	Re-acquired rights(i) $	Trade names(ii) $	Software $	Total $
Gross carrying amount				
Balance as at 1 July 2008	-	13,002,835	1,884,029	14,886,864
Acquisitions through business combinations	-	-	-	-
Additions	-	-	919,021	919,021
Disposals	-	-	(388,481)	(388,481)
Balance as at 1 July 2009	-	13,002,835	2,414,569	15,417,404
Additions	5,750,000	-	434,570	6,184,570
Disposals	-	-	-	-
Balance as at 30 June 2010	5,750,000	13,002,835	2,849,139	21,601,974
Amortisation				
Balance as at 1 July 2008	-	3,959,690	1,050,458	5,010,148
Amortisation charge	-	94,332	227,458	321,790
Disposals	-	-	(388,481)	(388,481)
Balance as at 1 July 2009	-	4,054,022	889,435	4,943,457
Amortisation charge	-	174,325	200,530	374,855
Disposals	-	-	-	-
Balance as at 30 June 2010	-	4,228,347	1,089,965	5,318,312
Net book value				
At the beginning of the financial year	-	8,948,813	1,525,134	10,473,947
At the end of the financial year	5,750,000	8,774,488	1,759,174	16,283,662

Amortisation expense is included in the line item 'depreciation and amortisation expenses' in the statement of comprehensive income.

(i) On 23 February 2010, the consolidated entity reacquired the right held by Quickdraw Financial Solutions Pty Ltd ('Quickdraw') to provide the cash advance platform and associated services to Franchisee's within South Australia and the Northern Territories, under a licence from the consolidated entity.

On completion of the transaction, the licence which was perpetual, was terminated and Quickdraw ceased to provide this platform and services to the Franchisees, with all franchisee's within South Australia and the Northern Territories transferring over to the consolidated entities MON-E cash advance platform. This arrangement was entered into for a consideration of $5,750,000 in cash.

The useful economic life of reacquired rights is assessed on an individual asset basis, but is not more that 100 years from the date of acquisition. The directors review the economic useful life on a regular basis.

(ii) Trade names are stated at cost to the consolidated entity and relates to amounts recognised either through the buy-back of overseas sub-master licence rights, or through direct acquisition of regional sub-master rights in Australia by Cash Converters Pty Ltd. The depreciable amount of all trade names is amortised on a straight-line basis over their economic useful life, where material. The economic useful life of the trade names has been assessed on an individual asset basis but not more than 100 years from the date of acquisition. The directors review the economic useful life on a regular basis.

15. GOODWILL

	Note	2010 $	2009 $
GROSS CARRYING AMOUNT			
Balance at beginning of financial year		49,873,170	43,650,114
Additional amounts recognised from business combinations occurring during the period	28	4,385,298	6,361,122
Adjustments arising on the finalisation of acquisition accounting (i)		377,642	-
Foreign exchange movement		(355,800)	(138,066)
Balance at the end of the financial year		54,280,310	49,873,170
ACCUMULATED IMPAIRMENT LOSSES			
Balance at the beginning of the financial year		-	-
Impairment losses for the year		-	-
Balance at end of financial year		-	-
NET BOOK VALUE			
At the beginning of the financial year		49,873,170	43,650,114
At the end of the financial year		54,280,310	49,873,170

(i) During the current year the acquisition accounting in relation to the acquisition of certain former franchise stores which was completed provisionally as at 30 June 2009 was finalised as permitted under *AASB 3 Business Combinations*. The net impact of these changes was to increase goodwill by $377,642.

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Financial services - administration (MON-E)
- Financial services – personal loans (Safrock)
- Corporate Stores (Australia)
- Corporate Stores (UK)

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows

	2010 $	2009 $
Financial services – administration (MON-E)	17,292,967	17,292,967
Financial services – personal loans (Safrock)	16,780,684	16,780,684
Corporate Stores (Australia)	13,845,295	11,222,381
Corporate Stores (UK)	6,361,364	4,577,138
	54,280,310	49,873,170

FINANCIAL SERVICES – ADMINISTRATION (MON-E)

The recoverable amount for MON-E is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a one-year period, and a discount rate of 15% per annum.

Cash flows beyond the one-year period have been extrapolated using a steady 5% per annum growth rate. Management believes that any reasonably possible change in the key assumptions in which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

FINANCIAL SERVICES – PERSONAL LOANS (SAFROCK)

The recoverable amount for Safrock is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a one-year period, and a discount rate of 15% per annum.

Cash flows beyond the one-year period have been extrapolated using a steady 5% per annum growth rate. Management believes that any reasonably possible change in the key assumptions in which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

CORPORATE STORES (UK & AUSTRALIA)

The recoverable amount for Corporate Stores is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a one-year period, and a discount rate of 15% per annum. Separate cash flow projections have been prepared for both the UK and Australia.

Cash flows beyond the one-year period have been extrapolated using a steady 5% per annum growth rate. Management believes that any reasonably possible change in the key assumptions in which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

16. ISSUED CAPITAL

(a) FULLY PAID ORDINARY SHARES (NUMBER)

	2010 No. Shares	2009 No. Shares
Balance at beginning of financial year	240,009,691	238,685,685
Shares issued during the year	139,751,334	2,833,333
Share buy-back	-	(1,509,327)
Balance at end of financial year	379,761,025	240,009,691

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the Corporate law abolished the authorised capital and per value concept in relation to the share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) FULLY PAID ORDINARY SHARES (VALUE)

	2010 $	2009 $
Balance at the beginning of the year	47,202,376	46,424,331
New shares issued (net of issue costs)	68,476,757	-
Earn-out shares issued (note 17a)	1,133,334	1,133,333
Share buy-back	-	(355,288)
Balance at the end of the financial year	116,812,467	47,202,376

Cash Converters UK securities are stapled securities. These securities are stapled to Cash Converters International shares and were issued on a one for one basis.

(c) SHARE BUY-BACK

On 23 November 2007 Cash Converters International Limited advised the Market that it would commence a share buy-back of its shares commencing on 10 December 2007. The buy-back was open for a 12 month timeframe with a maximum number of shares to be purchased being 24,300,000. Under this buy-back 5,968,674 were acquired for the total consideration of $1,601,161. On 10 December 2008 Cash Converters International Limited advised the Market that it would commence a buy-back of its shares commencing 28 December 2008. The buy-back will be open for a 12 month timeframe with a maximum number of shares to be purchased being 23,700,000. The buy-back period has ended and no shares were purchased under this buy-back.

Notes to the Consolidated Financial Statements

17. RESERVES AND RETAINED EARNINGS

(a) RESERVES

	2010 $	2009 $
Foreign currency translation reserve	(1,421,453)	(873,819)
Acquisition earnout reserve	-	1,133,334
Balance at the end of the financial year	(1,421,453)	259,515

FOREIGN CURRENCY TRANSLATION RESERVE

	2010 $	2009 $
Balance at the beginning of the financial year	(873,818)	(698,163)
Translation of foreign operations	(547,635)	(175,655)
Balance at the end of the financial year	(1,421,453)	(873,818)

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian Dollars are brought to account by entries made directly to the foreign currency translation reserve.

ACQUISITION EARNOUT RESERVE

	2010 $	2009 $
Balance at the beginning of the financial year	1,133,333	2,266,667
Contingent consideration for Safrock acquisition	-	-
Contingent consideration agreed for the year	(1,133,333)	(1,133,334)
Balance at the end of the financial year	-	1,133,333

Under the terms of the acquisition in regard to the Safrock Group 8,500,000 earn-out shares may be issued in tranches as soon as practicable after the end of the relevant financial year subject to meeting certain earnings targets. The end of the first relevant financial period was 30 June 2007 with the earnings targets being met resulting in 2,833,333 earn-out shares being issued. A further 2,833,333 earn-out shares were issued for the period ending 30 June 2008 following the earn-out target being met. The balance of 2,833,334 earn-out shares were issued in this period following the achievement of the earnings targets for the year ended 30 June 2009. The acquisition earn-out reserve is used to record a reasonable estimate of the likely equity to be issued in relation to earn-out targets pertaining to the acquisition of Safrock.

An equity reserve is used to record this amount due to a fixed number of equity instruments to be issued.

(b) RETAINED EARNINGS

	2010 $	2009 $
Balance at the beginning of the financial year	34,758,496	25,773,648
Net profit attributable to members of the parent entity	21,629,922	16,164,861
Dividends provided for or paid (note 26)	(9,239,250)	(7,180,013)
Balance at the end of the financial year	47,149,168	34,758,496

18. FINANCIAL INSTRUMENTS

(a) CAPITAL RISK MANAGEMENT

The consolidated entity manages its capital to maximise the return to stakeholders through the optimisation of the debt and equity balance whilst ensuring that the consolidated entity is able to continue as a going concern. The consolidated entity's overall strategy remains unchanged from 2009.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed in note 11, cash and cash equivalents and equity attributable to holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 16 and 17 respectively.

The consolidated entity operates globally, primarily through subsidiary companies established in the markets in which the consolidated entity trades. None of the consolidated entity's operations are subject to externally imposed capital requirements.

The consolidated entity's policy is to borrow both centrally and locally, using a variety of borrowing facilities, to meet anticipated funding requirements.

	2010 $	2009 $
(b) CATEGORIES OF FINANCIAL INSTRUMENTS		
Financial assets		
Cash and cash equivalents	50,716,388	7,002,971
Trade and other receivables	11,290,139	8,050,254
Personal loans receivable	41,598,787	25,070,661
Other financial assets (loans receivables)	1,250,000	-
Financial liabilities		
Trade and other payables	10,513,380	8,366,970
Borrowings	13,897,003	16,920,346

The consolidated entity has no material financial assets or liabilities that are held at fair value.

(c) FINANCIAL RISK MANAGEMENT OBJECTIVES

The consolidated entity's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(d) MARKET RISK

The consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 18(e)) and interest rates (refer note 18(f)).

There has been no change to the consolidated entity's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

18. FINANCIAL INSTRUMENTS *(continued)*

(e) FOREIGN CURRENCY RISK MANAGEMENT

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are relatively small and spot rates are normally used.

The carrying amount of the consolidated entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2010 $	2009 $	2010 $	2009 $
Pounds Sterling	2,340,547	3,892,166	5,789,289	4,491,372
United States Dollars	4,629	4,794	-	-

The consolidated entity is mainly exposed to Pounds Sterling, through its operations in the United Kingdom.

Foreign currency sensitivity analysis

At 30 June 2010, if the Australian Dollar / Pound Sterling exchange rate had changed by +/- 5% from the actual rates observed during the year, with all other variables held constant, post tax profit and equity for the year would have been $68,149 higher/lower (2009 - $73,150 higher/lower).

(f) INTEREST RATE RISK MANAGEMENT

The company and the consolidated entity are exposed to interest rate risk as entities in the consolidated entity borrow funds at variable rates and place funds on deposit at variable rates. Personal loans issues by the consolidated entity are at fixed rates. The risk is managed by the Consolidated Entity by monitoring interest rates.

The company and the consolidated entity's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 200 basis point increase or decrease is used because this represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 200 basis points higher or lower and all other variables were held constant, the consolidated entity's:

- Net profit would increase/decrease by approximately $736,000 (2009: increase/decrease by approximately $169,000). This is mainly attributable to additional borrowings this year.

The Consolidated entity's sensitivity to interest rates has increased during the current period mainly due to additional borrowings.

(g) CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than its franchisees. The consolidated entity has a policy of obtaining sufficient collateral or other securities from these franchisees. The majority of loans within the financing division relate to loans made by Safrock which makes both secured and unsecured personal loans. Credit risk is present in relation to all unsecured loans made which is managed within an agreed corporate policy on customer acceptance and on-going review of recoverability.

(h) LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Included in note 11 is a listing of additional undrawn facilities that the company/consolidated entity has at its disposal to further reduce liquidity risk

Liquidity and interest risk tables

The following table detail the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	1 year or less $	1 to 5 years $	More than 5 years $	Total $
2010					
Non-interest bearing	-	10,513,380	-	-	10,513,380
Finance lease liability	8.50	419,100	900,363	-	1,319,463
Variable interest rate instruments	6.15	3,121,380	10,408,706	-	13,530,086
Financial guarantee contracts	-	-	-	-	-
		14,053,860	11,309,069	-	25,362,929
2009					
Non-interest bearing	-	8,366,970	-	-	8,366,970
Finance lease liability	8.52	415,913	1,310,532	-	1,726,445
Variable interest rate instruments	7.56	3,929,809	12,703,914	-	16,633,723
Financial guarantee contracts	-	-	-	-	-
		12,712,692	14,014,446	-	26,727,138

At the year-end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

18. FINANCIAL INSTRUMENTS *(continued)*

The following table details the consolidated entity's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company/consolidated entity anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	1 year or less $	1 to 5 years $	More than 5 years $	Total $
2010					
Non-interest bearing	-	7,265,518	-	-	7,265,518
Finance lease receivables	-	-	-	-	-
Variable interest rate instruments	5.09	53,295,763	-	-	53,295,763
Fixed interest rate instruments	88.50	92,428,109	5,677,472	-	98,105,581
		152,989,390	5,677,472	-	158,666,862
2009					
Non-interest bearing	-	5,918,063	-	-	5,918,063
Finance lease receivables	-	-	-	-	-
Variable interest rate instruments	4.10	7,290,093	-	-	7,290,093
Fixed interest rate instruments	104.04	53,725,099	1,779,310	-	55,504,409
		66,933,255	1,779,310	-	68,712,565

(i) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity and company approximates the carrying value.

The fair value of the monetary financial assets and financial liabilities is based upon market prices where a market price exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles. The carrying amounts and fair values of financial assets and liabilities at reporting date are:

	2010		2009	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial instruments				
Unsecured notes	270,200	270,200	484,999	484,999

The consolidated entity has no material financial assets or liabilities that are held at fair value.

19. LEASES

(a) FINANCE LEASES

Leasing arrangements

Finance leases relate to computer equipment and motor vehicles with lease terms of up to 5 years. The consolidated entity has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements.

	Minimum future lease payments		Present value of minimum future lease payments	
	2010 $	2009 $	2010 $	2009 $
Finance lease and hire purchase expenditure contracted for at balance sheet date, payable:				
Within one year	419,100	415,913	345,323	307,988
Later than one, not later than five years	900,363	1,310,532	805,412	1,148,328
	1,319,463	1,726,445	1,150,735	1,456,316
Less future finance charges	(168,728)	(270,129)	-	-
	1,150,735	1,456,316	1,150,735	1,456,316
Included in the financial statement as:				
Current borrowings (note 11)			345,323	308,606
Non-current borrowings (note 11)			805,412	1,147,710
			1,150,735	1,456,316

(b) OPERATING LEASES

Leasing arrangements

Operating leases relate to office accommodation and retail premises with lease terms of between 5 to 10 years, with an option to extend for a further 5 years. All operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew. The consolidated entity does not have an option to purchase the leased assets at the expiry of the lease period.

	2010 $	2009 $
Non-cancellable operating lease commitments payable:		
Within one year	4,245,326	3,604,361
Later than one, not later than five years	11,605,638	9,886,547
Later than five years	3,234,230	1,484,591
	19,085,194	14,975,499

Operating lease commitments relate to head office premises in Australia, the regional offices in the UK and around Australia and the corporate stores in the UK and Australia. Cash Converters hold an option to renew on the Australian premises.

(c) COMMITMENT FOR CAPITAL EXPENDITURE

At 30 June 2010 capital expenditure commitments were $250,000 (2009: $550,000).

20. RELATED PARTY TRANSACTIONS

(a) KEY MANAGEMENT PERSONNEL REMUNERATION

Details of directors and other members of key management personnel of Cash Converters International Limited during the year are:

- R. Webb (Chairman, non-executive director)
- P. Cumins (Managing director, executive)
- J. Yeudall (Non-executive director)
- P. Cowan (Non-executive director –resigned 5 November 2009)
- M. Cooke (Legal counsel)
- D. Patrick (Director of operations UK)
- I. Day (General manager – Australia)
- R. Groom (Company secretary / group financial controller)
- J. Spratley (Group accountant – UK)
- R. Pilgrim (Operations manager – UK)

The aggregate compensation of the key management personnel of the consolidated entity is set out below:

	2010 $	2009 $
Short-term employee benefits	2,238,620	2,113,149
Long-term employee benefits	-	-
Post-employee benefits	214,912	171,483
Total	2,453,532	2,284,632

(b) KEY MANAGEMENT PERSONNEL RELATED ENTITIES

The relationships between the consolidated entity and key management personnel related entities are as follows:

Franchise holders

The directors of the Parent together with their associated entities held interests in the following franchised stores:

Franchisee	Franchise	Related Party
Blackport Pty Ltd	Phoenix Park & Clarkson WA	Peter Cumins

During the period ending 30 June 2009, Cash Converters Stores Pty Ltd acquired both the Pheonix Park and Clarkson WA stores.

(c) LOAN TO KEY MANAGEMENT PERSONNEL

	Balance at beginning $	Interest Charged $	Interest not charged $	Loan repayments received $	Balance at end $	Number in Group
2010						
Director- related entities	-	-	-	-	-	-
Other key management personnel	-	-	-	-	-	-
Total	-	-	-	-	-	-
2009						
Director- related entities	307,247	22,964	-	(330,211)	-	1
Other key management personnel	-	-	-	-	-	-
Total	307,247	22,964	-	(330,211)	-	1

INDIVIDUALS WITH LOANS ABOVE $100,000 IN THE YEAR

	Balance at beginning $	Interest Charged $	Interest not charged $	Loan repayments received $	Balance at end $	Number in Group
2010						
P. Cumins [Blackport Pty Ltd]	-	-	-	-	-	-
Total	-	-	-	-	-	-
2009						
P. Cumins [Blackport Pty Ltd]	307,247	22,964	-	(330,211)	-	307,247
Total	307,247	22,964	-	(330,211)	-	307,247

The above loans are made through Cash Converters Finance Corporation Limited for additional working capital in developing Cash Converters franchised businesses.

Commercial rates of interest are charged on loans made to director-related entities, which are made on the same terms and conditions as those made to other franchisees.

20. RELATED PARTY TRANSACTIONS *(continued)*

(d) DIRECTORS' AND SPECIFIED KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Fully paid ordinary shares issued by Cash Converters International Limited

	Balance at 1 July 2009 No.	Granted as remuneration No.	Received on exercise of options No.	Acquisition/ (disposal) of shares No.	Balance at 30 June 2010 No.	Balance held indirectly No.
Directors						
P. Cumins	7,707,830	-	-	132,700	7,840,530	-
R. Webb	1,112,500	-	-	-	1,112,500	-
J. Yeudall	295,668	-	-	-	295,668	-
P. Cowan	-	-	-	-	-	-
W. Love	-	-	-	-	-	-
J. Beal	-	-	-	-	-	-
Other key management personnel						
I. Day	3,949,260	-	-	(290,000)	3,659,260	-
R. Groom	2,644,618	-	-	362,729	3,007,347	-
J. Spratley	-	-	-	-	-	-
D. Patrick	-	-	-	-	-	-
M. Cooke	5,815,000	-	-	(1,315,000)	4,500,000	-
R. Pilgrim	-	-	-	-	-	-
	21,524,876	-	-	(1,109,571)	20,415,305	-

	Balance at 1 July 2008 No.	Granted as remuneration No.	Received on exercise of options No.	Acquisition/ (disposal) of shares No.	Balance at 30 June 2009 No.	Balance held indirectly No.
Directors						
P. Cumins	7,637,035	-	-	70,795	7,707,830	-
R. Webb	1,112,500	-	-	-	1,112,500	-
J. Yeudall	295,668	-	-	-	295,668	-
P. Cowan	-	-	-	-	-	-
Other key management personnel						
I. Day	3,949,260	-	-	-	3,949,260	-
R. Groom	2,584,618	-	-	60,000	2,644,618	-
J. Spratley	-	-	-	-	-	-
M. Lemmon	-	-	-	-	-	-
M. Cooke	5,315,000	-	-	500,000	5,815,000	-
R. Pilgrim	-	-	-	-	-	-
	20,894,081	-	-	630,795	21,524,876	-

(e) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The profit from operations before income tax includes the following items of revenue and expense that resulted from transactions other than compensation, loans or equity holdings, with key management personnel or their related entities:

	2010 $	2009 $
Franchise fees payable in advance on the 1st of each month	-	68,762
Total advertising levy payable monthly in advance	-	95,983
Total training levies paid monthly in advance	-	5,080
Total miscellaneous fees payable on 30 day account	-	2,488
Total wholesale invoices payable on 30 day account	-	5,438
Total recognised as revenue	-	177,751

Transactions between the consolidated entity and these parties are conducted on the normal commercial terms that apply to all franchise operators.

21. SUBSEQUENT EVENTS

Since the end of the financial year the directors are not aware of any matter or circumstance, other than those mentioned below, that has significantly or may significantly affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent financial years.

The consolidated entity announced in July the acquisition of four franchised stores in the northern UK towns of Halifax, Dewsbury and Scunthorpe. These stores were purchased from existing franchisees for a total price of £1.9 million, including assets of £550,000. The acquisition was based on an earnings before interest and tax (EBIT) multiple of 4.7 times and is anticipated to increase the Group's EBIT by approximately £400,000 during the first full year of ownership.

The consolidated entity announced in August that it had contracted to acquire 13 franchised stores in Australia, comprising eight in Queensland, two in New South Wales, two in South Australia and one in Victoria. The 13 stores were purchased from existing franchisees for a total price of $21.9 million, which included tangible assets of $6.3million. The acquisition price represents an EBIT multiple of 3.7 times.

The acquisition of these stores is anticipated to increase the consolidated entity's EBIT by approximately $5.8 million in the first full year of ownership.

These acquisitions take the total number of stores owned by the consolidated entity to 71 stores - 39 in Australia and 32 in the UK.

On 23 August Cash Converters International Limited (CCIL) exercised its right to acquire further shares in Cash Converters USA Limited (CCUSA) by offering to subscribe for 11,813,900 additional one cent shares. CCIL has paid the subscription price of $118,139 by set-off against part of the debt due and payable to CCUSA to CCIL. CCIL now has 12,017,975 shares in CCUSA representing 99.285%

22. SUBSIDIARIES

(a) LIST OF SUBSIDIARIES

Name of entity	Country of incorporation	Ownership interest 2010	2009
Parent entity			
Cash Converters International Limited (i)	Australia		
Directly controlled by Cash Converters International Limited			
Cash Converters Pty Ltd (ii) (iii)	Australia	100.00%	100.00%
Cash Converters UK Holdings PLC	UK	100.00%	100.00%
Cash Converters USA Limited (note 22c)	Australia	99.285%	58.87%
Mon-e Pty Ltd (ii) (iii)	Australia	100.00%	100.00%
Safrock Finance Group Pty Ltd (ii) (iii)	Australia	100.00%	100.00%
Safrock Finance Corporation (QLD) Pty Ltd (ii) (iii)	Australia	100.00%	100.00%
Safrock Finance Corporation (WA) Pty Ltd (ii) (iii)	Australia	100.00%	100.00%
Finance Administrators of Australia Pty Ltd (ii) (iii)	Australia	100.00%	100.00%
Cash Converters (Stores) Pty Ltd (ii) (iii)	Australia	100.00%	100.00%
Cash Converters (Cash Advance) Pty Ltd (ii) (iii)	Australia	100.00%	100.00%
Directly controlled by Cash Converters Pty Ltd			
Cash Converters Finance Corporation Limited (refer note 22c)	Australia	34.00%	36.92%
Directly controlled by Cash Converters USA Limited			
Cash Converters USA Inc	USA	100.00%	100.00%

i. *Cash Converters International Limited is the head entity within the tax consolidated group.*

ii. *These companies are members of the tax consolidated group.*

iii. *These wholly owned subsidiaries have entered into a deed of cross guarantee with Cash Converters International Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.*

(b) INCOME STATEMENT AND BALANCE SHEET

The consolidated income statement and balance sheet of the entities party to the cross guarantee are:

	2010 $	2009 $
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	88,400,657	62,274,572
Employee benefits expense	(17,721,473)	(12,969,395)
Depreciation and amortisation expenses	(1,052,915)	(763,201)
Finance costs	(878,242)	(916,869)
Legal fees / legal settlements	(443,146)	(506,175)
Changes in inventories	(8,350,590)	(6,911,581)
Area agents fees / commissions	(7,304,378)	(4,329,587)
Rental expense on operating leases	(3,366,268)	(2,639,143)
Motor vehicle/travel costs	(523,366)	(638,363)
Bad debts/bad debt provision	(10,815,370)	(4,819,032)
Professional and registry costs	(776,282)	(691,385)
Auditing and accounting services	(520,338)	(383,282)
Bank charges	(559,034)	(612,734)
Other expenses from ordinary activities	(6,970,256)	(4,963,092)
Profit before income tax expense	29,119,008	21,130,733
Income tax expense	(8,904,701)	(6,514,038)
Profit for the year	20,214,298	14,616,695
Other comprehensive income for the year	-	-
Total comprehensive income for the year	20,214,298	14,616,695

22. SUBSIDIARIES *(continued)*

(b) INCOME STATEMENT AND BALANCE SHEET *(continued)*

	2010 $	2009 $
STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	45,821,921	6,451,779
Trade receivables	4,844,444	3,352,154
Personal loans receivable	38,737,712	23,408,264
Inventories	5,735,057	3,514,997
Other assets	1,432,939	853,164
Total current assets	96,572,073	37,580,358
Non-current assets		
Trade and other receivables	20,538,069	7,800,723
Other financial assets	463,480	463,480
Plant and equipment	3,620,174	2,828,518
Deferred tax assets	2,766,680	1,855,868
Goodwill	47,918,945	45,296,091
Other intangible assets	14,224,136	8,414,421
Total non-current assets	89,531,484	66,659,101
Total assets	186,103,557	104,239,459
Current liabilities		
Trade and other payables	7,836,640	5,564,842
Borrowings	2,945,323	2,908,606
Current tax payables	4,967,482	2,697,372
Deferred establishment fees	1,773,041	1,310,668
Provisions	1,396,827	1,108,726
Total current liabilities	18,919,313	13,590,214
Non-current liabilities		
Borrowings	8,764,412	11,706,710
Deferred tax liabilities	1,246,270	1,222,287
Total non-current liabilities	10,010,682	12,928,997
Total liabilities	28,929,995	26,519,211
Net assets	157,173,562	77,720,248
Equity		
Issued capital	116,812,467	47,202,376
Reserves	233,280	1,365,105
Retained earnings	40,127,815	29,152,767
Parent entity interest	157,173,562	77,720,248
Minority interests	-	-
Total equity	157,173,562	77,720,248

RETAINED EARNINGS

	2010 $	2009 $
Retained earnings as at the beginning of the financial year	29,152,767	21,716,085
Net profit	20,214,298	14,616,695
Dividends provided for or paid	(9,239,250)	(7,180,013)
Retained earnings as at the end of the financial year	40,127,815	29,152,767

(c) OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES

Outside equity interests hold 565,029 (2009: 540,029), 50 cent ordinary shares in Cash Converters Finance Corporation Limited, being 66.07% of the ordinary issued share capital, and 66.00% of the total equity of the Company.

Cash Converters International Limited controls Cash Converters Finance Corporation Limited, because it holds 100% of the issued share capital of Cash Converters Pty Ltd, giving it control of that company which in turn controls Cash Converters Finance Corporation Limited by virtue of its 100% holding of the "A" Management shares of Cash Converters Finance Corporation Limited which confer 51% of the votes in general meetings.

In addition, the Board of directors of Cash Converters International Limited and Cash Converters Finance Corporation Limited are the same.

Outside equity interests hold 83,936 - one cent ordinary units in Cash Converters USA Limited, being 0.715% of the total equity of the company.

	2010 $	2009 $
Outside equity interests in controlled entities comprises:		
Contributed capital	3,256,903	3,234,757
Accumulated losses	(2,941,389)	(2,965,484)
	315,514	269,273

23. CONTINGENT LIABILITIES

Cash Converters International Limited (CCIL) has provided a bank guarantee to Barrier Shelf Company (No 57) Pty Ltd as security for the head office lease.

CCUK has also provided a guarantee to HSBC Bank for a term loan of £1,200,000 CCIL has also provided a cross guarantee on this loan.

Cash Converters Pty Ltd (CCPL) has subordinated $780,883 of its total receivable from CCFCL.

In the course of its normal business the consolidated entity occasionally receives claims and writs for damages and other matters arising from its operations. Where in the opinion of the directors it is deemed appropriate a specific provision is made, otherwise the directors deem such matters are either without merit or of such kind or involved such amounts that would not have a material adverse effect on the operating results or financial position of the economic entity if disposed of unfavourably.

CCIL has agreed to provide ongoing financial support to CCUK, CCUSA, CCPL and CCFCL for the foreseeable future.

The directors are not aware of any other material contingent liabilities in existence at 30 June 2010 requiring disclosure in the financial statements.

Notes to the Consolidated Financial Statements

24. EARNINGS PER SHARE

	2010 Cents per share	2009 Cents per share
Basic earnings per share (cents per share)	6.60	6.77
Diluted earnings per share (cents per share)	6.58	6.66
	$	**$**
Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Earnings	21,629,922	16,164,861
	Number	**Number**
Weighted average number of ordinary shares for the purpose of basic earnings per share	327,697,180	238,739,529
	$	**$**
Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statements as follows:		
Net profit	21,629,922	16,164,861
Earnings used in the calculation of basic earnings per share	21,629,922	16,164,861
Diluted earnings per share		
The earnings used in the calculation of diluted earnings per share are equal to those used in basic earnings per share		
Weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	327,697,180	238,739,529
Earnout shares (note 17)	1,071,233	4,044,293
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	328,768,413	242,783,822

The number of potential ordinary shares not included in the above calculation is Nil (2009: Nil).

25. NOTES TO THE STATEMENT OF CASH FLOWS

(a) RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FLOWS FOR THE OPERATING ACTIVITIES

	2010 $	2009 $
Profit for the year	21,676,163	16,154,708
Non-cash flows in operating profit:		
Amortisation	374,855	321,790
Depreciation	1,198,110	840,278
Bad debts written off	8,150,158	4,819,032
Lease and hire purchase interest	39,017	50,256
Loss on sale of plant and equipment	7,048	-
(Increase)/decrease in income taxes payable	2,328,434	549,864
Increase in future income tax benefits	(1,065,880)	15,706
Increase/(decrease) in deferred tax	23,983	(3,268)
Net exchange differences	(30,933)	(240)
Change in assets and liabilities:		
Increase in inventories	(2,364,344)	(1,558,672)
(Increase)/decrease in prepayments	2,199,366	(622,990)
(Increase)/decrease in trade and term receivables	(18,113,621)	(7,874,121)
Increase in trade payables and accruals	1,519,495	1,518,586
Increase/(decrease) in employee and other provisions	209,810	462,264
Increase/(decrease) in fees receivable rolled into loans to/from other related entities	355,523	625,942
Cash flows from operations	16,507,184	15,299,135

(b) RECONCILIATION OF CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with banks or financial institutions, net of bank overdrafts and is reconciled to the related items in the balance sheet as follows:

	2010 $	2009 $
Cash and cash equivalents (note 5)	50,716,388	7,002,971
Bank overdraft (note 11)	-	(657,933)
Net Balance	50,716,388	6,345,038

(c) BUSINESS AND INTANGIBLE ASSET ACQUISITIONS

During the financial year the consolidated entity acquired the trade and assets of four stores in the UK and nine stores in Australia. The net cash out flow on acquisition was $7,975,624 (2009: $11,035,619). Refer to note 28 for further details of these acquisitions. Additionally during the period the consolidated entity re-acquired rights for a total cash consideration of $5,750,000 (2009: nil). Refer note 14 for further information.

(d) NON-CASH FINANCING AND INVESTING ACTIVITIES

During the current financial year the consolidated entity purchased a vehicle with a fair value of $62,700 (2009: $1,325,817) under a hire purchase agreement.

26. DIVIDENDS

The directors of the Company paid a fully franked interim dividend of 1.5 (one and a half) cents per share on 31 March 2009. The directors have also declared a final fully franked dividend of 1.5 (one and a half) cents per share to be paid on 30 September 2009 to those shareholders on the register at the close of business on 16 September 2009. The Company has Australian franking credits available of $18,833,558 on a tax paid basis (2009: $14,564,272).

	2010		2009	
	Cents per share	Total $	Cents per share	Total $
Fully paid ordinary shares				
Recognised amounts				
Interim dividend: Franked to 100% at 30%	1.5	5,453,415	1.5	3,599,728
Final dividend: Franked to 100% at 30%	1.5	3,785,835	1.5	3,580,285
		9,239,250		7,180,013
Unrecognised amounts				
Final dividend: Franked to 100% at 30%	1.5	5,696,415	1.5	3,787,645

	2010 No.	2009 No.
27. EMPLOYEE NUMBERS		
Average number of employees during the financial year	257	138

28. ACQUISITIONS OF BUSINESS

Acquisition of trade and assets: Four stores in the United Kingdom and nine stores in Australia

During the period the Group acquired the trade and assets of four stores in the UK and nine stores in Australia for total consideration of $8,866,816.

This transaction has been accounted for using the acquisition method of accounting.

The net assets acquired in the business combination, and the goodwill arising, are as follows:

	Acquiree's carrying amount before business combination $	Fair value adjustments $	Fair value $
Net assets acquired:			
Cash and cash equivalents	74,302	-	74,302
Trade and other receivables	1,526,470	625,527	2,151,997
Inventories	1,869,317	(126,186)	1,743,131
Property plant and equipment	376,231	220,359	596,590
Trade and other payables	(84,502)	-	(84,502)
Fair value of net identifiable assets acquired	3,761,818	719,700	4,481,518
Consideration:			
Consideration satisfied by cash			8,049,926
Deferred consideration			798,560
Other consideration			18,330
Total consideration			8,866,816
Goodwill arising on acquisition			4,385,298

The initial accounting for the acquisition of the 13 stores has only been provisionally determined at reporting date.

For tax purposes the tax values of the assets are required to be reset based on market values and other factors. At the date of issuance of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire the 13 stores. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the 13 stores. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Included in the net profit for the period is $467,270 attributable to the additional business generated by the 13 stores.

Had the business combinations been effected at 1 July 2009, the revenue of the Group would be $142,452,778 and net profit $23,275,697. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for future periods.

In determining the 'pro-forma' revenue and profit of the Group had the 13 stores been acquired at the beginning of the current reporting period, the directors have:

- calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements
- based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination
- utilised the un-audited 30 June 2009 financial information of the 13 stores.

29. SEGMENTAL INFORMATION

The consolidated entity has adopted AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the managing director (chief operating decision maker) in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the consolidated entity's reportable segments has changed.

In prior years, segment information reported externally was analysed between two segments, store operations and financing operations. The former included both the franchise and corporate store operations. However, information reported to the consolidated entity's Managing Director for the purposes of resource assessment and assessment of performance is focused on the nature of the service and category of customer. The consolidated entity's reportable segments under AASB 8 are therefore as follows:

FRANCHISE OPERATIONS

This involves the sale of franchises for the retail sale of second had goods and the sale of master licences for the development of franchises in countries around the world.

STORE OPERATIONS

This involves the retail sale of second hand goods at corporate owned stores in Australia and the UK.

FINANCIAL SERVICES – PERSONAL LOANS

This segment includes the Safrock personal loans business.

29. SEGMENTAL INFORMATION *(continued)*

FINANCIAL SERVICES – ADMINISTRATION

This segment includes the Mon-e cash advance administration platform.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are the same as the consolidated entity's accounting policies.

The following is an analysis of the consolidated entity's revenue and results by reportable operating segment for the periods under review.

	Segment revenues Year ended		Segment results Year ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Franchise operations	22,974,687	24,409,362	8,710,344	8,642,091
Store operations	62,534,745	45,789,144	6,844,755	5,383,490
Financial services – administration	10,249,019	9,516,552	9,112,424	7,512,836
Financial services – personal loans	37,069,623	20,620,040	15,454,064	9,780,737
Inter-segment elimination of revenue	(6,183,971)	(5,816,743)	-	-
	126,644,103	94,518,355	40,121,587	31,319,154
Corporate head office income/(costs)	1,143,675	284,927	(8,909,010)	(8,011,922)
Total revenue/operating profit	127,787,778	94,803,282	31,212,577	23,307,232
Income tax attributable to operating profit			(9,536,4914)	(7,152,524)
Operating profit after income tax			21,676,163	16,154,708
(Profit)/loss attributable to outside equity interests			(46,241)	10,153
Profit attributable to members of Cash Converters International Limited			21,629,922	16,164,861

Segment profit represents the profit earned by each segment without the allocation of central administration costs and directors' salaries, interest income and expense in relation to corporate facilities, and tax expense. This is the measure reported to the managing director (chief operating decision maker) for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the consolidated entity's assets by reportable segment:

	30 June 2010 $	30 June 2009 $
Franchise operations	12,372,567	11,611,535
Store operations	56,857,196	38,464,692
Financial services – administration	31,971,410	22,409,919
Financial services – personal loans	61,911,033	39,169,840
Total of all segments	163,112,206	111,655,986
Unallocated assets	34,035,633	3,127,128
Total assets	197,147,839	114,783,114

Unallocated assets includes various corporate assets including cash held at a corporate level that has not been allocated to the underlying segments.

The following is an analysis of the consolidated entity's liabilities by reportable segment:

	30 June 2010 $	30 June 2009 $
Franchise operations	1,446,279	1,945,034
Store operations	9,652,376	9,745,157
Financial services – administration	2,494,329	2,324,890
Financial services – personal loans	10,140,157	5,119,373
Total of all segments	23,733,141	19,134,454
Unallocated liabilities	10,559,002	13,159,00
Total liabilities	34,292,143	32,293,454

Unallocated liabilities includes consolidated entity borrowings not specifically allocated to the underlying segments.

OTHER SEGMENT INFORMATION:

	Depreciation and amortisation Year ended		Additions to non-current assets Year ended	
	30 June 2010 $	30 June 2009 $	30 June 2010 $	30 June 2009 $
Franchise operations	503,088	460,725	936,940	310,770
Store operations	890,092	562,485	2,931,721	2,516,630
Financial services – administration	63,401	71,223	-	6,154
Financial services – personal loans	116,384	67,635	225,417	52,512
Total of all segments	1,572,965	1,162,068	4,094,078	2,886,066
Unallocated	-	-	-	-
Total	1,572,965	1,162,068	4,094,078	2,886,066

GEOGRAPHICAL INFORMATION:

The consolidated entity operates in two principal geographical areas – Australia (country of domicile) and the United Kingdom. The consolidated entity's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue from external customers Year ended		Non-current assets* Year ended	
	30 June 2010 $	30 June 2009 $	30 June 2010 $	30 June 2009 $
Australia	87,997,644	62,332,549	72,190,069	59,967,196
United Kingdom	39,420,231	32,110,057	9,551,503	6,381,984
Rest of world	369,903	360,676	-	-
	127,787,778	94,803,282	81,741,572	66,349,180

* *Non-current assets excluding those relating to deferred tax assets.*

Notes to the Consolidated Financial Statements

30. PARENT ENTITY DISCLOSURES

	30 June 2010 $	30 June 2009 $
FINANCIAL POSITION		
Assets		
Current assets	15,948	38,661
Non-current assets	143,198,584	74,453,419
Total assets	143,214,532	74,492,080
Liabilities		
Current liabilities	8,442,355	5,297,371
Non-current liabilities	7,959,000	10,559,000
Total liabilities	16,401,355	15,856,371
Net assets	126,813,177	58,635,709
Equity		
Issues capital	116,812,468	47,202,376
Reserves	-	1,133,333
Retained earnings	10,000,709	10,300,000
Total equity	126,813,177	58,635,709
FINANCIAL PERFORMANCE		
Profit for the year	(299,291)	17,480,013
Other comprehensive income	-	-
Total comprehensive income	(299,291)	17,480,013
Guarantees entered into by parent entity in relation to the debts of its subsidiaries		
Cross guarantees have been provided by the parent entity and its controlled entities as listed on note 22. The fair value of the cross guarantee has been assessed as $Nil based on the underlying performance of the entities in the cross guarantee.		
Guarantee provided under the deed of cross guarantee (i)	2,187,268	2,171,643

(i) Cash Converters International Limited has provided a cross guarantee to HSBC for a facility provided to CCUK.

31. COMPANY DETAILS

Cash Converters International Limited is a listed public company, incorporated in Australia.

Registered office & principal place of business:

Level 18, 37 St Georges Terrace, PERTH WA 6000, Telephone: +61 8 9221 9111

Directors' Declaration

The directors declare that:

a. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

b. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;

c. In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

d. the directors have been given the declarations required by s.295A of the Corporations Act 2001

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 22 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

Reginald Webb

Director

Perth, Western Australia

Date: 17 September 2010

Independent Audit Report to the Members

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Independent Auditor's Report to the members of Cash Converters International Limited

Report on the Financial Report

We have audited the accompanying financial report of Cash Converters International Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 28 to 73.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Cash Converters International Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Cash Converters International Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Gover

Mark Gover
Partner
Chartered Accountants
Perth, 17 September 2010

Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Cash Converters International Limited
Level 18
37 St Georges Terrace
Perth WA 6000

17 September 2010

Dear Board Members

Auditors Independence Declaration to Cash Converters International Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Cash Converters International Limited.

As lead audit partner for the audit of the financial statements of Cash Converters International Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Gover

Mark Gover
Partner
Chartered Accountants

Shareholder Information

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 15 SEPTEMBER 2010

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders (5% or above) in the Company and the number of equity securities in which they have an interest are set out below:

Name	Number of ordinary shares	Percentage of issued shares
EZCORP Inc	124,418,000	32.76
J P Morgan Nominees Australia Limited	19,930,119	5.25

DISTRIBUTION OF EQUITY

Distribution schedule of holdings:

	Holders
1 – 1,000	457
1,001 – 5,000	1,367
5,001 – 10,000	1,045
10,001 – 100,000	2,032
100,001 and over	220
Total number of holders	5,121
Number of holders of less than a marketable parcel	240

TWENTY LARGEST EQUITY SECURITY HOLDERS

	NAME	NUMBER OF ORDINARY SHARES	PERCENTAGE OF ISSUED SHARES
1.	EZCORP Inc	124,418,000	32.76
2.	J P Morgan Nominees Australia Limited	19,930,119	5.25
3.	HSBC Custody Nominees (Australia) Limited	12,901,459	3.40
4.	Alli Nominees Pty Ltd <Madden Account>	11,726,597	3.09
5.	Benos Nominees Pty Ltd	10,915,870	2.87
6.	Hosking Financial Investments Pty Ltd <Hosking Investments A/C>	10,765,369	2.83
7.	National Nominees Limited	9,197,732	2.42
8.	Fawngrove Pty Ltd <Global Graziers Family A/C>	8,273,792	2.18
9.	RBC Dexia Investor Services Australia Nominees Pty Ltd <MLCI A/C>	7,047,960	1.86
10.	Mrs Heather Janette Hubbard + Russell Leonard Tyrrell <Hubbard Retirement Fund A/C>	4,493,926	1.18
11.	Australian Executor Trustees Limited <No. 1 Account>	4,482,769	1.18
12.	Mrs Merle Cooke <Cooke Super Fund A/C>	3,173,000	0.84
13.	Citicorp Nominees Pty Ltd	2,816,180	0.74
14.	Michael Edward Constable	2,233,801	0.59
15.	Riolane Holdings Pty Ltd <Cumins Super Fund A/C>	2,076,319	0.55
16.	Mrs Andreana Debra Groom	1,883,000	0.50
17.	Mr Kenward Elmslie	1,500,000	0.39
18.	Tralar Pty Ltd <Rainbow A/C>	1,406,111	0.37
19.	Toscana Holdings Pty Ltd < W Hubbard Family A/C>	1,339,257	0.35
20.	Kenneth Ian Day, Sally Ann Day <Day Family Super Fund A/C>	1,298,174	0.34
		241,879,435	63.69

Shareholder Information

VOTING RIGHTS

All shares are one class with equal voting rights.

SHAREHOLDER INFORMATION

The shareholder information set out above was applicable as at 15 September 2010.

SAFROCK EARN-OUT SHARES

In September 2006, the Company acquired the Safrock Group of Companies (comprising Safrock Finance Corporation (QLD) Pty Ltd, Safrock Finance Corporation (WA) Pty Ltd, Safrock Finance Group Pty Ltd and Financial Administrators of Australia Pty Ltd). The Company paid the sellers consideration of $14.1million (in cash and fully paid ordinary shares in the Company issued at $0.40 per share). In addition to this, the Company has agreed to issue the sellers up to 8,500,000 additional fully paid ordinary shares in the Company (at $0.40 per share up to a maximum value of $3.4 million) as an earn-out if the Safrock Group of Companies exceeds certain EBIT hurdles over the 2 years and 9 months following completion of the acquisition. The hurdles will be measured, and shares potentially issued, at intervals during this period.

At a general meeting on 29 September 2006, the Company obtained a number of shareholder approvals, including approval under ASX Listing Rule 7.1 to the issue of these additional earn-out shares. ASX Listing Rule 7.3.2 would usually require these shares to be issued within 3 months of the date of such shareholder approval. However, given the length of the EBIT target periods for the Safrock earn-out, ASX has granted the Company a waiver of the requirement in Listing Rule 7.3.2 to allow the earn-out shares to be issued no later than 31 October 2009.

It is a condition of the ASX Listing Rule waiver that the Company state, in each annual report released during the period when earn-out remain to be issued, the number of earn-out shares issued in the relevant year, and the number that remain to be issued. To date, all 8,500,000 earn-out shares have been issued to the sellers of the Safrock Group of Companies with the final issue of 2,833,334 shares occurring in October 2009 following the exceeding of the relevant EBIT performance hurdles.

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