

CASH CONVERTERS

INTERNATIONAL LIMITED

ABN 39 069 141 546



ANNUAL REPORT

2013

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

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SOLICITORS

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CONTENTS

Chairman and Managing Director's Review	2
Review of the Year	10
Historical Performance	11
Group Structure	14
Corporate Objectives	15
Core Business	15
Directors' Profiles	16
Financial Report Contents	17
Operating and Financial Review	18
Corporate Governance	27
Consolidated Statement of Profit or Loss and Other Comprehensive Income	31
Consolidated Statement of Financial Position	32
Consolidated Statement of Changes in Equity	33
Consolidated Statement of Cash Flows	34
Notes to the Consolidated Financial Statements	35
Directors' Report	87
Directors' Declaration	100
Auditor's Independence Declaration	101
Independent Audit Report to the Members	102
Shareholder Information	104

CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

The directors of Cash Converters International Limited ('Cash Converters') are pleased to report a growth in revenue of 16.4% to \$272.7 million and a record earnings before interest tax, depreciation and amortisation (EBITDA) result of \$57.0 million for the 2013 financial year, an increase of 18.6% over the previous year.

The statutory earnings per share were 8.1 cents per share an increase of 4.4% on the previous corresponding period.

In addition the Directors are pleased to advise that the final dividend has been increased to two cents per share, taking the full year dividend to four cents per share fully franked, up 14% on the dividend paid in the corresponding period.

FINANCIAL RESULTS SUMMARY

	30 JUNE 2013 \$	30 JUNE 2012 \$	VARIANCE %
Revenue	272,722,719	234,354,795	+16.4
EBITDA	57,035,934	48,105,111	+18.6
Depreciation and amortisation	(6,455,993)	(4,291,780)	+50.4
EBIT	50,579,941	43,813,331	+15.4
Income tax	(14,794,235)	(12,009,250)	+23.2
Finance costs	(2,915,734)	(2,388,057)	+22.1
Net profit for the year	32,869,972	29,416,024	+11.7
Basic earnings per share	8.09	7.75	+4.4

DIVISIONAL EBITDA

Franchise operations	5,733,641	6,986,094	-17.9
Store operations	8,806,862	8,593,810	+2.5
Financial services – administration	14,363,314	13,702,403	+4.8
Financial services – personal loans	42,460,724	33,857,060	+25.4
Total	71,364,541	63,139,367	+13.0
Corporate head office costs	(14,328,607)	(15,034,256)	-4.7
Total divisional EBITDA	57,035,934	48,105,111	+18.6

HIGHLIGHTS

Revenue growth of 16.4% to \$272.7 million. The major drivers for revenue growth over the year included an increase in personal loan interest of \$20.2 million and establishment fees of \$5.9 million, an increase in corporate store revenue of \$13.2 million and an increase in cash advance administration fees of \$1.1 million.

The net profit after tax was \$32.9 million, up 11.7% on the previous year.

The Australian personal loan book has grown by 35.4% from \$67.6 million at 30 June 2012 to \$91.5 million at 30 June 2013 and generated an EBITDA of \$40.7 million, up 37.5% on the previous period.

The growth of the online personal loan business in Australia continues to be very strong with the value of loans written increasing 89% to \$26.9 million (2012 \$14.2 million).

The cash advance administration platform in Australia and the UK, generated an EBITDA of \$14.4 million (2012 \$13.7 million) which is up 4.8% on the previous year.

Three 'greenfield' company owned stores were opened in Australia and nine franchise stores were acquired, taking total corporate store numbers in Australia to 55 as at 30 June 2013. In the UK four franchised stores were acquired taking corporate store numbers in the UK to 63 as at 30 June 2013. Total corporate store numbers are 118 (63 in the UK and 55 in Australia).

The Company raised \$32.7 million of capital through a placement of 38,500,000 shares at 85 cents per share in December 2012. The placement was substantially oversubscribed with strong support from existing and new institutional investors. The funds from the placement will be used to acquire stores within the franchise network, to open new corporate stores and to finance the growth of the Australian and UK personal loan books.

DIVIDEND

The directors have declared a fully franked final dividend of two cents per share. The dividend will be paid on 27 September 2013 to those shareholders on the register at the close of business on 13 September 2013. This will take the total dividend payment for the year to four cents per share, fully franked. This represents a pay-out ratio of approximately 52% of net profit after tax.

DIVIDEND REINVESTMENT PLAN

The Company has established a Dividend Reinvestment Plan (DRP) which will be available for shareholders with respect to the final dividend payable in September this year and for future dividends. Shareholders can choose to reinvest dividends in fully paid CCV shares. For the final dividend for the 2012-2013 financial year, DRP shares will be issued at a discount of 2.5% to the volume weighted average market price for CCV ordinary shares sold on the Australian Securities Exchange during the five trading days immediately following the record date of 13 September, 2013.

The DRP has been put in place in response to shareholder requests. It gives shareholders the ability to nominate some or all of their shareholding to participate in the DRP. The DRP provides a convenient way for shareholders to increase their shareholding if they do not want to receive dividends in cash. The DRP also provides extra capital for the Company to finance growth opportunities.

All shareholders have been sent a letter which provides the details for participation and for the Rules of the DRP. It is not available to shareholders residing in the United States of America or Canada.

FINANCIAL SERVICES OPERATIONS

The financial services business continues to grow strongly with EBITDA from the personal loans products increasing 25.4% to \$42.5 million and the administration business for cash advance services increasing 4.8% to \$14.4 million.

The reported net profit after tax was impacted by a provision of \$1.0 million (pre-tax effect) towards an exit bonus payable in October 2014 to Ausgroup Pty Ltd ("Ausgroup"), an Australian company that has provided Cash Converters with specialist training support, compliance services and franchisee establishment support in the United Kingdom and Australia. Ausgroup is paid a commission based on a percentage of turnover and this structure has incentivised Ausgroup to drive the rapid growth in the UK operations.

Cash Converters will provide these services itself from October 2014 when Ausgroup's contract expires. Accounting Standards require that Cash Converters recognise the expense related to the estimated exit bonus payable to Ausgroup over the period of the contract. The total bonus payable at the end of the term will be calculated based on a mixed multiple of between 2.5 and 5.0 times the final annual commission, depending on whether the commission relates to a corporate store or a franchised store, net of the operational costs, paid to Ausgroup. The expiry of the contract will have a positive impact on UK earnings from 2015 onwards.

WESTPAC

To help fund the growing Australian personal loan book, the Company secured a \$60 million dollar facility with Westpac, which effectively will fund 70% of the growth of the loan book going forward. This facility is currently drawn to \$52 million.

AUSTRALIA

The Australian personal loan book has grown by 35.4% from \$67.6 million at 30 June 2012 to \$91.5 million at 30 June 2013. Part of this growth has been generated by our online lending platform, with 16,471 loans made totalling \$26.9 million, up 89% on the previous period. Online personal loans represent 15.1% of the total principal lent during the period.

The Australian personal loan book produced an EBITDA of \$40.7 million (2012 \$29.6 million) up 37.5% on the previous period.

The bad debt percentage of principal written off to principal advanced for the Australian business reduced from 5.6% in 2012 to 5.3% in the period.

The Australian cash advance business has continued to grow in the period, generating an EBITDA of \$13.4 million, up 2.8% on the previous period.

The result was affected by a reduction in cash advance product and personal loan outgoings as both Cash Converters and our customers became accustomed to the new processes introduced as part of the responsible lending legislation, which came into effect on 1 March 2013. The financial impact is estimated to be approximately \$1.1 million to EBITDA. By June outgoings had returned to within 15% of their historic monthly levels, as staff and customers became familiar with the new operating systems and procedures.

We expect to see further growth going forward as we now have launched a fully integrated online cash advance product. This was launched in the first half of December and early signs are encouraging, with \$1.5 million dollars lent online this financial year.

CASH ADVANCE

Total principal loaned increased by 2.6% to \$235.7 million
 Average loan amount increased from \$331 to \$341
 Total customer numbers increased by 15.3% to 464,857

PERSONAL LOANS

Total number of loans approved increased by 26.5% to 135,022
 Total number of active customers increased by 21.7% to 81,233
 Loan Book increased by 35.4% to \$91.5 million

UNITED KINGDOM

The UK personal loan book grew by 59.8% from £12.7 million at 30 June 2012 to £20.3 million at 30 June 2013.

Part of this growth has been generated by our online lending platform, with 3,990 loans made totalling \$2.8 million, up 195% on the previous period.

The UK personal loan book produced an EBITDA of \$1.8 million (2012: \$4.3 million), down 58%. The result was affected by collections, which resulted in the provision for doubtful debt being increased to £10.2 million (2012: £2.5 million). The provision at the half year ended 31 December 2012 was £5.2 million. This is a disappointing result for the Company.

Collections in the second half have been much stronger as the loan underwriting policies have been changed and efficiencies made at the collection end.

This table shows the percentage of the UK personal loan book in arrears by age:

AGE BY DAYS	JANUARY 2013	JUNE 2013
120	5.01%	3.42%
90	6.41%	3.33%
60	6.58%	3.88%
30	5.04%	4.00%

The UK cash advance business has continued to grow in the period, generating an EBITDA of \$915k (2012: \$615k) up 48.8% on the previous period.

CASH ADVANCE

Total principal loaned increased by 31% to £38.2 million

Average loan amount increased from £121 to £134

Total customer numbers increased by 56.6% to 117,737

PERSONAL LOANS

Total number of loans approved decreased by 7.6% to 26,075

Total number of active customers decreased by 8.5% to 23,853

Loan Book increased by 59.8% to £20.3 million

WEBSHOP

Cash Converters online presence allows us to stretch the brand and 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.

The Company receives a commission based on an agreed percentage of sales for providing the 'Webshop' online service to its franchisees. The Webshop provides a platform for the store network to display inventory items in an online shop format. Online product sales have grown 83.5% across the Australian and UK operations over the past 12 months.

WEBSHOP (CONTINUED)

Some key online statistics:

	UNITED KINGDOM	AUSTRALIA
Registered users	157,382	55,745
Unique visitors	4,981,506	2,815,387
Total page views	33,553,467	24,742,488
Retail Sales	£1,280,977	\$3,540,102

COMPANY OWNED STORE RESULTS

The corporate store network in Australia produced an EBITDA of \$8.8 million (2012: \$8.6 million) up 2.5% on the previous period.

Three “greenfield” stores were opened in the period and nine franchised stores were acquired. The earnings impact of these acquisitions was minimal with eight of the stores only being acquired in late May 2013.

The Australian corporate stores performance was impacted by:

Start-up losses of \$965k associated with the opening of three greenfield stores.

Revenue losses, less costs, of approximately \$1.2 million EBITDA associated with additional lending compliance obligations on stores, pursuant to the new Consumer Credit Legislation Amendment (Enhancements) Bill 2012, which commenced on 1 March 2013.

The UK corporate store network has struggled in very tough trading conditions. The EBITDA for the period was a small loss of \$11k, down from the previous corresponding period profit of \$803k. No greenfield stores were opened in the period. There were four franchised stores acquired.

In relation to UK corporate stores performance:

The EBITDA on a same store basis was down £675,221. This was offset by the profit of £340,209 generated by the acquisition of four franchised stores for part of the year.

Central administration overhead increased by £177,708.

The UK corporate stores have been instrumental in the exponential growth of the financial loan products and remain a very important part of the distribution strategy for driving future growth. As the cash advance and personal loan business grows in-store we expect the trading profitability of the UK stores to improve.

GREEN LIGHT AUTO

Green Light Auto (GLA) was established in 2010 with the first lease contracted in October of that year. The concept is a car leasing business set up to meet the needs of customers who don't have access to main stream credit and need a reliable car. The car lease is marketed under the “Carboodle” brand.

The Company provided \$4.0 million of seed capital for this start up business by way of a Redeemable Preference Instrument (RPI) which carries the right to 80% equity in GLA. The Company also has an option to acquire the 20% balance of the equity from February 2015.

A Carboodle car has the running costs packaged up so that the customer can manage their personal budget without any untimely or unexpected bills.

GREEN LIGHT AUTO (CONTINUED)

The packaged running costs can include:

- Annual registration
- Insurance premium
- Extended manufacturer's warranty
- Servicing
- Tyres
- Roadside assistance.

The running costs are bundled into one easy weekly payment over a 48 month lease. For that weekly payment, the customer gets the "whole kit and carboodle".

GLA retains ownership of the car and at the end of the lease term, the customer hands back the car and may initiate a new lease on a new vehicle. GLA has been focussing on leasing a range of popular models, including commercial vehicles for tradesmen and small businesses.

GLA has an exclusive licence with Cash Converters that allows it to use the Cash Converter stores in Australia as its agent to promote its product. GLA pays a royalty to the Company and a commission to the stores.

GLA has distribution show room centres located in Perth, Melbourne, Sydney and Brisbane with a centre due to open in Adelaide later in the year. Initial sales and the rollout of distribution show room centres have been progressing in line with our expectations.

The Carboodle brand has had a limited marketing campaign to date, however, a national marketing campaign to consumers directly, through television, radio, press and the Web commenced in mid-July 2013.

GLA has also been successful in securing \$40 million of funding to cover 80% of the purchase price of vehicles going forward with Fortress, a USA based lender.

OPERATIONAL HIGHLIGHTS

- 528 active leases
- Forward contracted lease payments of \$21.2 million
- Total revenue for FY 2013 \$5.5 million

OUTLOOK

The Company expects continued growth in its Australian personal loan book. The online lending platform will contribute greatly to this growth. The cash advance volumes are expected to return to previous levels and beyond as customers become more familiar with the new lending procedures. From 1 July the interest rate cap for these loans come into effect and it will make the product even more attractive for customers with lower loan charges.

With the updated loan procedures we have implemented we expect the UK personal loan book to return to growing profitably and this is underpinned by the improved collection rates we have been experiencing in June and July. Loan book growth will be assisted by the launch, in July, of an online personal loan product. The UK cash advance business produced a 48.8% increase in profit during the period and the Company expects similar profit growth next year.

Following a period of start-up, market and product testing, the Carboodle business is now well positioned and funded to grow nationally. With the support of a recently commenced national marketing campaign, the Company is looking forward to seeing significant growth in this business. The Company expects to exercise its equity rights in the first half of the 2014 financial year.

In closing we wish to thank the staff, management and franchisees for their contributions to the strong financial result this year.

Reginald Webb
Chairman

Peter Cumins
Managing Director

Perth, Western Australia
Date: 22 August 2013

REVIEW OF THE YEAR

Earnings before interest, tax, depreciation and amortisation up 18.6% to \$57,035,934 (2012:\$48,105,111)

Net profit attributable to members up 11.7% to \$32,869,972 (2012:\$29,416,024)

Financial services - administration, earnings before interest, tax, depreciation and amortisation up 4.8% to \$14,363,314 (2012: \$13,702,403)

Financial services – personal loans, earnings before interest, tax, depreciation and amortisation tax up 25.4% to \$42,460,724 (2012: \$33,857,060)

Franchise operations, earnings before interest, tax, depreciation and amortisation, slightly lower at \$5,733,641 (2012: \$6,986,094) down 17.9%

Store operations, earnings before interest, tax, depreciation and amortisation up 2.5% to \$8,806,862 (2012:\$8,593,810)

Installment personal loan book in Australia rises by 35.4% to \$91.5 million and the UK by 59.8% to £20.3 million

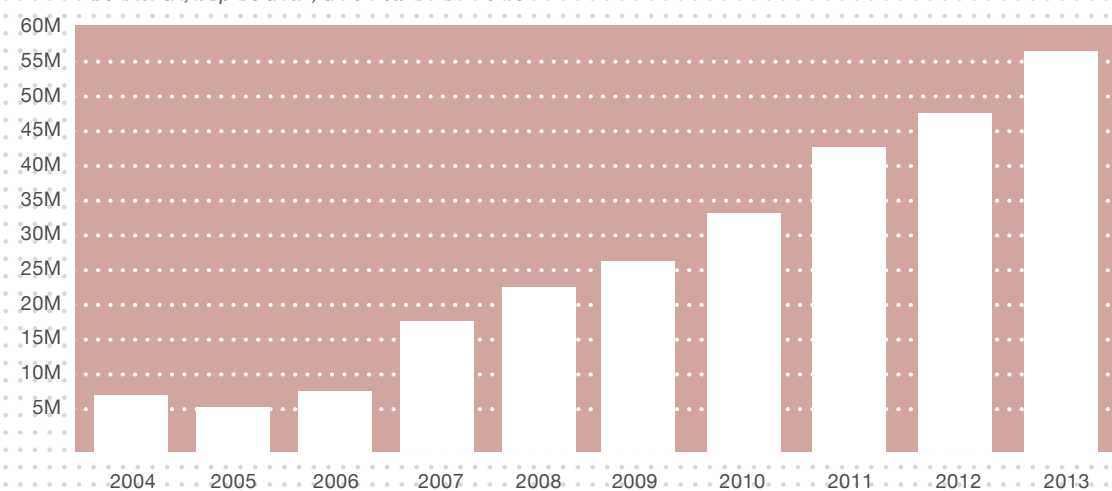
Fully franked dividend for the year of 4.0 cents

Corporate store network in the UK expands to 63 stores

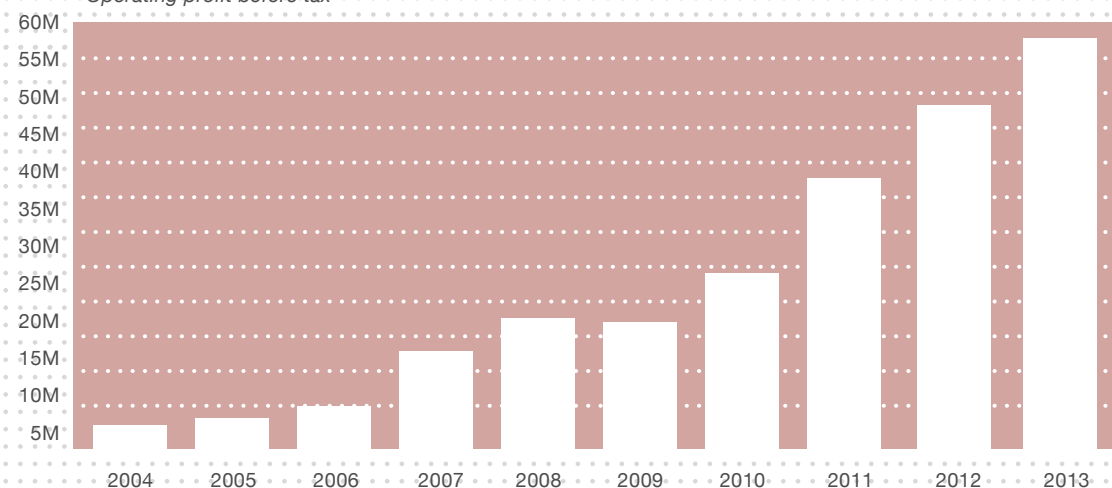
Corporate store network expands to 55 stores in Australia

HISTORICAL PERFORMANCE

OPERATING PROFIT
before tax, depreciation, amortisation & interest

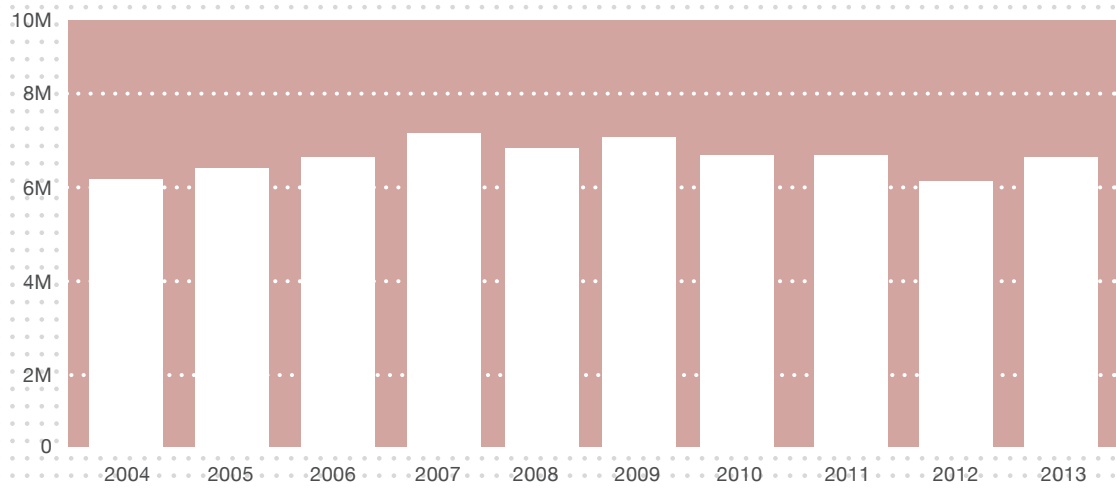
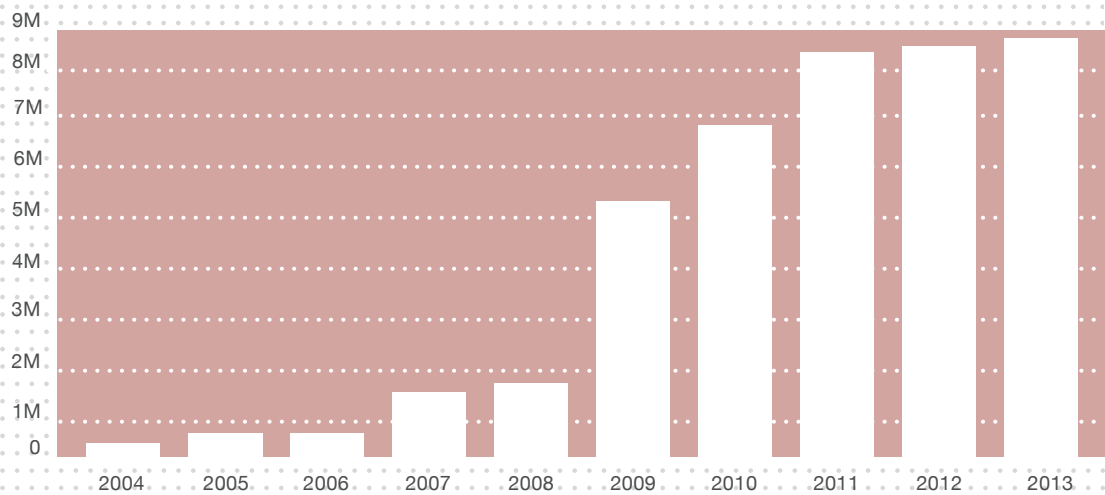


FINANCIAL SERVICES
Operating profit before tax



HISTORICAL PERFORMANCE (CONTINUED)

WEEKLY FRANCHISE FEES

STORE OPERATIONS'
Operating profit before tax

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.

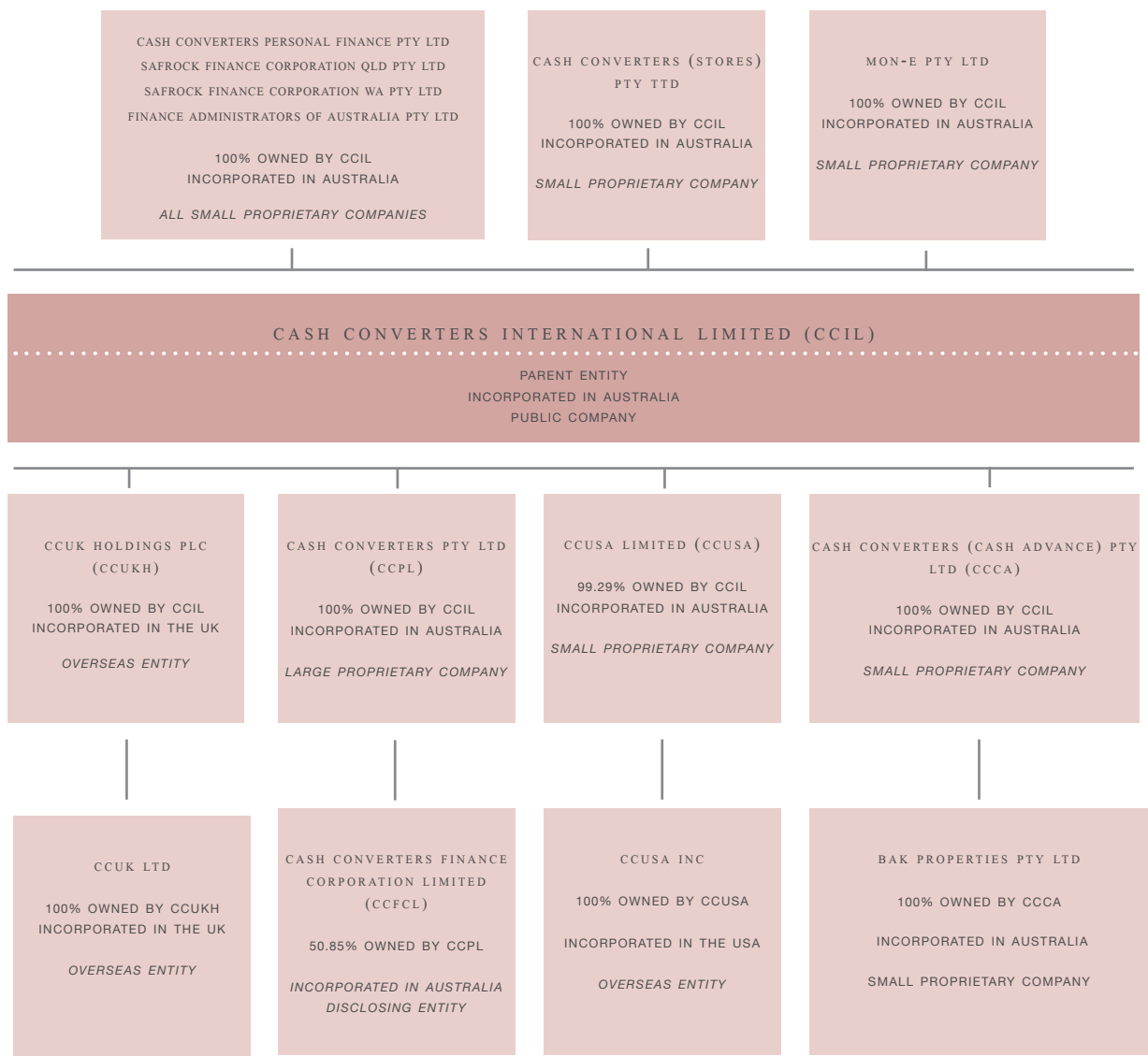
During the next four years the merchandising formula and trading style that has underwritten the group's success were developed and tested in the market place. A total of seven stores were open and trading profitably before the franchising of Cash Converters began with the opening of two franchised outlets in Perth in June 1998.

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 well over 200 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 20 countries worldwide and to a network of close to 700 stores.



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 also 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 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

Operating and Financial Review	18
Corporate Governance	27
Consolidated Statement of Profit and Loss and Other Comprehensive Income	31
Consolidated Statement of Financial Position	32
Consolidated Statement of Changes in Equity	33
Consolidated Statement of Cash Flows	34
Notes to the Consolidated Financial Statements:	35
1. Summary of Accounting Policies	35
2. Revenue and Expenses	48
3. Income Tax	50
4. Remuneration of Auditors	52
5. Cash and Cash Equivalents	52
6. Trade and Other Receivables	54
7. Inventories	56
8. Other Assets	56
9. Plant and Equipment	57
10. Trade and Other Payables	58
11. Borrowings	58
12. Provisions	59
13. Deferred Establishment Fees	60
14. Other Intangible Assets	60
15. Goodwill	61
16. Issued Capital	62
17. Reserves and Retained Earnings	63
18. Financial Instruments	64
19. Leases	68
20. Related Party Disclosures	70
21. Contingent Liabilities	75
22. Events after the Reporting Period	76
23. Earnings Per Share	77
24. Dividends	78
25. Employee Numbers	78
26. Segmental Information	78
27. Parent Entity Disclosures	81
28. Share-based Payment Plan	82
29. Other Financial Assets	85
30. Acquisitions of Business	86
31. Company Details	86
Directors' Report	87
Directors' Declaration	100
Auditor's Independence Declaration	101
Independent Audit Report to the Members	102
Shareholder Information	104

OPERATING AND FINANCIAL REVIEW

Following a year that saw the enactment of some of the farthest reaching legislative changes to impact consumer credit, the company is pleased to report continued growth in both revenue and earnings.

Through a continued focus on its core business objectives to strengthen the corporate store network, grow the personal loan book and expand its online presence, both in terms of retail and personal finance, the company has achieved record earnings before tax, depreciation and amortisation (EBITDA) of \$57.0m, up 18.6% on the prior year. This result has been derived from a 16.4% growth in revenue, up \$38.4m to \$272.7million, of which the majority has been contributed by the personal loan business with revenue increasing by \$26.5 million.

The excellent result generated an increase in earnings per share of 4.4%, over the prior year, to 8.1 cents and allows the directors to declare a two cent per share final dividend. This brings the full year dividend to four cents fully franked, a 14.3% increase over the 2012 dividends.

A summary of consolidated revenues and results by significant segment is set out below:

	SEGMENT REVENUES YEAR ENDED		SEGMENT RESULTS YEAR ENDED	
	2013	2012	2013	2012
Franchise operations	23,974,486	23,500,770	4,273,796	6,054,033
Store operations	136,126,740	122,844,139	4,574,848	5,628,791
Financial services – administration	17,696,354	16,584,676	14,185,880	13,651,754
Financial services – personal loans	113,609,383	87,087,517	41,104,427	33,477,570
Intersegment elimination of revenues	(18,835,095)	(15,903,306)	-	-
Totals	272,571,868	234,113,796	64,138,951	58,812,148
Corporate head office income / (costs)	150,851	240,999	(16,474,744)	(17,386,874)
Total revenue/operating profit	272,722,719	234,354,795	47,664,207	41,425,274
Income tax attribute to operating profits			(14,794,235)	(12,009,250)
Profit after income tax			32,869,972	29,416,024
Profit attributable to non-controlling interest			-	-
Profit attributable to members of Cash Converters International Limited			32,869,972	29,416,024

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

FRANCHISE OPERATIONS

The profit before tax of the franchise operations of the group have declined again during the 2013 financial year to \$4,273,796 (2012: \$6,054,033) a decrease of 29.4%. This decrease is not unexpected as the company continues with its strategy of re-acquiring the franchised stores in Australia and the UK. 2013 saw the acquisition of nine franchised stores in Australia and as a result, the Australian business contributed \$2,263,186 (2012: \$3,556,358) of the profit before tax. With the acquisition of four franchised stores in the UK, the UK operation's contribution was \$1,653,661 (2012: \$1,840,109) profit before tax. Profit from international franchise income dropped 46% to \$356,949 (2012: \$657,566), this was largely due to the 2012 figures including a cumulative back charge to France that distorted the prior year result upwardly by \$150,000, and the continued depressed economic conditions in Europe which saw lower fees from Spain, Holland, Northern Ireland and Belgium. Also, with fewer new stores opening during 2013, Initial Fees were down \$35,000 on the previous year's result.

The total number of franchised stores throughout the world now stands at 599 with 156 stores in the UK, 94 in Australia and 349 throughout the rest of the world. The company continues to look for opportunities to expand its franchise network, both in Australia and internationally. With EZCORP Inc (a major shareholder in Cash Converters) as a sub-franchisor in the USA and holding the trademark and licensing rights in Canada, we are seeing an increase in the store footprint and brand profile across North America, demonstrated in 2013 with a 28% increase in franchise income from Canada. During the year new franchised stores were opened in Malaysia, South Africa and Spain.

CORPORATE STORES OPERATIONS

Corporate stores generate their revenue through the operation of retail premises across Australia and the UK, and also through online retail sales via the Cash Converters web shop and through cash advance online lending. The stores also receive commission from Cash Converters Personal Finance business for personal loans generated in the stores. The stores offer a mixture of 'buys and loans' (traditional pawn broking and second hand goods buying), personal finance (in the form of personal loans and cash advance) and the retailing of second hand goods.

During the year the company acquired 13 franchised stores; one in Gosnells, Western Australia (February 2013), eight stores in South Australia (May 2013), and four stores in the UK, (two - January 2013, two - April 2013). In addition to these acquisitions the company opened three 'green field' stores in Australia. These acquisitions and new store openings took the total number of corporate stores to 118 (UK: 63, Australia: 55)

Corporate stores contributed EBITDA of \$8.8m to group result, up \$0.2m on the previous year, and generated a profit before tax of \$4,574,848, down \$1,053,943 on the previous year. The performance of the two regions, Australia and UK are detailed below:

AUSTRALIA

- The corporate store network in Australia actually outperformed the prior year with EBITDA of \$8.5 million (2012 \$7.7 million), up 10.4% on the prior year. This result is particularly encouraging as the result was significantly impacted by:
- Start-up losses of \$965k associated with the opening of the three greenfield stores
- Revenue losses, less costs, of approximately \$1.2 million EBITDA associated with additional lending compliance obligations on stores, pursuant to the new Customer Credit Legislation Amendment (Enhancements) Bill 2012, which came into effect on 1 March 2013.

Adjusting the result to exclude the contribution from the newly acquired stores (profit of \$585k) and the cost of the 'greenfield' startup losses, the like for like EBITDA grew by \$1.2 million over 2012 results, an increase of 15.6%

Overall, pawn broking interest and in store retail sales increased by 5.8% and 11% respectively, scrap gold sales were up 40% on 2012, but with a declining gold price saw only an 18% increase in gross margin contribution from those sales.

Revenue from online sales via the Cash Converters web shop increased over 87% to \$2.3million (2012 \$1.2 million) as the site became more established and the stores became more efficient at listing items on the site.

UNITED KINGDOM

The 63 UK corporate stores continued to face extremely challenging market conditions. EBITDA for the UK corporate stores reported a profit of £185k, down from £620k profit in the previous year. Whilst overall revenues for the UK stores increased to £34.1 million (2012 £30.5 million), this was only as a result of the first full year trading of the 12 stores opening throughout the 2012 financial year (an additional £2.6million in revenue in 2013) and the subsequent acquisition of four stores in 2013. (£1.9 million revenue contributed in 2013). Like for like full year trading stores saw a decline in revenue of £928k.

The four stores acquired during the year contributed £340k to the division's profit. However, the 12 new stores opened in 2012 are taking longer than anticipated to break even. Whilst most stores saw an improvement over the prior year, a combined profit drag of £581k was still felt by these stores (2012 £591k).

Central administrative overheads increased in 2013 by £177k, contributed to by an increase in management staff and a significant boost to training costs.

WEBSHOP

The Cash Converters' webshop is one of the great success stories of 2013. Initially launched in early 2008, the webshop expands Cash Converters online presence. Not only generating revenue in its own right, the webshop is proving to be an essential ingredient in introducing people to the Cash Converters brand, with many 'in-store' experiences being borne from an initial search of the online store.

The webshop was initially only servicing the corporate store network, but has since been expanded to allow the franchise network to utilise the platform and list their items for sale. The company receives a commission based on an agreed percentage of retail sales for the provision of the site and payment services. Each store is responsible for its own item listing and despatch.

Items listed for sale on the site can be purchase through auction or a fixed price 'buy it now' option. Online sales have increased 83.5% over the last 12 months across both the Australian and UK operations.

Some key online statistics:

	UNITED KINGDOM	AUSTRALIA
Registered users	157,382	55,745
Unique visitors	4,981,506	2,815,387
Total page views	33,553,467	24,742,488
Retail Sales	£1,280,977	\$3,540,102

FINANCIAL SERVICES OPERATIONS

These divisions incorporate the trading results of MON-E Pty Ltd (Australia), Cash Converters Personal Finance Pty Ltd (Australia) (formerly Safrock Finance Group Pty Ltd) and the UK Finance Division.

MON-E Pty Ltd is responsible for providing the internet platform and administration services for the Cash Converters network in Australia to offer small cash advance loans to their customers (average loan size of approximately \$325). The cash advance principal loaned is financed by the corporate stores and the individual franchisees for the cash advances provided by their stores. MON-E receives commission from the store network for each advance processed through their systems.

Cash Converters Personal Finance (CCPF) provides small, largely unsecured loans through the franchise and corporate store networks in Australia and online. The principal is funded by CCPF who pays a commission to the stores (both corporate and franchise) for the generation of the lead and processing the application in store.

The UK Finance Division utilises the software developed in Australia, for both cash advances and personal loans, and is continuing to roll-out the finance products across both the franchise and corporate store networks in the UK. During the period under review the net profit before tax for this division was \$55,290,307 (2012: \$47,129,324), representing an increase on last year of 17.3%. Cash Converters Personal Finance contributed \$39,728,030, MON-E \$13,436,584 and the UK Finance Division a profit of \$2,125,693.

PERSONAL LOANS

AUSTRALIA

The Australian personal loan book has grown by 35.4% from \$67.6 million at 30 June 2012 to \$91.5 million at 30 June 2013. A large part of this growth has been achieved through the increasing success of the company's online lending platform. During the 2013 period, 16,471 loans were advanced totaling \$26.9 million; this was an increase of 89% on the previous year. Online lending now represents 15.1% of the total principal advanced during the period.

For Australia, bad debt levels have improved, down to 5.3% of the principal loaned for 2013 (5.6% of the principal loaned in 2012), this level is being sustained through continued diligence in assessment customer applications and effective collections management by the CCPF team.

The Christmas period is one of the busiest periods for the personal loan product and this year was no exception with a new record of \$19.4 million (2012:\$13.2 million) advanced in Australia during December.

Cash Converters is licensed to provide financial products pursuant to the National Consumer Protection Act and has responsible lending processes and controls in place. Following the enactment of the amendments to the responsible lending legislation on the 1st March 2013 (further changes came into force on 1 July 2013, these items are explained further in the 'significant events after the balance sheet date' section below), the financial services operations took steps to review the nature of the personal loan products offered and commenced trialing new loan types that fitted more appropriately with the new responsible lending requirements, whilst continuing to meet the ever growing demands of the customer. Faced with increasing competition from other 'online lenders' it became more pertinent to offer a point of difference when dealing with Cash Converters and the company continues to emphasize its commitment to responsible lending through a more personal approach to the assessment and approval of loan applications.

Some key operating statistics for the Australian personal finance divisions:

- Total number of approved loans increased by 26.5% to 135,022
- Total number of active customers increased by 21.7% to 81,233
- Loan book increased by 35.4% to \$91.5 million
- Bad debts as a percentage of principal advanced decreased to 5.3%
- Personal loans EBITDA up 37.5% to \$40.7 million

UNITED KINGDOM

The UK personal loan book, still in its infancy, grew by 59.8% from £12.7 million at 30 June 2012 to £20.3 million at 30 June 2013. This growth has been contributed to by an increase of 195% in online loans, where a total of 3,990 loans totaling £2.8 million were advanced during the period. This level of online activity is particularly encouraging as the UK web portal was not fully functioning in the period and did not become fully operational until July 2013. During the year, the online application worked as a referral enquiry form only, with the application subsequently followed up by the personal finance team. With the new, fully online application process, it is anticipated continued expansion of this area for the UK operations.

Despite its strong growth in the loan book, the EBITDA contributed by the UK personal Loan book was £1.8 million (2012: £4.3 million), down 58%. The UK result was heavily impacted by collections which were unable to keep pace with the rapid growth of the loan book. This made it necessary to increase the provision for doubtful debts to £10.2 million (2012: £2.5 million). Renewed effort and resourcing has been applied to the collections operations, which have already shown improvements. Below demonstrates the improvement in the ageing profile of the UK loan book arrears from Jan 2013 to June 2013.

AGE BY DAYS	JANUARY 2013	JUNE 2013
120	5.01%	3.42%
90	6.41%	3.33%
60	6.58%	3.88%
30	5.04%	4.00%

With these improved collections, combined with improvements to the loan underwriting policies, it is anticipated that a proportion of the debts provided for will be recovered in the next financial year.

The UK personal loan book is still maturing and growing rapidly. The level of bad debts currently being experienced is in line

UNITED KINGDOM (CONTINUED)

with the levels initially experienced in a similar age of the Australian personal loan business. We expect that the UK database will mature and our customer knowledge will increase, allowing the level of bad debts to decrease steadily over the coming years.

Also impacting the 2013 net profit after tax for the UK personal loans division is a provision of \$1.0 million (pre-tax effect) towards the Ausgroup Pty Ltd exit bonus.

CCUK is currently utilising the knowledge and experience of Ausgroup Pty Ltd (Australian agent experienced in financial services) to roll out the financial services to corporate stores, franchisees and to train staff – this agreement expires 1 October 2014 at which point Cash Converters will take over the provision of these services.

Ausgroup will be eligible for an exit bonus at the end of this agreement. The total bonus payable will be calculated on a mixed multiple of between 2.5 and 5.0 times the final annual commission, depending on whether the commission relates to a corporate store or a franchised store, net of the operational costs, paid to Ausgroup. Accounting Standards require that Cash Converters recognise the expense related to the estimated exit bonus payable to Ausgroup over the period of the contract.

The expiry of the contract will have a positive impact on UK earnings from 2015 onwards.

CASH ADVANCE

AUSTRALIA

The company derives income from the cash advance product in multiple ways. MON-E Pty Ltd receives a commission from all stores (both franchise and corporate stores) for the provision of the online software platform and administrative services. Secondly, the corporate store network generates interest income from the loans provided to their customers. During the year, the company also embarked on a major initiative to launch the cash advance product online. A fully integrated online platform for the cash advance product went live in December 2012. The online option has proved to be popular with over \$1.5m in principal advanced since December and highlights a section of the market that Cash Converters had previously not serviced, evidenced by an average of 64% new customer take up month on month since the product was launched. The EBITDA for the Australian cash advance business was \$13.5m an increase of 3.0% over 2012.

With the advent of the responsible lending legislation amendments taking effect from 1st March 2013, saw reduced outgoings against historic levels.

What was previously a quick and convenient solution to a customer's short term cash requirements is now a more complicated and time consuming process.

The new legislation made the application process more onerous for both the customer and staff, with requirements to:

- Provide the most recent 90 days of bank transactions. For most customers this is only available through online banking services and hence those customers that do not have access to online banking are unable to proceed with an application until they are registered with their bank.
- The 90 days of statements are then required to be analysed to ensure that there are no other current SACC (Small Amount Credit Contracts) loans with other lenders.
- An income and expenditure form needs to be completed for each loan application and then an assessment made of the customers capacity to repay the loan.

However, as both the customer and staff became more familiar with the requirements and procedure, volumes have begun to increase. By the June, the outgoings had recovered ground to within 15% of the historic average monthly outgoings and management are confident of a return to previous volumes and further growth as the new year gets underway.

Key performance indicators for Cash Advance – Australia:

- Total principal advanced up 2.6% to \$235.7 million
- Average loan amount up from \$331 to \$341
- Total customer numbers increase by 15.3% to 464,857
- 10% of new customers generated from online lending

UNITED KINGDOM

As the cash advance product increases its footprint across the UK network, good growth is being experienced, with EBITDA of \$915k (2012: \$615k) an increase of 48.8% on the previous period. In a fiercely competitive market such as the UK, where there are multiple providers of similar products to Cash Converters, it is encouraging to be continuing to generate year on year growth at these levels. Again, showing similar trends to the early years of the cash advance product in Australia, it is highly anticipated that the UK cash advance business to become a major contributor the group's results in the coming years.

Whilst the UK has not been subject to the same level of regulatory upheaval as experienced in Australia, the Office of Fair Trading (OFT) has recently completed its own in depth review of the leading 50 'payday lenders' who make up 90% of the market in the UK, of which Cash Converters UK is one. Each company was issued with a report of the OFT's findings and given 12 weeks to respond with proof that they had address all areas of non-compliance identified during the review. As a result of the review:

- 19 of the 50 lenders have informed the OFT that they are leaving the payday market. Four of these have surrendered their licenses.
- One business failed to provide an audit report by the OFT deadline. The business has informed the OFT that it is no longer lending.

In addition to the 50 leading lenders, and since the OFT published their final payday review report in March:

- Three firms engaged in payday lending have had their licenses revoked;
- Another three lenders have also surrendered their licenses.

CCUK is pleased to report that the findings of the OFT in respect to Cash Converters payday lending activity were minor and had, in fact, already been addressed through internal management improvement plans prior to the OFT's report being issued. Cash Converters welcomes the OFT involvement in the industry and are pleased to see those lenders who are unable to comply with the requirements of the law are leaving the industry. This will provide a greater market share to those companies who remain.

Key Performance Indicators for the UK Cash Advance product are:

- Total principal advanced up 31% to £38.2 million
- Average loan amount up from £121 to £134
- Total customer numbers increase by 56.6% to 117,737

CORPORATE OFFICE COSTS

These costs represent the corporate office and interest 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.

The 2013 year saw an overall reduction in these costs, largely contributed to the stamp duty costs incurred in 2012 of \$681k and associated professional fees incurred in support of the acquisitions and new store openings during 2012. Similar costs were not included in the 2013 result. Interest expense has also decreased as a result of falling interest rates and the renegotiation of banking facilities with Westpac.

FINANCING AND INVESTMENT ACTIVITIES

LONDON STOCK EXCHANGE

The board decided during the year to delist from the London Stock Exchange (LSE). Having considered the Company's position it was concluded that the listing on the Australian Securities Exchange adequately provides for the capital requirements of the Company and gives shareholders a trading forum with reasonable liquidity and all necessary shareholder protections. The additional listing on the LSE duplicated costs but did not deliver a significant benefit, given the make-up of the Company's share register and the low UK trading volume. The delisting from the LSE took effect from 19 February 2013.

WESTPAC

During the year, the Company completed negotiations to secure a new funding arrangement with Westpac Institutional Bank. The facility arrangement is a securitisation warehouse facility secured against the Australian personal loan book. The facility provides funding of up to \$60 million. As at 30 June 2013 the facility was drawn to \$52.1 million. The structure of the facility is such that it provides funding up to 70% of eligible receivables in the personal loan book. As the loan book grows, the capacity to draw down from the facility will increase. The securitisation facility required the establishment of a new entity operating as a trust and for CCPF to assign the receivables to. Whilst the borrowings are shown in the financial statements as a current liability (see note 11 to the Financial Statements), the facility is for a minimum of two years, with an option to extend beyond this period.

SHARE ISSUE

On the 30 November 2012, the company resolved to raise capital through the placement of 38.5 million shares at 85 cents per share. The placement was made to institutional and sophisticated investor clients of Hartleys Ltd and was substantially oversubscribed, with strong support from existing and new investors. The placement raised \$32.7 million and facilitated in the continued growth of the loan book and contributed funding towards the new corporate stores in the UK and Australia.

CARBOODLE

The Carboodle brand was established by Green Light Auto Group Pty Ltd (GLA) in 2010. Designed as a total motoring solution, Carboodle provides customers who don't have access to main stream credit (retail and commercial) with a reliable, late model and well maintained vehicle. The leasing arrangement packages all running cost of the vehicle (with the exception of fuel) into one easy payment, and runs for 48 months. Packaged running costs can include:

- Annual registration
- Comprehensive insurance
- Extended warranty
- Scheduled servicing
- Tyres
- Roadside assistance

GLA retains ownership of the vehicle and at the end of the lease term, the customer hands back the car and may initiate a new lease on a new vehicle if they wish. Carboodle focusses on providing popular models of both passenger and commercial vehicles to retail customers as well as tradesmen and small businesses.

GLA has an exclusive license with Cash Converters that allows it to use all Australian Cash Converters stores as its agent to promote the Carboodle product. Carboodle pays a royalty to the company and a commission to the stores for each lead converted to a lease. Carboodle showrooms have been established in Perth, Melbourne, Sydney and Brisbane, with plans to open in Adelaide already underway.

At 30 June 2013, 528 active leases were in place with forward contracted lease payments of \$21 million. Total revenue for the 2013 financial year was \$5 million. The take up of new leases has been slower than previously forecast. Delays to securing the Fortress Finance funding restricted the company's ability to invest heavily in necessary marketing and promotion. With the additional funding now in place, GLA has embarked on a campaign of mass media marketing and is already seeing the benefits of increase enquiry levels through the showrooms and Cash Converters stores.

During the year, Carboodle secured its own financing facility with Fortress Finance for up to \$40 million in funding. The facility is a secured against the lease book receivables and covers 80% of the vehicle purchase price.

Under the loan agreement, Cash Converters has a right to convert part of its loan to 80% equity from 1 July 2013. With a further warrant option to acquire the 20% balance from February 2015. At the date of this report, the Company is in negotiations with the management of GLA to execute the 80% conversion option, and it is anticipated that these negotiations will be concluded in the coming months. It is therefore likely that GLA will be consolidated into the Cash Converters' financial statements for the year ended 30 June 2014.

SIGNIFICANT CHANGES IN THE 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.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

LEGISLATIVE CHANGE

In July 2010 the Australian Federal Government released a Green Paper on phase two of the national consumer credit reforms. One of the proposals considered in the Green Paper included placing a national cap on interest rates that may be charged by payday lenders in Australia. As announced by Cash Converters to the ASX on 25 August 2011, the Australian Federal Government released exposure drafts in relation to a proposed National Consumer Credit Protection Amendment (Enhancements) Bill 2011.

As a result of various recommendations made by the Parliamentary Joint Committee on Corporations and Financial Services and the Senate Economics Legislation Committee, the Government implemented a number of changes to this Bill. On 27 June, 2012 the House of Representatives of the Federal Parliament passed the Bill. The Bill was passed by the Senate on 20 August 2012,

The Bill contains a number of responsible lending obligations which took effect from 1 March, 2013 (as discussed above). The main impact of the legislation for Cash Converters relates to the definition of small amount credit contracts and the limits on fees and charges imposed with respect to such contracts. These provisions take effect from 1 July, 2013. In summary, the provisions impose the following regime which effectively applies to all the micro lending (in Australia) engaged in by Cash Converters:

- Definition of small amount credit contracts - loans for a term of at least 16 days but not exceeding one year and for an amount not exceeding \$2,000;
- Fees and charges - an establishment fee is permitted capped at 20% of the loan amount which is actually received by the borrower. A monthly fee of 4% can be charged. This is a flat charge on the original amount lent (excluding any fees and charges included in the loan amount). It can be charged for a month or part of a month. For example, on \$100 lent for 32 days, a monthly fee charge of \$8.00 is permitted plus an establishment fee of \$20. There is a 200% total cap on what can be recovered from a borrower. This effectively means that the total fees and charges cannot exceed the amount which the borrower receives;
- Protected Earnings Amount - for Centrelink dependent consumers (whose predominant source of income is Centrelink benefits), the amount of the loan repayments is capped at 20% of their income.

Whilst it is evident that the new legislation will have an impact on margins, Cash Converters believe that the overall impact will be positive as a significant proportion of our earnings are generated from the provision of short term credit. These rate caps give us the clarity and comparability, supporting a sustainable business model that will see earnings increase as our volume continues to grow. The legislation also provides a framework to regulate the industry and therefore protect vulnerable members of society from unscrupulous operators. Cash Converters continues to pride itself on the founding ethos of 'helping people get on with their lives', and believes by its continued efforts to be the most responsible lender in the market and providing a diverse and accessible product range, there are great opportunities to continue the success of the business.

ADDITIONAL FUNDING

As at the date of this report, Cash Converters is in negotiations to secure additional funding under a bond issue through FIIG Securities Ltd (ABN 68 085 661 632). If completed, the Bond Issue will be \$60 million and take the form of senior unsecured and unsubordinated medium term notes. Initial, indicative terms, would see the bonds have a five year maturity and will be used to repay a proportion of the remaining corporate bill facility with Westpac as well as providing capital to continue the businesses objective of reacquiring franchise stores, growing the personal loan book and pursuing other investment opportunities that are synergistic with the Cash Converters growth model.

LIKELY DEVELOPMENT AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

OUTLOOK

In the aftermath of several years of protracted lobbying, negotiation and uncertainty surrounding the short term lending legislation, and with the legislation now firmly in force, the company is looking forward to a return to business as usual in the coming year. With clear boundaries set for the industry, Cash Converters can now look ahead with confidence as it continues to secure its position in the market and provide an exemplary product and service to its customers.

The coming year is anticipated to be a year of bedding in the new lending requirements and allowing the recent store additions to establish themselves in the corporate store network. With the 13 new stores acquired in 2013 together with the newly opened greenfield stores all getting their first full year in 2014, it is anticipated that increased revenues across all segments will off-set the capped margins of the short term loan products.

Cash Converters is already seeing cash advance levels returning to 'pre-legislation change' levels and the personal loan book continues to grow in both Australia and the UK.

With the potential inclusion of Carboodle in the group results for future years and the continued addition of new stores, it is strongly anticipated that the FY 2014 will bring a significant growth in revenue.

With new approval and collection procedures in place, we expect that the UK loan book's profitability will increase as well as strong growth in loan volumes. Online lending would appear to be the greatest growth area for 2014, with expectations to see similar levels of growth as has been seen in 2013, both in terms of cash advance online and personal loans online. With the UK's online platform now fully functional expectations are high for an improvement over the 48% growth in online profits achieved in 2013.

The company prepares internal forecast for up to five years in advance, however these forecast are extremely subjective and are based on simple revenue and cost increases in-line with general market growth and CPI. Any extra-ordinary growth in both revenue and profit will be driven by acquisitions and new investments in potential opportunities, which at the date of this report are too speculative to give any meaningful guidance.

CORPORATE GOVERNANCE

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 John Yeudall (Chairman), Mr Reginald Webb, 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.

NOMINATION COMMITTEE

The nomination committee comprises of the four non-executive directors, being Mr John Yeudall (Chairman), Mr Reginald Webb, Mr William Love and Mr Joseph Beal, and the managing director Mr Peter Cumins. The aim of the committee is to ensure that the board continues to operate within the established guidelines.

DIVERSITY

Cash Converters adopted a diversity policy and set measurable objectives for achieving gender diversity.

The nomination and remuneration committee is accountable to the Board for ensuring the diversity policy is implemented in respect of the Board and the process for identifying and selecting new directors. The managing director is accountable to the Board for ensuring the diversity policy is implemented throughout the Cash Converters' workforce. Senior executives and all personnel involved in recruitment are expected to ensure this policy is implemented and integrated into all of Cash Converters' activities.

Cash Converters recognises the value contributed to the company by employing people with varying skills, cultural backgrounds, characteristics and experience. Cash Converters believes its diverse workforce is the key to its continued growth, improved productivity and performance.

Cash Converters has adopted a diversity strategy in relation to gender diversity, and investigated the reporting capacity of business units for the purposes of determining diversity targets.

The Board has set specific gender diversity targets as follows:

TARGET	DATE FOR COMPLETION
The next Board appointments desirably should be female with appropriate skills and attributes	When it is appropriate to expand or refresh the Board
To increase the number of women in senior management positions* with appropriate skills and attributes	When it is appropriate to expand or refresh the senior executive team
At least 35% of employees should be female with appropriate skills and attributes.	Annually by 30 June each year

**Senior management is defined as members of senior executives of the group as well as the senior executives' direct reports*

Cash Converters has achieved its targets in relation to full time and part time employees during the year. There were no vacancies for Board and senior management appointments during the year.

Of five Board positions, all five (100%) were held by men. Of 18 senior management positions, 15 (83.3%) were held by men and three (16.7%) were held by women. Of 1350 full time and part time employees, 823 (61%) were men and 527 (39%) were women.

As at 30 June 2013, the proportion of women employed by the Cash Converters Group is set out in the table below:

	FULL TIME	PART TIME	CASUAL / TEMP	TOTAL	SPLIT
Female	436	91	47	574	40%
Male	732	91	51	874	60%
Total	1168	182	98	1448	100%

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 practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders	✓	
3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2 Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives of achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	✓	
3.3 Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	✓	
3.4 Disclose in each annual report the proportion of women employees in the whole organisation, women in senior management positions and women on the Board.	✓	
3.5 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	✓	
- at least three members	✓	
4.3 The audit committee should have a formal charter	✓	
4.4 Provide the information indicated in Guide to Reporting on Principle 4	✓	

ASX BEST PRACTICE RECOMMENDATIONS (CONTINUED)

		COMPLIED	NOTE
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	√	
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	The remuneration committee should be structured so that it:-		
	- consist of a majority of independent directors	√	
	- is chaired by an independent director	√	
	- has at least three members	√	
8.3	Clearly distinguish the structure of non-executive directors remuneration from that of executives	√	
8.4	Provide the information indicated in Guide to Reporting on Principle 8	√	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	2013 \$	2012 \$
Franchise fees	2a	10,306,090	10,470,248
Financial services revenue	2b	118,900,528	88,867,388
Sale of goods	2c	93,018,548	87,219,838
Pawn broking fees		15,951,171	15,063,225
Financial services commission	2d	34,031,188	31,924,510
Other revenues	2e	515,194	809,586
Revenue		272,722,719	234,354,795
Cost of Sales	2f	(94,157,676)	(76,844,286)
Gross Profit		178,565,043	157,510,509
Administrative expenses	2g	(64,372,146)	(55,059,600)
Advertising expenses		(5,117,850)	(4,747,899)
Occupancy expenses	2h	(15,038,017)	(12,737,066)
Other expenses	2i	(43,457,089)	(41,152,613)
Finance costs	2j	(2,915,734)	(2,388,057)
Profit before income tax		47,664,207	41,425,274
Income tax expense	3	(14,794,235)	(12,009,250)
Profit for the year		32,869,972	29,416,024
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		3,398,557	(1,001,398)
Other comprehensive income for the year		3,398,557	(1,001,398)
Total comprehensive income for the year		36,268,529	28,414,626
Profit attributable to:			
Owners of the company		32,869,972	29,416,024
Non-controlling interest		-	-
		32,869,972	29,416,024
Total comprehensive income attributable to:			
Owners of the company		36,268,529	28,414,626
Non-controlling interest		-	-
		36,268,529	28,414,626

The accompanying notes form an integral part of the consolidated statement of profit or loss and other comprehensive income

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	NOTES	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	5	20,729,330	16,415,161
Trade receivables	6	13,031,595	10,862,191
Personal loan receivables	6	115,009,517	86,951,171
Inventories	7	21,783,101	17,078,602
Other assets	8	8,587,646	4,185,030
Total current assets		179,141,189	135,492,155
Non-current assets			
Trade and other receivables	6	14,476,490	6,129,701
Plant and equipment	9	22,534,872	19,581,363
Deferred tax assets	3	5,627,598	4,812,130
Goodwill	15	98,771,899	77,249,320
Other intangible assets	14	22,423,074	15,478,179
Other financial assets	29	4,000,000	4,000,000
Total non-current assets		167,833,933	127,250,693
Total assets		346,975,122	262,742,848
Current liabilities			
Trade and other payables	10	20,048,464	19,578,758
Borrowings	11	70,538,531	11,283,694
Current tax payables		4,662,548	7,102,330
Deferred establishment fees	13	5,730,285	4,058,936
Provisions	12	3,870,515	2,657,437
Total current liabilities		104,850,343	44,681,155
Non-current liabilities			
Borrowings	11	389,521	31,365,458
Provisions	12	104,474	63,275
Total non-current liabilities		493,995	31,428,733
Total liabilities		105,344,338	76,109,888
Net assets		241,630,784	186,632,960
Equity			
Issued capital	16	151,708,656	116,812,467
Reserves	17	(914,097)	(3,366,804)
Retained earnings	17	90,835,176	73,186,248
Equity attributable to owners of the company		241,629,735	186,631,911
Non-controlling interests	20f	1,049	1,049
Total equity		241,630,784	186,632,960

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 2013

	ISSUED CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	SHARE- BASED PAYMENT RESERVE	RETAINED EARNINGS	ATTRIBUTABLE TO OWNERS OF THE PARENT	NON- CONTROLLING INTEREST	TOTAL
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2011	116,812,467	(5,027,031)	706,776	57,067,184	169,559,396	1,049	169,560,445
Profit for the year	-	-	-	29,416,024	29,416,024	-	29,416,024
Exchange differences arising on translation of foreign operations	-	(1,001,398)	-	-	(1,001,398)	-	(1,001,398)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	(1,001,398)	-	29,416,024	28,414,626	-	28,414,626
Payment of dividends	-	-	-	(13,296,960)	(13,296,960)	-	(13,296,960)
Share-based payments	-	-	1,954,849	-	1,954,849	-	1,954,849
Balance at 30 June 2012	116,812,467	(6,028,429)	2,661,625	73,186,248	186,631,911	1,049	186,632,960
Profit for the year	-	-	-	32,869,972	32,869,972	-	32,869,972
Exchange differences arising on translation of foreign operations	-	3,398,557	-	-	3,398,557	-	3,398,557
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	3,398,557	-	32,869,972	36,268,529	-	36,268,529
Issue of shares	32,725,011	-	-	-	32,725,011	-	32,725,011
Share issue costs (net of tax)	(775,582)	-	-	-	(775,582)	-	(775,582)
Share-based payments	-	-	2,000,910	-	2,000,910	-	2,000,910
Shares issued on exercise of performance rights	2,946,760	-	(2,946,760)	-	-	-	-
Payment of dividends	-	-	-	(15,221,044)	(15,221,044)	-	(15,221,044)
Balance at 30 June 2013	151,708,656	(2,629,872)	1,715,775	90,835,176	241,629,735	1,049	241,630,784

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 2013

	NOTES	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from customers		219,344,268	180,303,528
Payments to suppliers and employees		(215,209,109)	(184,185,267)
Interest received		375,894	720,451
Interest received from personal loans		60,554,860	46,179,008
Net increase in personal loans		(32,909,734)	(21,924,151)
Interest and costs of finance paid		(2,915,734)	(2,388,057)
Income tax paid		(17,244,620)	(15,337,914)
Net cash flows provided by operating activities	5	11,995,825	3,367,598
Cash flows from investing activities			
Net cash paid for acquisitions of controlled entities	30	(35,867,903)	(6,130,534)
Acquisition of intangible asset	14	(1,992,127)	(2,183,593)
Proceeds from sale of plant and equipment		37,000	12,991
Purchase of plant and equipment		(5,617,686)	(9,760,995)
Amounts advanced to third parties		(9,150,000)	(1,375,000)
Instalment credit loans repaid by franchisees		1,127,495	632,174
Net cash flows used in investing activities		(51,463,221)	(18,804,957)
Cash flows from financing activities			
Dividends paid – members of parent entity	24	(17,398,357)	(11,119,638)
Proceeds from borrowings		82,384,338	22,700,000
Repayment of borrowings		(53,740,317)	(2,293,178)
Capital element of finance lease and hire purchase payments		(456,354)	(336,270)
Proceeds from issue of shares		32,725,011	-
Share issue costs		(1,107,975)	-
Net cash flows provided by financing activities		42,406,346	8,950,914
Net (decrease)/increase in cash and cash equivalents		2,938,950	(6,486,445)
Cash and cash equivalents at the beginning of the year		16,415,161	23,456,996
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,375,219	(555,390)
Cash and cash equivalents at the end of the year	5	20,729,330	16,415,161

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with the Australian Accounting Standards 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 11 September 2013.

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 OF 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 recoverable value 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 reporting date was \$98,771,899 (2012: \$77,249,320) refer to note 15.

1. SUMMARY OF ACCOUNTING POLICIES

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 \$22,423,074 (2012: \$15,478,179) refer to note 14.

The impairment of personal loans requires the consolidated entity 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 reporting date based on their experienced judgment. The collective provision is estimated on the basis of historical loss experience for assets with similar 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.

The presentation and related classification of amounts included in the consolidated statement of profit or loss and other comprehensive income has been amended in this year's financial report to comply with the changes of AASB 2011 – 09 in respect to the classification of other comprehensive income and its characteristics of whether the items are likely or not to be reflected in the Profit or Loss statement in future periods. This amended classification has had no effect on the profit before or after tax in either year presented.

SIGNIFICANT ACCOUNT 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 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 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 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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

C. EMPLOYEE BENEFITS

A liability is recognised 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. Liabilities recognised in respect of short term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised 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.

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 in the company's separate accounts. 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 RECEIVABLE

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

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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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 and personal loans 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 for 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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

1. 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.

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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

TAX CONSOLIDATION (CONTINUED)

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.

CUSTOMER RELATIONSHIPS

Customer Relationships are recorded at fair value at acquisition date less accumulated amortisation and impairment. Customer Relationships are recognised when franchise operations are acquired by the Consolidated Entity as required under AASB 3 Business Combinations and AASB 138 Intangible Assets, and are amortised over seven years.

REACQUIRED RIGHTS

Reacquired rights are recorded at fair value at acquisition date less accumulated amortisation and impairment. Reacquired rights are recognised when franchise operations are acquired by the Consolidated Entity as required under AASB 3 Business Combinations and AASB 138 Intangible Assets, and are amortised over the remaining life of the right concerned or the useful economic life of the asset where the reacquired right is indefinite.

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

All potential intangible assets including software and reacquired rights, 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.

SOFTWARE

Software 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 ten years.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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 purchase cost on a first in first out basis 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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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.

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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

O. PLANT AND EQUIPMENT (CONTINUED)

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 are 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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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

The consolidated entity provides benefits to executives of the consolidated entity in the form of share-based payment transactions, whereby key management personnel render services in exchange for options (equity-based transactions).

The current plan to provide these benefits is the Executive Performance Rights Plan. The cost of the equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation methodology.

The cost of equity-based transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of:

- The grant date fair value of the award.
- The current best estimate of the number of the awards that will vest, taking into account such factors as the likelihood of non-market performance conditions being met.
- The expired portion of the vesting period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

S. BUSINESS COMBINATIONS

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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

S. BUSINESS COMBINATIONS (CONTINUED)

Where a business combination is achieved in stages, the consolidated entity's previously held interests in the acquired entity are re-measured 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.

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.

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.

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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED (CONTINUED)

STANDARD	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER:	EXPECTED TO INITIALLY APPLIED IN THE FINANCIAL ENDING:
AASB 9 'Financial Instruments', and the relevant amending standards ¹	1 January 2015	30 June 2016
AASB 10 "Consolidated Financial Statements", AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.	1 January 2013	30 June 2014
AASB 127 Separate Financial Statements (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards- Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards- Offsetting Financial Assets and Financial Liabilities	1 January 2013	30 June 2014
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	1 January 2013	30 June 2015
AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards- Transition Guidance and Other Amendments'	1 January 2013	30 June 2014
AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015

¹ The AASB has issued the following versions of AASB 9 and the relevant amending standards:

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9' (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'

The impact of these recently issued or amended standards and interpretations have not been determined as yet by the Company.

2. REVENUE AND EXPENSES

	2013 \$	2012 \$
A. FRANCHISE FEES		
Weekly franchise fees	7,365,820	6,706,001
Initial Fees	186,137	359,944
Advertising levies	446,900	433,500
Training levies	377,700	995,677
Computer levies	1,929,533	1,975,126
	10,306,090	10,470,248
B. FINANCIAL SERVICES REVENUE		
Instalment credit loan interest	2,170,566	859,020
Personal loan interest	78,535,625	58,348,866
Loan establishment fees	25,072,013	19,149,666
Licence fees	13,122,324	10,509,836
	118,900,528	88,867,388
C. SALE OF GOODS		
Retail sales	90,642,383	82,994,669
Retail wholesales	2,376,165	4,225,169
	93,018,548	87,219,838
D. FINANCIAL SERVICES COMMISSION		
Cheque cashing commission	1,255,810	894,315
Financial services commission	32,775,378	31,030,195
	34,031,188	31,924,510
E. OTHER REVENUE		
Rent	-	5,490
Interest	375,894	720,451
Other	139,300	83,645
	515,194	809,586
F. COST OF SALES		
Sale of goods	55,677,215	50,460,070
Personal loan bad debts	38,780,413	26,124,541
Cash advance bad debts	2,391,105	2,082,003
Franchise fees bad debts	104,065	229,872
Recovery of bad debts	(2,795,122)	(2,052,200)
	94,157,676	76,844,286

2. REVENUE AND EXPENSES (CONTINUED)

	2013	2012
	\$	\$
G. ADMINISTRATIVE EXPENSES		
Employee benefits	57,249,326	49,031,507
Share based payments	2,000,910	1,954,849
Superannuation expense	2,950,255	2,493,127
Motor vehicle/travel costs	2,171,685	1,580,117
	64,372,146	55,059,600
H. OCCUPANCY EXPENSES		
Rent	9,174,017	7,945,304
Outgoings	4,267,998	3,182,358
Other	1,596,002	1,609,404
	15,038,017	12,737,066
I. OTHER EXPENSES		
Legal fees	1,285,036	1,633,387
Area agent fees/commission	18,265,895	12,560,893
Professional and registry costs	2,741,183	2,369,875
Auditing and accounting services	686,969	923,034
Bank charges	3,979,328	3,160,371
(gains)/Loss of disposal of assets	6,219	(3,040)
Loss in relation to increase in contingent consideration	-	1,756,528
Other expenses from ordinary activities	10,036,466	14,459,785
Depreciation	4,332,038	3,213,294
Amortisation	2,123,955	1,078,486
	43,457,089	41,152,613
J. FINANCE COSTS		
Interest	2,869,137	2,334,925
Finance lease charge	46,597	53,132
	2,915,734	2,388,057

3. INCOME TAX

A. CONSOLIDATED INCOME STATEMENT

The major components of income tax expense for the years ended 30 June 2013 and 2012 are:

	2013 \$	2012 \$
Tax expense comprises:		
Current tax expense	15,866,871	15,491,547
Adjustments in respect of current income tax of previous year	(271,168)	25,218
Deferred tax expense relating to the origination and reversal of temporary differences	(815,468)	(3,507,515)
Total income tax expense reported in income statement	14,794,235	12,009,250

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 30 June 2013 and 2012 is as follows:

	2013 \$	2012 \$
Accounting profit before tax from continuing operations	47,664,207	41,425,274
At Australia's statutory income tax rate of 30% (2012: 30%)	14,299,262	12,427,582
Adjustments in respect to current income tax of previous years	(257,168)	25,218
Non-deductible expenses for tax purposes	504,505	220,916
Other	247,636	(664,466)
Income tax expense reported in the consolidated income statement	14,794,235	12,009,250

B. DEFERRED TAX

Deferred tax relates to the following:

	2013 \$	2012 \$
<i>Deferred Tax Assets</i>		
Allowance for doubtful debts	4,610,772	4,579,395
Accruals	169,712	343,656
Provision for employee entitlements	1,178,759	803,547
Other provisions	513,890	520,738
Deferred income	1,328,730	935,999
Other	517,654	375,892
Income tax expense reported in the consolidated income statement	8,319,517	7,559,227

3. INCOME TAX (CONTINUED)

B. DEFERRED TAX (CONTINUED)

	2013 \$	2012 \$
Deferred Tax Liabilities		
Prepayments	(236)	-
Fixed assets	(557,283)	(504,430)
Intangibles	(2,134,400)	(2,210,059)
Other (foreign operations)	-	(32,608)
	(2,691,919)	(2,747,097)
Net deferred tax assets	5,627,598	4,812,130

	2013 \$	2012 \$
Reconciliation of deferred tax assets net		
Opening balance as of 1 July	4,812,132	1,304,613
Tax income/(expense) during the period recognised in profit or loss	815,466	3,507,517
Other	-	-
Closing balance as at 30 June 2013	5,627,598	4,812,130

C. UNRECOGNISED DEFERRED TAX BALANCES

	2013 \$	2013 \$
The following deferred tax assets have not been brought to account as assets:		
Tax losses – revenue	166,511	166,511
	166,511	166,511

3. INCOME TAX (CONTINUED)

D. TAX CONSOLIDATED

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 20.

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

4. REMUNERATION OF AUDITORS

	2013 \$	2013 \$
Auditor of the parent entity		
Audit or review of the financial report	329,082	337,892
Taxation services	184,001	265,642
Other non-audit services*	36,000	274,500
<i>Related practice of the parent entity auditor</i>		
Audit	67,570	45,000
Taxation services	70,316	-
	686,969	923,034

The auditor of Cash Converters International Limited is Deloitte Touche Tohmatsu.

* 2013 relates to accounting assistance, 2012 relates to services associated with UK Prospectus

5. CASH AND CASH EQUIVALENTS

On hand	2,026,002	2,368,736
In bank *	18,703,328	14,046,425
	20,729,330	16,415,161

* Cash In bank of \$18,703,328 (2012 \$14,046,425) includes restricted cash of \$4,644,970 (2012 \$nil) that is held in accounts controlled by the CCPF Warehouse Trust No.1 that was established to operate the company's new securitisation facility with Westpac bank. The facility prescribes that cash deposited in this account can only be used to fund new principal loan advances. Surplus funds at the end of the period are redistributed in keeping with the terms of the Securitisation facility.

5. CASH AND CASH EQUIVALENTS (CONTINUED)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	2013 \$	2012 \$
Cash and cash equivalents	20,729,330	16,415,161
Bank overdraft	-	-
	20,729,330	16,415,161

Reconciliation of profit for the year to net cash flows from operating activities

	2013 \$	2012 \$
Cash flows from operating activities		
Profit after tax	32,869,972	29,416,024
Non-cash adjustment to reconcile profit after tax to net cash flows:		
Amortisation	2,123,955	1,078,486
Depreciation	4,332,038	3,213,294
Share based payment transaction expense	2,000,910	1,954,849
Share based payment transaction expense	38,480,461	26,384,215
Bad debts written off	6,219	(3,040)
Loss/(Gain) on sale of plant and equipment	-	-
Net exchange difference		
Change in assets and liabilities:		
(Increase)/Decrease in inventories	(2,225,303)	(3,010,484)
(Increase)/Decrease in prepayments	(4,323,176)	(1,819,274)
(Increase)/Decrease in trade and loan receivables	(63,837,892)	(55,460,175)
Increase/(Decrease) in trade payables and accruals	3,764,750	4,326,851
Increase/(Decrease) in employee and other provisions	1,254,276	603,939
(Increase)/Decrease in income tax payable	(1,960,163)	213,027
Increase/(Decrease) in deferred tax	490,222	(3,530,114)
Increase/(Decrease) in fees receivable rolled into loans to/from other related entities	-	-
Net Cash generated by operating activities	11,995,825	3,367,598

6. TRADE AND OTHER RECEIVABLES

	2013	2012
CURRENT	\$	\$
Trade receivables (i)	7,150,967	5,680,176
Allowance for impairment losses	(2,763,030)	(2,231,580)
	4,387,937	3,448,596
Instalment credit loans (ii)	630,889	1,070,543
Allowance for impairment losses	-	(124,456)
	630,889	946,087
Total trade receivables (net)	5,018,826	4,394,683
Other receivables (iv)	8,012,769	6,467,508
Total trade and other receivables	13,031,595	10,862,191
Personal short term loans (iii)	145,716,872	101,527,892
Allowance for impairment losses	(30,707,355)	(14,576,721)
Total personal loan receivables (net)	115,009,517	86,951,171
Total current	128,041,112	97,813,362
NON-CURRENT		
Instalment credit loans (ii)	276,710	1,079,921
Loans (v)	14,199,780	5,049,780
Total non-current	14,476,490	6,129,701

- i. Trade debtors include weekly franchise fees, wholesale sales, pawn broking fees; cash advance fees, default fees and OTC fees. Where the collection of the debtor is doubtful an allowance for impairment losses is recognised. 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 installment credit loans relate to Cash Converters Pty Ltd and have a maximum maturity of five 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 installments 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 impairment losses is recognised for the shortfall.
- iii. The credit period provided in relation to personal short term loans varies from 30 days to 13 months. Interest is charged on these loans at a fixed rate which varies dependent on the state or country 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.
- iv. Other receivables include GST receivables, development agent fees outstanding, sub-master license sales, Mon-E fees and financial commission.
- v. Unsecured loan advanced to Green Light Auto Group Pty Ltd with a maturity date of 31 December 2016. Interest is paid quarterly in arrears at the rate of 15% per annum.

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 30 June 2013, personal loan receivables of \$30,707,355 (2012: \$14,576,721) were impaired and fully provided for. See below for the movements in the provision for impairment of personal loan receivables.

	\$
AT 1 JULY 2011	9,195,834
Impairment losses recognised on receivables	25,367,160
Amounts written off as uncollectible	(19,986,273)
Impairment losses reversed	-
Unwind of discount	-
AT 30 JULY 2012	14,576,721
Impairment losses recognised on receivables	34,942,190
Amounts written off as uncollectible	(18,811,556)
Impairment losses reversed	-
Unwind of discount	-
AT 30 JUNE 2013	30,707,355

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.

As at 30 June 2013, the ageing analysis of personal loan receivables is as follows:

	TOTAL \$	0-30 DAYS \$	31-60 DAYS PDNI \$	61-90 DAYS PDNI \$	+ 90 DAYS PDNI \$	+ 90 DAYS CI \$
2013	145,716,872	109,981,183	3,016,498	1,087,400	924,436	30,707,355
2012	101,527,893	81,186,504	1,908,925	1,071,514	2,784,229	14,576,721

*PDNI: past due not impaired

CI: considered impaired

As at 30 June 2013, trade receivables and instalment credit loans of \$2,763,030 (2012: \$2,356,036) were impaired and fully provided for. See below the movements in the provision for impairment of trade receivables.

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

	\$
AT 1 JULY 2011	1,338,980
Impairment losses recognised on receivables	1,017,056
Amounts written off as uncollectible	
Impairment losses reversed	-
Unwind of discount	-
AT 30 JULY 2012	2,356,036
Impairment losses recognised on receivables	581,771
Amounts written off as uncollectible	(174,777)
Impairment losses reversed	
Unwind of discount	
AT 30 JUNE 2013	2,763,030

As at 30 June 2013, the ageing analysis of trade receivables is as follows:

	TOTAL \$	0-30 DAYS \$	31-60 DAYS PDNI \$	61-90 DAYS PDNI \$	+ 90 DAYS PDNI \$	+ 90 DAYS CI \$
2013	8,058,566	4,004,262	363,023	20,654	907,597	2,763,030
2012	7,830,640	3,291,450	144,539	8,770	2,029,845	2,356,036

*PDNI: past due not impaired

CI: considered impaired

7. INVENTORIES

	2013 \$	2012 \$
New and pre-owned goods at cost	21,783,101	17,078,602

8. OTHER ASSETS

CURRENT		
Prepayments	8,587,646	4,185,030

9. PLANT AND EQUIPMENT

	LEASEHOLD IMPROVEMENTS AT COST \$	PLANT AND EQUIPMENT AT COST \$	EQUIPMENT UNDER FINANCE LEASE AT COST \$	LEASEHOLDS IMPROVEMENTS UNDER FINANCE LEASE AT COST \$	TOTAL \$
Balance as at 1 July 2011	639,084	17,919,206	62,700	-	18,620,990
Transfers (refer note 14)	2,276,421	(3,472,731)	18,970	1,049,277	(128,063)
Additions	4,627,702	5,133,293	-	-	9,760,995
Disposals	-	(30,041)	-	-	(30,041)
Net foreign currency exchange differences	(18,599)	(67,646)	-	-	(86,245)
Balance as at 30 June 2012	7,524,608	19,482,081	81,670	1,049,277	28,137,636
Acquisition through business combinations	-	969,204	-	-	969,204
Additions	2,304,030	3,313,656	-	-	5,617,686
Disposals	-	(15,309)	(62,700)	-	(78,009)
Net foreign currency exchange differences	172,192	861,163	-	-	1,033,355
Balance as at 30 June 2013	10,000,830	24,610,795	18,970	1,049,277	35,679,872
Depreciation					
Balance as at 1 July 2011	116,232	5,384,641	7,838	-	5,508,711
Transfers (refer note 14)	486,511	(891,107)	17,983	307,595	(79,018)
Disposals	-	(15,123)	-	-	(15,123)
Depreciation expense	717,266	2,351,036	13,634	131,358	3,213,294
Net foreign currency exchange differences	(5,827)	(65,764)	-	-	(71,591)
Balance as at 30 June 2012	1,314,182	6,763,683	39,455	438,953	8,556,273
Disposals	-	(11,666)	(23,126)	-	(34,792)
Depreciation expense	1,142,411	3,055,628	2,641	131,358	4,332,038
Net foreign currency exchange differences	34,468	257,013	-	-	291,481
Balance as at 30 June 2013	2,491,061	10,064,658	18,970	570,311	13,145,000
Net book value					
As at 30 June 2012	6,210,426	12,718,398	42,215	610,324	19,581,363
As at 30 June 2013	7,509,769	14,546,137	-	478,966	22,534,872

10. TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
CURRENT		
Trade payables	5,451,759	5,630,588
Accruals	14,596,705	13,948,170
	20,048,464	19,578,758

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 note holder's franchise renewal fee, at the end of the initial franchise term.

11. BORROWINGS

All borrowings are secured

	2013	2012
	\$	\$
CURRENT		
Bank overdrafts	-	-
Loans (i)	18,000,000	11,003,340
Securitisation/warehousing facility (ii)	52,061,163	-
Hire purchase and lease liabilities (note 19) (iii)	477,368	280,354
	70,538,531	11,283,694
NON CURRENT		
Loans (i)	-	31,167,831
Hire purchase and lease liabilities (note 19) (iii)	389,521	197,627
	389,521	31,365,458

- 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. The Securitisation/Warehousing Facility represents a Class A note liability relating to notes issued by the CCPF Warehouse Trust No. 1, a consolidated subsidiary established during the financial year as part of a funding arrangement with Westpac Banking Corporation. The notes fund eligible personal loan receivables originated by CCPF which generally have a maturity of less than twelve months and are secured on those receivables. Collections received in relation to these receivables are used to repay the notes on a monthly basis as they are received and additional Class A notes may be issued under the terms of the funding arrangement. The notes have been presented as a current liability because the Trust does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The note subscriber is obligated to subscribe for additional notes up to 26 March 2015, if required, up to a prescribed facility limit. Therefore in the ordinary course of business the consolidated entity currently expects to draw additional notes in accordance with the funding arrangement through to 26 March 2015. All amounts outstanding under the funding arrangement must be repaid in full on or before 26 March 2016.
- iii. Hire purchase and lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

11. BORROWINGS

FINANCING ARRANGEMENTS

Unrestricted access was available at balance date to the following lines of credit:

	2013 \$	2012 \$
Credit standby arrangements		
Total facilities		
Bank overdrafts	464,690	453,163
Variable rate bill facility	18,000,000	40,959,000
Securitisation facility	60,000,000	-
Term loans	-	1,212,171
	78,464,690	42,624,334
Used at balance date		
Bank overdrafts	-	-
Variable rate bill facility	18,000,000	40,959,000
Securitisation facility	52,061,163	-
Term loans	-	1,212,171
	70,061,163	42,171,171
Unused at balance date		
Bank overdrafts	464,690	453,163
Variable rate bill facility	-	-
Securitisation facility	7,938,837	-
Term loans	-	-
	8,403,527	453,163

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.

Loan covenants and review events

The consolidated entity has borrowing facilities with Westpac Banking Corporation in Australia. All facilities are subject to various loan covenants and review events.

12. PROVISIONS

	2013 \$	2012 \$
CURRENT		
Employee benefits	3,824,722	2,615,215
Fringe benefits tax	45,793	42,222
	3,870,515	2,657,437
NON CURRENT		
Employee benefits	104,474	63,275

13. DEFERRED ESTABLISHMENT FEES

	2013	2012
	\$	\$
Deferred establishment fees	5,730,285	4,058,936

Deferred establishment fees relate to establishment fees charged on personal loans. The full amount of the fee is deferred at the commencement of the loan and is recognised through the income statement at an effective interest rate over the life of the loan. The balance shown above reflects the amount of the fees still to be recognised at the end of the reporting period.

14. OTHER INTANGIBLE ASSETS

	LEASEHOLD IMPROVEMENTS AT COST \$	PLANT AND EQUIPMENT AT COST \$	EQUIPMENT UNDER FINANCE LEASE AT COST \$	LEASEHOLDS IMPROVEMENTS UNDER FINANCE LEASE AT COST \$	TOTAL \$
Cost					
Balance as at 1 July 2011	3,163,494	13,194,835	3,808,050	446,588	20,612,967
Additions	122,530	-	2,061,063	-	2,183,593
Disposals	-	-	-	-	-
Net foreign currency exchange differences	(43,092)	-	(1,054)	-	(44,146)
Transfers (refer note 9)	-	-	128,063	-	128,063
Balance as at 30 June 2012	3,242,932	13,194,835	5,996,122	446,588	22,880,477
Acquisition through business combinations	5,048,000	2,156,000	-	-	7,204,000
Additions	99,408	-	1,892,719	-	1,992,127
Disposals	-	-	-	-	-
Net foreign currency exchange differences	55,363	-	3,620	-	58,983
Balance as at 30 June 2013	8,445,703	15,350,835	7,892,461	446,588	32,135,587
Amortisation					
Balance as at 1 July 2011	485,466	4,425,660	1,206,032	159,412	6,276,570
Amortisation charge	444,185	109,686	459,297	65,318	1,078,486
Disposals	-	-	-	-	-
Net foreign currency exchange differences	(31,701)	-	(75)	-	(31,776)
Transfers	-	-	79,018	-	79,018
Balance as at 30 June 2012	897,950	4,535,346	1,744,272	224,730	7,402,298
Amortisation charge	1,184,961	178,755	694,921	65,318	2,123,955
Disposals	-	-	-	-	-
Net foreign currency exchange differences	182,640	-	3,620	-	186,260
Balance as at 30 June 2013	2,265,551	4,714,101	2,442,813	290,048	9,712,513

14. OTHER INTANGIBLE ASSETS

	LEASEHOLD IMPROVEMENTS AT COST	PLANT AND EQUIPMENT AT COST	EQUIPMENT UNDER FINANCE LEASE AT COST	LEASEHOLDS IMPROVEMENTS UNDER FINANCE LEASE AT COST	TOTAL
COST	\$	\$	\$	\$	\$
Net book value					
As at 30 June 2012	2,344,982	8,659,489	4,251,850	221,858	15,478,179
As at 30 June 2013	6,180,152	10,636,734	5,449,648	156,540	22,423,074

* refer to note 30

- ii) The useful economic life of customer relationships is assessed on an individual asset basis, and is currently amortised over seven years from the date of acquisition. The directors review the economic useful life annually.
- iii) Trade names are stated at cost to the consolidated entity and relates to amounts recognised either through the buy-back of overseas sub-master license 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 annually.

15. GOODWILL

Gross carrying amount

	2013 \$	2012 \$
Balance at beginning of financial year	77,249,320	76,858,229
Additional amounts recognised from business		
Combinations occurring during the year (refer Note 30)	20,664,643	-
Foreign exchange movement	857,936	391,091
Balance at the end of the financial year	98,771,899	77,249,320

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	77,249,320	76,858,229
At the end of the financial year	98,771,899	77,249,320

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 (CCPF)
- Corporate stores (Australia)
- Corporate stores (UK)

15. GOODWILL (CONTINUED)

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

	2013	2012
	\$	\$
Financial services – administration (MON-E)	17,292,967	17,292,967
Financial services – personal loans (Safrock)	16,780,683	16,780,684
Corporate stores (Australia)	56,317,599	35,587,145
Corporate stores (UK)	8,380,650	7,588,524
	98,771,899	77,249,320

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 five-year period, and a discount rate of 15% per annum (2012: 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 (CASH CONVERTERS PERSONAL FINANCE)

The recoverable amount for Cash Converters Personal Finance is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 15% per annum (2012: 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 AND 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 five-year period, and a discount rate of 15% per annum (2012: 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 based on performance levels for the last 3 months of the first year forecast. 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)

	2013	2012
	NO. SHARES	NO. SHARES
Balance at beginning of financial year	379,761,025	379,761,025
Shares issued during the year	44,100,000	-
Balance at end of financial year	423,861,025	379,761,025

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

16. ISSUED CAPITAL (CONTINUED)

Changes to the Corporations Act 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)

	\$	\$
Balance at the beginning of the year	116,812,467	116,812,467
New shares issued (net of issue costs)	34,896,189	-
Balance at the end of the financial year	151,708,656	116,812,467

Until 31 August 2011, Cash Converters UK Holdings PLC securities were stapled securities. These securities were stapled to Cash Converters International Limited shares and were issued on a one for one basis. Following the Dividend Access Share unwind procedure completed on 31 August 2011, these securities were bought back and cancelled. Accordingly, there are no longer any securities stapled to the Cash Converters International Limited shares.

17. RESERVES AND RETAINED EARNINGS

A. RESERVES

	2013 \$	2012 \$
Foreign currency translation reserve	(2,629,872)	(6,028,429)
Share-based payment reserve	1,715,775	2,661,625
Balance at the end of the financial year	(914,097)	(3,366,804)

Foreign currency translation reserve

	2013 \$	2012 \$
Balance at the beginning of the financial year	(6,028,429)	(5,027,031)
Translation of foreign operations	3,398,557	(1,001,398)
Balance at the end of the financial year	(2,629,872)	(6,028,429)

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

Share-based payment reserve

	2013 \$	2012 \$
Balance at the beginning of the financial year	2,661,625	706,776
Arising from share-based payment	2,000,910	1,954,849
Shares issued on exercise of performance rights	(2,946,760)	-
Balance at the end of the financial year	1,715,775	2,661,625

The share-based payment reserve arises due to the grant of share-based payments by the Company under the Executive Performance Rights Plan.

17. RESERVES AND RETAINED EARNINGS (CONTINUED)

B. RETAINED EARNINGS

	2013 \$	2012 \$
Balance at the beginning of the financial year	73,186,248	57,067,184
Net profit attributable to members of the parent entity (i)	32,869,972	29,416,024
Dividends provided for or paid (note 24)	(15,221,044)	(13,296,960)
Balance at the end of the financial year	90,835,176	73,186,248

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 prior year.

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.

B. CATEGORIES OF FINANCIAL INSTRUMENTS

	2013 \$	2013 \$
Financial assets		
Cash and cash equivalents	20,729,330	16,415,161
Trade and other receivables	27,508,085	16,991,892
Personal loans receivable	115,009,517	86,951,171
Other financial assets (GLA Convertible Note)	4,000,000	4,000,000
Financial liabilities		
Trade and other payables	20,048,464	19,578,758
Borrowings	70,928,052	42,649,152

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

18. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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. There are no foreign currency denominated monetary assets or monetary liabilities in the consolidated entity at the reporting date.

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 issued 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 100 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 100 basis points higher or lower and all other variables were held constant, the consolidated entity's:

- Net profit would increase/decrease by approximately \$493,318 (2012: increase/decrease by approximately \$155,736).

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

18. FINANCIAL INSTRUMENTS (CONTINUED)

G. CREDIT RISK MANAGEMENT

Credit risk refers to the risk that 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 Cash Converters Personal Finance 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.

To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the consolidated entity may be required to pay.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	1 YEAR OR LESS \$	1 TO 5 YEARS \$	MORE THAN 5 YEARS \$	TOTAL \$
2013					
Non-interest bearing	-	20,048,464	-	-	20,048,464
Finance lease liability - Fixed Rate	8.50	505,317	401,784	-	907,101
Variable interest rate instruments	5.70	74,021,280	-	-	74,021,280
	-	94,575,061	-	-	94,976,845
2012					
Non-interest bearing	-	19,578,758	-	-	19,578,758
Finance lease liability - Fixed Rate	8.50	308,481	204,065	-	512,546
Variable interest rate instruments	5.30	13,249,257	35,242,008	-	48,491,265
		33,136,496	35,446,073	-	68,582,569

18. FINANCIAL INSTRUMENTS (CONTINUED)

LIQUIDITY AND INTEREST RISK TABLES (CONTINUED)

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.

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
	%	\$	\$	\$	\$
2013					
Non-interest bearing	-	13,553,774	-	-	13,553,774
Finance lease liability - Fixed Rate	2.30	21,206,105	-	-	21,206,105
Variable interest rate instruments	126.20	189,544,585	17,082,258	-	206,626,843
		224,304,463	17,082,258	-	241,386,721
2012					
Non-interest bearing	-	9,916,104	-	-	9,916,104
Finance lease liability - Fixed Rate	2.81	16,876,427	-	-	16,876,427
Variable interest rate instruments	125.90	131,701,790	5,807,247	-	137,509,037
		158,494,321	5,807,247	-	164,301,568

The amounts included above for variable interest rate instruments for both assets and liabilities is subject to change if actual rates differ to from those applied in the above a calculations.

(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 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 five 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	
	2013 \$	2012 \$	2013 \$	2012 \$
Finance lease and hire purchase expenditure contracted for at balance sheet date, payable:				
Within one year	546,880	308,482	477,368	280,354
Later than one, not later than five years	416,845	204,065	389,520	197,626
	963,725	512,547	866,888	477,980
Less future finance charges	(96,837)	(34,567)	-	-
	866,888	477,980	866,888	477,980

Included in the financial statement as:

Current borrowings (note 11)	477,368	280,354
Non-current borrowings (note 11)	389,520	197,626
	866,888	477,980

B. OPERATING LEASES

LEASING ARRANGEMENTS

Operating leases relate to office accommodation and retail premises with lease terms of between five to ten years, with an option to extend for a further five 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.

Non-cancellable operating lease commitments payable:

Within one year	8,725,888	6,903,488
Later than one, not later than five years	22,633,929	15,852,488
Later than five years	11,780,461	5,519,524
	43,140,278	28,275,500

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.

19. LEASES (CONTINUED)

C. COMMITMENT FOR CAPITAL EXPENDITURE

At 30 June 2013 capital expenditure commitments were \$1,150,000 (2012: \$300,000).

19. REPEATED PARTY DISCLOSURES

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)
- W. Love (Non-executive director)
- J Beal (Non-executive director)
- M. Cooke (Legal counsel)
- D. Patrick (Chief executive officer - UK)
- I. Day (General manager – Australia)
- R. Groom (Group company secretary / Group chief financial officer)
- G. Fee (Chief information officer) *
- M. Osborne (Company secretary / chief financial officer – UK)
- R. Pilgrim (Operations manager – UK)

* Senior Management team effective July 2012

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

	2013	2012
	\$	\$
Short-term employee benefits	3,367,318	3,118,202
Long-term employee benefits	-	17,914
Post-employee benefits	170,925	249,781
Share-based payment (i)	1,964,987	1,925,491
Total compensation	5,503,230	5,311,388

(i) Please refer to note 28 for further information.

20. REPLEATED PARTY DISCLOSURES (CONTINUED)

B. SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Fully paid ordinary shares held in Cash Converters International Limited

	BALANCE AT 1 JULY 2012 NO.	GRANTED AS REMUNERATION NO.	RECEIVED ON EXERCISE OF OPTIONS NO.	ACQUISITION / (DISPOSAL) OF SHARES NO.	BALANCE AT 30 JUNE 2013 NO.	BALANCE HELD INDIRECTLY NO.
Directors						
P. Cumins	8,053,030	4,000,000	-	(1,800,000)	10,253,030	-
R. Webb	1,112,500	-	-	(100,000)	1,012,500	-
J. Yeudall	295,668	-	-	-	295,668	-
W. Love	-	-	-	-	-	-
J. Beal	-	-	-	-	-	-
Other key management personnel						
I. Day	3,681,174	100,000	-	-	3,781,174	-
R. Groom	2,877,451	115,000	-	(1,860,133)	1,132,318	-
G. Fee	-	-	-	-	-	-
D. Patrick	-	85,000	-	-	85,000	-
M. Osborne	-	50,000	-	-	50,000	-
M. Cooke	4,500,000	1,200,000	-	(5,700,000)	-	-
R. Pilgrim	-	-	-	-	-	-
	20,519,823	5,550,000	-	(9,460,133)	16,609,690	-

	BALANCE AT 1 JULY 2011 NO.	GRANTED AS REMUNERATION NO.	RECEIVED ON EXERCISE OF OPTIONS NO.	ACQUISITION / (DISPOSAL) OF SHARES NO.	BALANCE AT 30 JUNE 2012 NO.	BALANCE HELD INDIRECTLY NO.
Directors						
P. Cumins	8,026,030	-	-	27,000	8,053,030	-
R. Webb	1,112,500	-	-	-	1,112,500	-
J. Yeudall	295,668	-	-	-	295,668	-
W. Love	-	-	-	-	-	-
J. Beal	-	-	-	-	-	-
Other key management personnel						
I. Day	3,681,174	-	-	-	3,681,174	-
R. Groom	3,073,784	-	-	(196,333)	2,877,451	-
D. Patrick	-	-	-	-	-	-
M. Osborne	-	-	-	-	-	-
M. Cooke	4,500,000	-	-	-	4,500,000	-
R. Pilgrim	-	-	-	-	-	-
	20,689,156	-	-	(169,333)	20,519,823	-

20. REPLATED PARTY DISCLOSURES (CONTINUED)

C. PERFORMANCE RIGHTS/OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

VESTED AT 30 JUNE 2013

30 JUNE 2013	BALANCE AT 1 JULY 2012	GRANTED AS REMUNERATION	OPTIONS / RIGHTS EXERCISED	NET CHANGE OTHER	BALANCE AT 30 JUNE 2013	TOTAL	EXERCISABLE	NOT EXERCISABLE
Director								
P. Cumins	10,000,000		(4,000,000)		6,000,000	-	-	-
<i>Executives</i>								
M. Cooke	3,000,000		(1,200,000)		1,800,000	-	-	-
R. Groom	230,000	230,000	(115,000)		345,000	-	-	-
I. Day	200,000	200,000	(100,000)		300,000	-	-	-
G. Fee		51,000			51,000	-	-	-
D. Patrick	170,000	170,000	(85,000)		255,000	-	-	-
M. Osborne	100,000	100,000	(50,000)		150,000	-	-	-
Total	13,700,000	751,000	(5,550,000)		8,901,000	-	-	-

VESTED AT 30 JUNE 2012

	BALANCE AT 1 JULY 2012	GRANTED AS REMUNERATION	OPTIONS / RIGHTS EXERCISED	NET CHANGE OTHER	BALANCE AT 30 JUNE 2012	TOTAL	EXERCISABLE	NOT EXERCISABLE
Director								
P. Cumins	10,000,000	-	-	-	10,000,000	-	-	-
<i>Executives</i>								
M. Cooke	-	3,000,000	-	-	3,000,000	-	-	-
R. Groom	-	230,000	-	-	230,000	-	-	-
I. Day	-	200,000	-	-	200,000	-	-	-
G. Fee	-	-	-	-	-	-	-	-
D. Patrick	-	170,000	-	-	170,000	-	-	-
M. Osborne	-	100,000	-	-	100,000	-	-	-
Total	10,000,000	3,700,000	-	-	13,700,000	-	-	-

20. REPEATED PARTY DISCLOSURES (CONTINUED)

D. LIST OF SUBSIDIARIES

The financial statements include the financial statements of the group and the subsidiaries listed in the following table:

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2013	2012
Parent entity			
Cash Converters International Limited (i)	Australia		
Directly controlled by Cash Converters International Limited			
Cash Converters Pty Ltd (ii) (iii)	Australia	100%	100%
Cash Converters UK Holdings PLC		100%	100%
Cash Converters USA Limited (note 22c)	Australia	99.285%	99.285%
Mon-e Pty Ltd (ii) (iii)	Australia	100%	100%
Cash Converters Personal Finance Pty Ltd (ii) (iii) (iv)	Australia	100%	100%
Safrock Finance Corporation (QLD) Pty Ltd (ii) (iii)	Australia	100%	100%
Safrock Finance Corporation (WA) Pty Ltd (ii) (iii)	Australia	100%	100%
Finance Administrators of Australia Pty Ltd (ii) (iii)	Australia	100%	100%
Cash Converters (Stores) Pty Ltd (ii) (iii)	Australia	100%	100%
Cash Converters (Cash Advance) Pty Ltd (ii) (iii)	Australia	100%	100%
Directly controlled by Cash Converters Personal Finance Pty Ltd			
CCPF Warehouse Trust No.1	Australia	100%	-
Directly controlled by Cash Converters (Stores) Pty Ltd			
BAK Property Pty Ltd	Australia	100%	100%
Directly controlled by Cash Converters Pty Ltd			
Cash Converters Finance Corporation Limited	Australia	50.85%	50.85%
Directly controlled by Cash Converters USA Limited			
Cash Converters USA Inc.	USA	100%	100%

- 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.
- iv. Name changed from Safrock Finance Group Pty Ltd. during the current year.

20. REPLATED PARTY DISCLOSURES (CONTINUED)

A. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION.

The consolidated statement of comprehensive income and statement of financial position of the entities party to the cross guarantee are:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2013 \$	2012 \$
Franchise fees	7,539,049	7,451,333
Financial services revenue	89,182,420	67,680,932
Sale of goods	43,366,687	37,912,518
Pawn broking fees	14,586,639	13,760,833
Financial services commission	30,027,293	30,276,541
Other revenue	1,091,603	1,234,729
Revenue	185,793,691	158,316,886
Cost of Sales	(43,006,234)	(35,807,073)
Gross Profit	142,787,457	122,509,813
Administrative expenses	(50,898,887)	(44,768,883)
Advertising expenses	(4,908,799)	(4,457,197)
Occupancy expenses	(9,256,886)	(8,362,871)
Other expenses	(23,816,124)	(23,181,064)
Finance costs	(2,841,338)	(2,345,987)
Profit before income tax	51,065,423	39,393,811
Income tax expense	(15,497,733)	(10,963,644)
Profit for the year	35,567,690	28,430,167
Other comprehensive income for the year	-	-
Total comprehensive income for the year	35,567,690	28,430,167

20. REPLEATED PARTY DISCLOSURES (CONTINUED)

STATEMENT OF FINANCIAL POSITION

	2012	2012
	\$	\$
Current assets		
Cash and cash equivalents	18,797,907	14,638,072
Trade receivables	10,592,408	8,762,812
Personal loans receivable	93,980,751	68,707,507
Inventories	10,306,581	7,934,784
Other assets	4,148,742	2,523,686
Total current assets	137,826,389	102,566,861
Non-current assets		
Trade and other receivables	69,533,728	46,954,299
Other financial assets	4,463,481	4,463,481
Plant and equipment	12,987,894	9,898,010
Deferred tax assets	7,431,113	6,559,225
Goodwill	90,494,072	70,314,521
Other intangible assets	16,511,352	12,500,340
Total non-current assets	201,421,640	150,689,876
Total assets	339,248,029	253,256,737
Current liabilities		
Trade and other payables	13,779,871	14,146,011
Borrowings	70,438,043	10,980,354
Current tax payables	5,889,701	6,090,607
Deferred establishment fees	4,818,678	3,119,998
Provisions	3,870,515	2,657,437
Total current liabilities	98,796,808	36,994,407
Non-current liabilities		
Borrowings	258,058	30,456,626
Provisions	104,474	63,276
Deferred tax liabilities	1,701,407	1,652,135
Total non-current liabilities	2,063,939	32,172,037
Total liabilities	100,860,747	69,166,444
Net assets	238,387,282	184,090,293
Equity		
Issued capital	151,708,657	116,812,467
Reserves	1,633,084	2,578,931
Retained earnings	85,045,541	64,698,895
Parent entity interest	238,387,282	184,090,293

20. REPLEATED PARTY DISCLOSURES (CONTINUED)

RETAINED EARNINGS

	2013 \$	2012 \$
Retained earnings as at the beginning of the financial year	64,698,895	49,565,683
Net profit	35,567,690	28,430,167
Dividends provided for or paid	(15,221,044)	(13,296,955)
Retained earnings as at the end of the financial year	85,045,541	64,698,895

B. NON-CONTROLLING INTERESTS IN CONTROLLED ENTITIES

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

Non-controlling interests in controlled entities comprises:

	2012 \$	2012 \$
Contributed capital	2,749,821	2,749,821
Accumulated losses	(2,748,772)	(2,748,772)
	1,049	1,049

21. CONTINGENT LIABILITIES

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.

The directors are not aware of any other material contingent liabilities in existence at 30 June 2013 requiring disclosure in the financial statements.

22. EVENTS AFTER THE REPORTING PERIOD

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.

As a result of various recommendations made by the Parliamentary Joint Committee on Corporations and Financial Services and the Senate Economics Legislation Committee, the Government implemented a number of changes to the Consumer Credit Legislation Amendment (Enhancements) Bill 2012.

The Bill contains a number of responsible lending obligations, some of which took effect from 1st March, 2013. The main impact of the legislation for Cash Converters relates to the definition of small amount credit contracts and the limits on fees and charges imposed with respect to such contracts. These provisions take effect from 1st July, 2013. In summary, the provisions impose the following regime which effectively applies to all the micro lending (in Australia) engaged in by Cash Converters:

- Definition of small amount credit contracts - loans for a term of at least 16 days but not exceeding 1 year and for an amount not exceeding \$2,000;
- Fees and charges - an establishment fee is permitted capped at 20% of the loan amount which is actually received by the borrower. A monthly fee of 4% can be charged. This is a flat charge on the original amount lent (excluding any fees and charges included in the loan amount). It can be charged for a month or part of a month. For example, on \$100 lent for 32 days, a monthly fee charge of \$8.00 is permitted plus an establishment fee of \$20. There is a 200% total cap on what can be recovered from a borrower. This effectively means that the total fees and charges cannot exceed the amount which the borrower receives;
- Protected Earnings Amount - for Centrelink dependent consumers (whose predominant source of income is Centrelink benefits), the amount of the loan repayments is capped at 20% of their income.

Whilst it is anticipated that there will be a short term impact on Cash Converters Australian operation's performance, as both customers and staff adjust to their new obligations, the overall outcome from the legislative process is positive for Cash Converters as a significant proportion of our earnings are generated from the provision of short term credit. These rate caps give us a sustainable business model that will see these earnings increase as our volumes continue to grow. The legislation also provides a framework to regulate the industry and therefore protect vulnerable members of society from unscrupulous operators.

ADDITIONAL FUNDING

As at the date of this report, Cash Converters is in negotiations to secure additional funding under a bond issue through FIIG Securities Ltd (ABN 68 085 661 632). If completed, the Bond Issue will be \$60 million and take the form of senior unsecured and unsubordinated medium term notes. Initial, indicative terms, would see the bonds have a five year maturity and will be used to repay a proportion of the remaining corporate bill facility with Westpac as well as providing capital to continue the businesses objective of reacquiring franchise stores, growing the personal loan book and pursuing other investment opportunities that are synergistic with the Cash Converters growth model.

23. EARNINGS PER SHARE

	2013	2012
	CENTS PER SHARE	CENTS PER SHARE
Basic earnings per share (cents per share)	8.09	7.75
Diluted earnings per share (cents per share)	7.92	7.63

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	\$32,869,972	\$29,416,024
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	NUMBER	NUMBER
Weighted average number of ordinary shares for the purpose of basic earnings per share	406,344,313	379,761,025

Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statements as follows:

Net profit	32,869,972	29,416,024
Earnings used in the calculation of basic earnings per share	32,869,972	29,416,024

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	406,344,313	379,761,025
Performance rights (note 28)	8,850,491	5,562,842
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	415,194,804	385,323,867

The number of potential ordinary shares not included in the above calculation is Nil (2012:7,800,000).

24. DIVIDENDS

The directors of the Company paid a fully franked interim dividend of 2.0 (two) cents per share on 29 March 2013. The directors have also declared a final fully franked dividend of 2.0 (two) cents per share to be paid on 27 September 2013 to those shareholders on the register at the close of business on 13 September 2013. The Company has Australian franking credits available of \$41,686,758 on a tax paid basis (2012: \$33,890,145).

The Company Dividend Reinvestment Plan (DRP) will apply to this dividend, providing shareholders with the option to reinvest all or part of their eligible dividends at a discount of 2.5% of the price established by the 5 day VWAP up to and including the record date.

FULLY PAID ORDINARY SHARES	2013		2012	
	CENTS PER SHARE	TOTAL \$	CENTS PER SHARE	TOTAL \$
Recognised amounts				
Interim dividend: Franked to 100% at 30%	1.75	6,743,823	1.75	6,651,132
Final dividend: Franked to 100% at 30%	2.00	8,477,221	1.75	6,645,828
		15,221,044		13,296,960
Unrecognised amounts				
Final dividend: Franked to 100% at 30%	2.00	8,477,221	1.75	6,645,828

25. EMPLOYEE NUMBERS

	2013 NO.	2013 NO.
Average number of employees during the financial year	929	627

26. SEGMENTAL INFORMATION

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 Operating Segments are therefore as follows:

FRANCHISE OPERATIONS

This involves the sale of franchises for the retail sale of second hand goods and the sale of master licenses 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 Cash Converters Personal Finance personal loans business.

26. SEGMENTAL INFORMATION (CONTINUED)

FINANCIAL SERVICES – ADMINISTRATION

This segment includes Mon-E which is responsible for providing the internet platform and administration services for the Cash Converters network in Australia to offer small cash advance loans to their customers.

Information regarding these segments is presented below. The accounting policies of the 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 REVENUES YEAR ENDED	
	30 JUNE 2013	30 JUNE 2012	30 JUNE 2013	30 JUNE 2012
Franchise operations	23,974,486	23,500,770	4,273,796	6,054,033
Store operations	136,126,740	122,844,139	4,574,848	5,628,791
Financial services - administration	17,696,354	16,584,676	14,185,880	13,651,754
Financial services - personal loans	113,609,383	87,087,517	41,104,427	33,477,570
Inter-segment elimination of revenue	(18,835,095)	(15,903,306)	-	-
	272,571,868	234,113,796	64,138,951	58,812,148
Corporate head office income/(costs)	150,851	240,999	(16,474,744)	(17,386,874)
Total revenue/operating profit	272,722,719	234,354,795	47,664,207	41,425,274
Income tax attributable to operating profit			(14,794,235)	(12,009,250)
Profit after income tax			32,869,972	29,416,024
Profit attributable to non-controlling interests			-	-
Profit attributable to members of Cash Converters International Limited			32,869,972	29,416,024

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 2013	30 JUNE 2012
	\$	\$
Franchise operations	21,437,821	21,583,737
Store operations	136,671,399	97,004,207
Financial services - administration	18,071,113	17,969,354
Financial services - personal loans	139,540,815	108,001,201
Total of all segments	315,721,148	244,558,499
Unallocated assets	31,253,974	18,184,349
Total assets	346,975,122	262,742,848

26. SEGMENTAL INFORMATION (CONTINUED)

Unallocated assets include 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 2013	30 JUNE 2012
	\$	\$
Franchise operations	2,030,329	1,672,947
Store operations	9,410,555	7,784,823
Financial services - administration	2,974,992	3,268,958
Financial services – personal loans	79,592,036	22,959,081
Total of all segments	94,007,912	35,685,809
Unallocated liabilities	11,336,426	40,424,079
Total liabilities	105,344,338	76,109,888

Unallocated liabilities include 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 2013	30 JUNE 2012	30 JUNE 2013	30 JUNE 2012
	\$	\$	\$	\$
Franchise operations	1,459,845	932,062	3,525,693	2,503,333
Store operations	4,206,748	2,929,703	31,778,569	7,654,477
Financial services - administration	177,435	50,649	-	-
Financial services - personal loans	611,965	379,366	1,143,398	1,786,778
Total of all segments	6,455,993	4,291,780	36,447,660	11,944,588
Unallocated	-	-	-	-
Total	6,455,993	4,291,780	36,447,660	11,944,588

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.

26. SEGMENTAL INFORMATION (CONTINUED)

	REVENUE FROM EXTERNAL CUSTOMERS YEAR ENDED		ADDITIONS TO NON-CURRENT ASSETS YEAR ENDED	
	30 JUNE 2013 \$	30 JUNE 2012 \$	30 JUNE 2013 \$	30 JUNE 2012 \$
Australia	183,190,376	155,856,400	120,258,101	92,977,654
United Kingdom	89,109,573	77,872,659	23,471,744	19,331,208
Rest of world	422,770	625,736	-	-
	272,722,719	234,354,795	143,729,845	112,308,862

*Non-current assets excluding those relating to deferred tax assets, trade and other receivables and other financial assets. Includes property, plant and equipment; goodwill and other intangible assets.

27. PARENT ENTITY DISCLOSURES

Financial position

	30 JUNE 2013 \$	30 JUNE 2012 \$
Assets		
Current assets	-	-
Non-current assets	176,930,529	169,162,217
Total assets	176,930,529	169,162,217
Liabilities		
Current liabilities	23,892,475	17,814,583
Non-current liabilities	-	30,259,000
Total liabilities	23,892,475	48,073,583
Net assets	153,038,054	121,088,634
Equity		
Issues capital	148,761,887	116,812,467
Reserves	-	-
Retained earnings	4,276,167	4,276,167
Total equity	153,038,054	121,088,634

Financial performance

Profit for the year	-	110,761
Other comprehensive income	-	-
Total comprehensive income	-	110,761

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 20. 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)	2,140,975	2,187,268
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(i) Cash Converters International Limited has provided a cross guarantee to HSBC for a BACS facility provided to CCUK.

28. SHARE-BASED PAYMENT PLAN

The Executive Performance Rights Plan, which was approved by shareholders on 30 November 2010, allows the directors of the Company to issue up to 20,000,000 Performance Rights which will vest into ordinary shares in the Company upon the achievement of certain vesting conditions. As at 30 June 2012, the shareholders had approved the issue of 13,800,000 Performance Rights under the Plan to the managing director and the Company's senior management team. Refer to the Annual Report for the year ended 30 June 2012 for further details.

On 25 September 2012, the Company's Board of Directors approved a resolution to issue 851,000 Performance Rights under the Plan to members of the Company's senior management team. The rights were issued free of charge. The 851,000 Performance Rights are split into three Tranches, with Tranche 1 comprising 283,668 Performance Rights, Tranche 2 comprising 283,668 Performance Rights and Tranche 3 comprising 283,666 Performance Rights. All three Tranches contain different vesting conditions.

Each right entitles the holder to subscribe for one fully paid ordinary share in the Company at the exercise price of \$Nil. During the period, the following performance rights were granted:

	VESTED	NUMBER OF RIGHT GRANTED	GRANT DATE	FAIR VALUE PER RIGHT AT GRANT DATE	EXPIRY DATE	VESTING DATE
Senior Management Team						
Ian Day						
Tranche 1	-	66,667	25/9/2012	\$ 0.751	15/09/13	15/09/13
Tranche 2	-	66,667	25/9/2012	\$ 0.714	15/09/14	15/09/14
Tranche 3	-	66,666	25/9/2012	\$ 0.679	15/09/15	15/09/15
Ralph Groom						
Tranche 1	-	76,667	25/9/2012	\$ 0.751	15/09/13	15/09/13
Tranche 2	-	76,667	25/9/2012	\$ 0.714	15/09/14	15/09/14
Tranche 3	-	76,666	25/9/2012	\$ 0.679	15/09/15	15/09/15
Glen Fee						
Tranche 1	-	17,000	25/9/2012	\$ 0.751	15/09/13	15/09/13
Tranche 2	-	17,000	25/9/2012	\$ 0.714	15/09/14	15/09/14
Tranche 3	-	17,000	25/9/2012	\$ 0.679	15/09/15	15/09/15
David Patrick						
Tranche 1	-	56,667	25/9/2012	\$ 0.751	15/09/13	15/09/13
Tranche 2	-	56,667	25/9/2012	\$ 0.714	15/09/14	15/09/14
Tranche 3	-	56,666	25/9/2012	\$ 0.679	15/09/15	15/09/15
Mike Osborne						
Tranche 1	-	33,333	25/9/2012	\$ 0.751	15/09/13	15/09/13
Tranche 2	-	33,333	25/9/2012	\$ 0.714	15/09/14	15/09/14
Tranche 3	-	33,334	25/9/2012	\$ 0.679	15/09/15	15/09/15

28. SHARE-BASED PAYMENT PLAN (CONTINUED)

	VESTED	NUMBER OF RIGHT GRANTED	GRANT DATE	FAIR VALUE PER RIGHT AT GRANT DATE	EXPIRY DATE	VESTING DATE
Other Staff						
Gavin Irons						
Tranche 1	-	16,667	25/9/2012	\$0.751	15/09/13	15/09/13
Tranche 2	-	16,667	25/9/2012	\$0.714	15/09/14	15/09/14
Tranche 3	-	16,667	25/9/2012	\$0.679	15/09/15	15/09/15
Peter Wessels						
Tranche 1	-	16,667	25/9/2012	\$0.751	15/09/13	15/09/13
Tranche 2	-	16,667	25/9/2012	\$0.714	15/09/14	15/09/14
Tranche 3	-	16,667	25/9/2012	\$0.679	15/09/15	15/09/15

Tranche	Vesting hurdle	
1	i)	The Consolidated Entity achieving budgeted Net Profit after tax for the financial year ending 30 June 2013.
	ii)	Continuous employment through to vesting determination date, being 1 July 2013.
2	i)	The Consolidated Entity achieving budgeted Net Profit after tax for the financial year ending 30 June 2014.
	ii)	Continuous employment through to vesting determination date, being 1 July 2014.
3	i)	The Consolidated Entity achieving budgeted Net Profit after tax for the financial year ending 30 June 2015.
	ii)	Continuous employment through to vesting determination date, being 1 July 2015.

The cumulative expense recognised for employee services received by the Company is shown in the table below.

	30 JUNE 2013 \$	30 JUNE 2013 \$
Balance as at 1 July	2,661,625	706,776
Expense arising from equity-settled share-based payment transactions	2,000,910	1,954,849
Total expenses arising from share-based payment transactions	4,662,535	2,661,625

28. SHARE - BASED PAYMENT PLAN (CONTINUED)

MOVEMENTS IN THE YEAR

The following table illustrates the number of, and movements in, performance rights during the year. The performance rights were issued free of charge, weighted average exercise price is nil.

	2013 NUMBER	2012 NUMBER
Outstanding 1 July	13,800,000	10,000,000
Granted during the year	851,000	3,800,000
Forfeited during the year	-	-
Exercised during the year	(5,600,000)	-
Expired during the year	-	-
Outstanding at 30 June	9,051,000	13,800,000
Exercisable at 30 June	-	-

The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2013 is 2.9 years.

The weighted average fair value of performance rights granted during the year was \$0.71 (2012: \$0.37).

FAIR VALUE OF PERFORMANCE RIGHTS

The fair value of the equity-settled based options granted is estimated as at the date of the grant using a Black Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the years ended 30 June 2013 and 30 June 2012.

	2013 TRANCHE 1	2013 TRANCHE 2	2013 TRANCHE 3
Dividend yield (%) *	5.00	5.00	5.00
Expected future volatility (%)	40.00	40.00	40.00
Risk-free interest rate (%)	2.60	2.60	2.60
Expected life of right (years)	0.8	1.8	2.8
Underlying share price at grant date (\$)	0.78	0.78	0.78
	2012 TRANCHE 1	2012 TRANCHE 2	2012 TRANCHE 3
Dividend yield (%) *	7.00	7.00	7.00
Expected future volatility (%)	50.00	50.00	50.00
Risk-free interest rate (%)	3.53	3.53	4.04
Expected life of right (years)	0.8	1.8	4.8
Underlying share price at grant date (\$)	0.44	0.44	0.44

* The dividend yield is based on analysis of the Company's dividend yield over the past 5 years and considered the ability of the Company to pay dividends in the future. The expected volatility reflects the assumption that the historical volatility is indicative of future trends over the life of the performance rights.

29. OTHER FINANCIAL ASSETS

Cash Converters International Limited has invested in 'Green Light Auto Group Pty Ltd' in the form of a convertible note, carrying a 10% coupon rate, paid six monthly in arrears and is secured.

The convertible note is exercisable at Cash Converters International Limited's option for the period from 1 July 2013 to 28 February 2015.

	2013 \$	2012 \$
Balance at the beginning of the financial year	4,000,000	2,650,000
Additional investment	-	1,350,000
Balance at the end of the financial year	4,000,000	4,000,000

30. ACQUISITIONS OF BUSINESS

During the financial year, the group acquired the trade and assets of four stores in the UK and nine stores in Australia. The consideration transferred was \$36,667,606 and comprised of cash and deferred consideration.

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	253,458	-	253,458
Trade and other receivables	5,733,303	-	5,733,303
Inventories	2,479,196	-	2,479,196
Property plant and equipment	1,006,467	(37,263)	969,204
Intangible assets	-	7,204,000	7,204,000
Trade and other payables	(636,198)	-	(636,198)
Fair value of net identifiable assets acquired	8,836,226	7,166,737	16,002,963
Consideration:			
Consideration satisfied by cash	-	-	36,121,361
Deferred consideration	-	-	76,978
Other consideration	-	-	469,267
Total consideration	-	-	36,667,606
Goodwill arising on acquisition	-	-	20,664,643
The cash outflow on acquisition is as follows:			
Net cash acquired with the stores	-	-	253,458
Cash paid	-	-	(36,121,361)
Net consolidated cash outflow	-	-	(35,867,903)

30. ACQUISITIONS OF BUSINESS (CONTINUED)

The acquisition of the four stores in the UK included deferred consideration in the form of retention payments. These payments are held for the retention period of 12 months following the acquisition to meet any warranty or other claims against the stores arising from the acquisition.

In accordance with AASB3 'Business Combinations' the acquirer is required to fair value all acquired assets and liabilities. At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisitions. In particular, the valuation of the separately identifiable intangibles assets disclosed above have only been determined provisionally as the independent valuations have not been finalised.

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.

'Reacquired franchise rights' and 'non contractual customer relationships' have been provisionally valued, separately from goodwill, and incorporated into the business combinations as "separately identifiable intangible assets" of \$7,204,000. These amounts will be amortised over the expected life of the benefit arising as a result of the business combination. The addition to the group's goodwill on acquisition of the 13 stores is \$20,664,643.

Additionally, for tax purposes the tax values of the assets are required to be reset based on market values and other factors. Any adjustment to the fair value of these assets has been reflected in the plant, property & equipment figure of \$969,204.

Included in the net profit for the period is \$585,186 attributable to the additional business generated by the nine Australian stores and \$540,464 from the four UK Stores. Had these business combinations been effective at 1 July 2012, the revenue of the group from continuing operations would have been \$284.2 million and the profit for the year from continuing operations would have been \$35.4 million. 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 comparison in future periods.

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' REPORT

The directors of Cash Converters International Limited submit the following report for the year ended 30 June 2013.
Directors

The following persons held office as directors of the Company during the financial year and until the date of this report (directors were in office for this entire period unless otherwise stated):

- Mr Reginald Webb (non-executive director, chairman)
- Mr Peter Cumins (managing director)
- Mr John Yeudall (non-executive director)
- Mr William Love (non-executive director)
- Mr Joseph Beal (non-executive director)

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 licensees to allow the development of the Cash Converters brand but without the need for support from Cash Converters International Limited.

OPERATING RESULTS FOR THE YEAR

The consolidated entity's net profit attributable to members of the parent entity for the year ended 30 June 2013 was \$32,869,972 (2012: \$29,416,024) after a charge for income tax of \$14,794,235 (2012: \$12,009,250).

DIVIDENDS

The directors of the Company paid a fully franked interim dividend of 2.0 (two) cents per share on 29 March 2013. The directors have also declared a final fully franked dividend of 2.0 (two) cents per share to be paid on 27 September 2013 to those shareholders on the register at the close of business on 13 September 2013. The final dividend is subject to the Company's Dividend Reinvestment Plan (DRP), which allows eligible shareholders to use all or part of their dividend payment to acquire additional shares at a discount of 2.5% of the weighted average price of the shares in the preceding 5 days of the record date. In addition, a fully franked dividend of 1.75 (one and three quarter) cents per share declared in relation to the prior year was paid on 28 September 2012.

OPERATING AND FINANCIAL REVIEW

A review of the consolidated entities' operations and financial performance has been provided for on pages 18 to 26.

INFORMATION ON DIRECTORS/COMPANY SECRETARY

The interests of the directors in the shares
and options of Cash Converters International
Limited
At the date of this report

DIRECTOR/COMPANY SECRETARY	QUALIFICATIONS AND EXPERIENCE	POSITION HELD	NUMBER OF ORDINARY SHARES	NUMBER OF OPTIONS OVER ORDINARY SHARES*
Peter Cumins	Former General Manager of Cash Converters Pty Ltd. A qualified accountant. Joined the board in 1995.	Managing Director	10,253,030	6,000,000
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 Dorsogna Limited since 1996.	Non-Executive Chairman	1,012,500	Nil
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	Nil	Nil
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	Nil	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	Nil	Nil
Ralph Groom	FCCA, FCIS, CGMA. 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	653,508	345,000

The particulars of directors' interests in shares are as at the date of this directors' report, or date of resignation if applicable.

* Please refer note 28 for further information.

DIRECTORS' MEETINGS

The number of meetings of directors and meetings of committees of directors held during the year and the number of meetings attended by each director were as follows:

DIRECTORS	BOARD OF DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION/NOMINATION COMMITTEE MEETINGS	
	NUMBER HELD	NUMBER HELD	NUMBER HELD	NUMBER ATTENDED	NUMBER HELD	NUMBER ATTENDED
P. Cumins	11	11	2	0	6	6
R. Webb	11	11	2	2	6	6
J. Yeudall	11	11	2	2	6	6
W. Love	11	11	2	2	6	6
J. Beal	11	11	2	2	6	6

COMMITTEE MEMBERSHIP

As at the date of this report, the company had an audit committee, a remuneration committee and a nomination committee of the board of directors.

Members acting on the committees of the board during the year were:

Audit	Remuneration	Nomination
J. Yeudall (c)	J. Yeudall (c)	J. Yeudall (c)
W. Love	W. Love	W. Love
J. Beal	J. Beal	J. Beal
R. Webb	R. Webb	R. Webb
		P. Cumins

Notes:

c. Designates the chairman of committee

Indemnification and insurance of directors and 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.

SHARE OPTIONS

The 2013 financial year saw the vesting of Tranche 1 of performance rights granted under the Executive Performance Rights Plan (approved by shareholders on 30 November 2010). On vesting, each of 5,600,000 performance rights in the tranche equated to one ordinary share. 4,000,000 of those shares were issued to the managing director, the remainder to members of the Company's senior management team. Also during the financial year 851,000 performance rights were granted to members of the executive management team. This brings the total number of performance rights still outstanding as at 30 June 2013 to 9,051,000 (2012: 13,800,000). The performance rights granted during the current year are split into three tranches and are subject to various vesting conditions. Refer to the remuneration report for further details of the performance rights outstanding.

No other share options or performance rights were granted to directors or senior management during or since the end of the financial year.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of unissued shares or interests under option as at the date of this report are:

ISSUING ENTITY	NUMBER OF SHARES UNDER OPTION/ PERFORMANCE RIGHT	CLASS OF SHARE	EXERCISE PRICE	EXPIRY DATE OF OPTIONS/ PERFORMANCE RIGHTS
Cash Converters International Ltd	283,667	Ordinary	Nil	15 September 2013
Cash Converters International Ltd	283,667	Ordinary	Nil	15 September 2014
Cash Converters International Ltd	283,666	Ordinary	Nil	15 September 2015
Cash Converters International Ltd	1,800,000	Ordinary	Nil	15 September 2016
Cash Converters International Ltd	6,000,000	Ordinary	Nil	14 October 2016

The Performance Rights noted above are in substance share options with an exercise price of \$nil, which vest and are immediately exercised into ordinary shares once certain performance / vesting conditions are met.

The holders of these performance rights do not have the right, by virtue of the performance right, to participate in any share issue or interest issue of the company or of any other body corporate.

Shares issued as a result of the exercise of share options or performance rights during or since the end of the financial year are:

ISSUING ENTITY	NUMBER OF SHARES UNDER OPTION/ PERFORMANCE RIGHT	CLASS OF SHARE	EXERCISE PRICE	EXERCISE DATE
Cash Converters International Ltd	4,000,000	Ordinary	Nil	23 August 2012
Cash Converters International Ltd	1,600,000	Ordinary	Nil	23 August 2012

REMUNERATION REPORT (AUDITED)

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 in accordance with the requirements of the Corporation Act 2001 (the Act) and its regulations for the financial year ended 30 June 2013. 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
- Share-based payment plan
- 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)
- Mr Joseph Beal (non-executive director)

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)
- Mr Ian Day (general manager, Australia)
- Mr Ralph Groom (group company secretary / group chief financial officer)
- Mr Glen Fee (chief information officer)*
- Mr David Patrick (chief executive officer, UK)
- Mr Richard Pilgrim (operations manager, UK)
- Mr Mike Osborne (company secretary / chief financial officer, UK)

* Joined the senior management team July 2012

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 the 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 REPORT (AUDITED) (CONTINUED)

REMUNERATION POLICY (CONTINUED)

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; and
- c. Share-based payments – include share options/performance rights.

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 2013:

		30 JUNE 2013	30 JUNE 2012	30 JUNE 2011 (III)	30 JUNE 2010 (III)	30 JUNE 2009
Revenue	\$	272,722,719	234,354,795	186,384,204	126,070,428	94,803,282
Net profit before tax	\$	47,664,207	41,425,274	39,270,559	25,462,577	23,307,232
Net profit after tax	\$	32,869,972	29,416,024	27,692,433	15,926,163	16,154,708
Share price at start of year	¢	64.5	72.5	55.0	42.0	24.0
Share price at end of year	¢	107.0	64.5	72.5	55.0	42.0
Interim dividend (i)	¢	2.00	1.75	1.75	1.50	1.50
Final dividend (i) (ii)	¢	2.00	1.75	1.75	1.50	1.50
Basic earnings per share	¢	8.09	7.75	7.28	6.60	6.77
Diluted earnings per share	¢	7.92	7.63	7.23	6.58	6.66

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

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

(iii) Restated for the impact of the prior year adjustment related to Quickdraw Financial Solutions Pty Ltd. Refer note 14 for further information.

Other than with respect to share-based payments which are disclosed below, 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.

During the year ended 30 June 2013, 751,000 performance rights were granted to the members of the Company's senior management team and 100,000 performance rights to other Company staff.

On vesting each performance right equates to one ordinary share. The performance rights are split into multiple tranches and are subject to various vesting conditions. One such vesting condition is the consolidated entity achieving budgeted profit after tax for various periods, should any of the vesting conditions fail to be achieved the performance rights will not vest, consequently there is a direct link between the creation of shareholder wealth and share based payment remuneration.

REMUNERATION REPORT (AUDITED)

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 BENEFITS	SHARE BASED PAYMENTS	
	SALARY & FEES \$	CASH BONUS \$	NON-MONETARY BENEFITS \$	OTHER \$	SUPERANNUATION \$	LONG SERVICE LEAVE \$	OPTIONS & RIGHTS \$	TOTAL \$
2013								
Non-executive directors								
R. Webb	120,000	-	-	-	-	-	-	120,000
J. Yeudall	95,000	-	-	-	-	-	-	95,000
W. Love	85,833	-	-	-	-	-	-	85,833
J. Beal	85,833	-	-	-	-	-	-	85,833
Executive director								
P. Cumins	634,755	200,000	77,528	-	25,000	-	1,489,683	2,426,966
Other executives								
M. Cooke	508,038	-	-	-	-	-	211,085	719,123
I. Day	274,564	95,114	-	-	25,000	-	71,843	466,521
R. Groom	272,735	56,600	21,454	-	25,000	-	82,620	458,409
G. Fee	231,000	-	-	-	20,790	-	12,767	264,557
D. Patrick	212,456	36,056	15,810	-	56,601	-	61,067	381,990
R. Pilgrim	103,391	-	11,858	-	-	-	-	115,249
M. Osborne	189,969	23,514	15,810	-	18,534	-	35,922	283,749
Total	2,813,574	411,284	142,460	-	170,925	-	1,964,987	5,503,230

* G. Fee formed part of the senior management team effective July 2012

2012

Non-executive directors								
R. Webb	120,000	-	-	-	-	-	-	120,000
J. Yeudall	85,000	-	-	-	-	-	-	85,000
W. Love	80,000	-	-	-	-	-	-	80,000
J. Beal	80,000	-	-	-	-	-	-	80,000
Executive director								
P. Cumins	609,761	200,000	37,723	-	50,000	-	1,220,193	2,117,677
Other executives								
M. Cooke	471,273	-	-	-	-	-	499,800	971,073
I. Day	249,569	168,508	-	-	50,000	9,132	58,713	535,922
R. Groom	234,000	100,276	16,647	14,976	50,000	8,782	67,521	492,202
D. Patrick	194,270	93,789	14,733	-	72,036	-	49,907	424,735
R. Pilgrim	95,795	-	11,050	-	10,474	-	-	117,319
M. Osborne	172,127	53,972	14,733	-	17,271	-	29,357	287,460
Total	2,391,795	616,545	94,886	14,976	249,781	17,914	1,925,491	5,311,388

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

BONUSES AND SHARE-BASED PAYMENTS GRANTED AS COMPENSATION FOR THE CURRENT FINANCIAL YEAR

Bonuses - 2013

The remuneration committee approved bonuses for P Cumins, I Day and R Groom in recognition of the company's performance in the 2013 financial year.

The bonuses received by D Patrick and M Osborne were paid for achieving a reduction in actual head office costs, against budget, for the UK business for the 2013 financial year.

Bonuses - 2012

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 R Groom and I Day were paid for achieving divisional profit results that were above divisional forecast results.

The bonuses received by D Patrick and M Osborne were paid for achieving a profit result for the UK business that was above the forecast result. The actual bonuses were granted six monthly throughout the period.

Cash bonus as a percentage of total compensation

EXECUTIVE	2013	2012
P Cumins	8.2%	9.4%
D Patrick	17.2%	22.1%
M Osborne	15.3%	18.8%
R Groom	12.3%	20.4%
I Day	20.4%	31.4%

SHARE-BASED PAYMENT PLAN

At the Annual general meeting held on 30 November, 2010, the shareholders approved the establishment of the Executive Performance Rights Plan ("EPRP"). At the same time, the shareholders passed a resolution authorising and directing the Board to issue to the managing director, Mr Peter Cumins, 10,000,000 Performance Rights. The conditions attaching to those rights were set out in the shareholder resolution and the Board and the Remuneration Committee had no discretion concerning the issue of those rights.

The shareholders also authorised the issue of a further 10,000,000 Performance Rights to senior executives at the discretion of the Board. It is only the issue of Performance Rights out of this further 10,000,000 that is within the Board's power. The rights vest into ordinary shares in the Company upon achievement of certain vesting conditions which are described fully on page 93. Insofar as the vesting conditions relate to Mr Cumins, these were set by the shareholders as explained above.

Under the EPRP, the Company will issue performance rights to employees as part of their total remuneration package. The rights were issued free of charge.

During the financial year the following share-based payment arrangements were in existence including options granted, vested and lapsed. The Board has exercised its discretion to determine that the vesting condition relating to the achievement of budgeted NPAT for the 2013 financial year has been satisfied.

REMUNERATION REPORT (AUDITED)

PERFORMANCE RIGHTS SERIES	YEAR	GRANT DATE	VESTING DATE	NUMBER OF PERFORMANCE RIGHT GRANTED	GRANT DATE FAIR VALUE	NO. VESTED DURING YEAR	NO. LAPSED DURING YEAR	VESTING CONDITIONS
Director								
Peter Cumins								
Tranche 1	2011	30/11/2010	14/10/2012	4,000,000	\$0.57	4,000,000	-	(1)
Tranche 2	2011	30/11/2010	14/10/2016	6,000,000	\$0.43	-	-	(2)
Senior Management Team								
Ian Day								
Tranche 1	2012	19/09/2011	22/08/2012	100,000	\$0.42	100,000	-	(3)
Tranche 2	2012	19/09/2011	22/08/2013	100,000	\$0.39	-	-	(4)
Tranche 3	2012	n/a	n/a	0	-	-	-	-
Tranche 4	2013	25/09/2012	23/08/2013	66,667	0.751	-	-	(6)
Tranche 5	2013	25/09/2012	1/07/2014	66,667	0.714	-	-	(7)
Tranche 6	2013	25/09/2012	1/07/2015	66,666	0.679	-	-	(8)
Ralph Groom								
Tranche 1	2012	19/09/2011	22/08/2012	115,000	\$0.42	115,000	-	(3)
Tranche 2	2012	19/09/2011	22/08/2013	115,000	\$0.39	-	-	(4)
Tranche 3	2012	n/a	n/a	0	-	-	-	-
Tranche 4	2013	25/09/2012	23/08/2013	76,667	0.751	-	-	(6)
Tranche 5	2013	25/09/2012	1/07/2014	76,667	0.714	-	-	(7)
Tranche 6	2013	25/09/2012	1/07/2015	76,666	0.679	-	-	(8)
Michael Cooke								
Tranche 1	2012	19/09/2011	22/08/2012	1,200,000	\$0.42	1,200,000	-	(3)
Tranche 2	2012	n/a	n/a	0	-	-	-	-
Tranche 3	2012	19/09/2011	15/09/2016	1,800,000	\$0.32	-	-	(5)
Peter Wessels								
Tranche 1	2012	19/09/2011	22/08/2012	25,000	\$0.42	25,000	-	(3)
Tranche 2	2012	19/09/2011	23/08/2013	25,000	\$0.39	-	-	(4)
Tranche 3	2012	n/a	n/a	-	-	-	-	-
Tranche 4	2013	25/09/2012	1/07/2013	16,667	\$0.75	-	-	(6)
Tranche 5	2013	25/09/2012	1/07/2014	16,667	\$0.71	-	-	(7)
Tranche 6	2013	25/09/2012	1/07/2015	16,666	\$0.68	-	-	(8)

REMUNERATION REPORT (AUDITED) (CONTINUED)

PERFORMANCE RIGHTS SERIES	YEAR	GRANT DATE	VESTING DATE	NUMBER OF PERFORMANCE RIGHT GRANTED	GRANT DATE FAIR VALUE	NO. VESTED DURING YEAR	NO. LAPSED DURING YEAR	VESTING CONDITIONS
Gavin Irons								
Tranche 1	2012	19/09/2011	22/08/2012	25,000	\$0.42	25,000	-	(3)
Tranche 2	2012	19/09/2011	23/08/2013	25,000	\$0.39	-	-	(4)
Tranche 3	2012	n/a	n/a	-	-	-	-	-
Tranche 4	2013	25/09/2012	1/07/2013	16,667	\$0.75	-	-	(6)
Tranche 5	2013	25/09/2012	1/07/2014	16,667	\$0.71	-	-	(7)
Tranche 6	2013	25/09/2012	1/07/2015	16,666	\$0.68	-	-	(8)
David Patrick								
Tranche 1	2012	19/09/2011	22/08/2012	85,000	0.4165	85,000	-	(3)
Tranche 2	2012	19/09/2011	23/08/2013	85,000	0.3884	-	-	(4)
Tranche 3	2012	n/a	n/a	-	-	-	-	-
Tranche 4	2013	25/09/2012	1/07/2013	56,667	0.751	-	-	(6)
Tranche 5	2013	25/09/2012	1/07/2014	56,667	0.714	-	-	(7)
Tranche 5	2013	25/09/2012	1/07/2015	56,666	0.679	-	-	(8)
Mike Osborne								
Tranche 1	2012	19/09/2011	22/08/2012	50,000	0.4165	50,000	-	(3)
Tranche 2	2012	19/09/2011	23/08/2013	50,000	0.3884	-	-	(4)
Tranche 3	2012	n/a	n/a	-	-	-	-	-
Tranche 4	2013	25/09/2012	1/07/2013	33,333	0.751	-	-	(6)
Tranche 5	2013	25/09/2012	1/07/2014	33,333	0.714	-	-	(7)
Tranche 6	2013	25/09/2012	1/07/2015	33,334	0.679	-	-	(8)
Glen Fee								
Tranche 4	2013	25/09/2012	23/08/2013	17,000	0.751	-	-	(6)
Tranche 5	2013	25/09/2012	1/07/2014	17,000	0.714	-	-	(7)
Tranche 6	2013	25/09/2012	1/07/2015	17,000	0.679	-	-	(8)

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REMUNERATION REPORT (AUDITED)

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The following vesting conditions are attached to the performance rights:

CONDITION	VESTING HURDLE
1	i) Completion of various predefined organisational change initiatives. ii) The consolidated entity achieving budgeted net profit after tax in each of FY2011 and FY2012. iii) Continuous employment through to vesting determination date, being 14 October 2012.
2	i) Completion of various predefined organisational change initiatives. ii) The consolidated entity achieving budgeted net profit after tax in each of FY2013 – FY2016. iii) Continuous employment through to vesting determination date, being 14 October 2016.
3	i) The consolidated entity achieving budgeted net profit after tax for the financial year ending 30 June 2012. ii) Continuous employment through to vesting determination date, being 15 September 2012.
4	i) The consolidated entity achieving budgeted net profit after tax in each of FY2012 and FY2013. ii) Continuous employment through to vesting determination date, being 15 September 2013.
5	i) The consolidated entity achieving budgeted net profit after tax in each of FY2012 – FY2016. ii) Continuous employment through to vesting determination date, being 15 September 2016.
6	i) The consolidated entity achieving budgeted net profit after tax for the financial year ending 30 June 2013 ii) Continuous employment through to vesting determination date, being 1 July 2013
7	i) The consolidated entity achieving budgeted net profit after tax for the financial year ending 30 June 2014 ii) Continuous employment through to vesting determination date, being 1 July 2014
8	i) The consolidated entity achieving budgeted net profit after tax for the financial year ending 30 June 2015 ii) Continuous employment through to vesting determination date, being 1 July 2015

REMUNERATION REPORT (AUDITED) (CONTINUED)

The following grants of share-based payment compensation to directors and senior management relate to the current year:

NAME	PERFORMANCE RIGHTS TRANCHE	NO. GRANTED (I)	VALUE OF PERFORMANCE RIGHTS GRANTED		VALUE OF PERFORMANCE RIGHTS GRANTED		% OF GRANT VESTED	% OF COMPENSATION FOR THE YEAR CONSISTING OF SHARE-BASED PAYMENTS
			AT THE GRANT DATE (II)	NO. VESTED	AT THE VESTING DATE			
Peter Cumins	1 & 2	10,000,000	\$4,865,040	4,000,000	\$2,280,360		40.00%	66.90%
Ian Day	1, 2, 4, 5 & 6	400,000	\$223,423	100,000	\$41,650		25.00%	19.34%
Ralph Groom	1, 2, 4, 5 & 6	460,000	\$256,936	115,000	\$47,898		25.00%	20.56%
Michael Cooke	1 & 3	3,000,000	\$1,066,260	1,200,000	\$499,800		40.00%	29.35%
Glen Fee	4, 5 & 6	51,000	\$36,448	Nil	n/a		Nil	0.00%
David Patrick	1, 2, 4, 5 & 6	340,000	\$189,909	85,000	\$35,403		25.00%	21.98%
Mike Osborne	1, 2, 4, 5 & 6	200,000	\$111,712	50,000	\$20,825		25.00%	17.90%

(i) The number granted includes rights granted in the current and prior years. Prior year grants are included where amounts have vested during the current year.

(ii) The value of performance rights granted during is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

No share based payments lapsed or were forfeited during the year.

KEY TERMS OF EMPLOYMENT CONTRACTS

Contracts of employment for Peter Cumins, Ralph Groom, and Ian Day require a notice period of not less than three months from the executive and 12 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 12 months' salary would be payable. The contracts are rolling with no fixed term.

Contract of employment for David Patrick requires a notice period of 12 months by either party. Contracts of employment for Richard Pilgrim, Mike Osborne and Glen Fee 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.

REMUNERATION REPORT (AUDITED)

2012 REMUNERATION REPORT DISCLOSURE

At the AGM held on 16 November 2012, approximately 30% of shareholders cast a 'No' vote in relation to the adoption of the remuneration report for the year end 30 June 2012. The Company therefore received what is known as a 'First Strike' under the Amendments to the Corporations Act. The resolution was still passed as an 'ordinary resolution'.

Following the vote against the remuneration report at the 2012 Annual General meeting the Board has analysed the voting in regard to the remuneration report and has identified that, of the 11 largest shareholders (with holdings over 500,000 shares) that voted against the remuneration report, all had their voting intentions referred to, or decided by, proxy advisors.

Discussions with certain proxy advisors revealed that they had made their negative recommendations without considering or being aware of the fact that all of the 10,000,000 Performance Rights issued to Mr Cumins had been authorised and issued pursuant to the shareholders' resolution at the 2010 AGM as described on page 92. The advisors failed to examine the history of those rights which was easily available. Had they done so, they would have realised that those rights should be considered to have been issued by the shareholders and neither the Remuneration Committee nor the Board should be criticised for implementing the instruction of the 2010 AGM. Indeed, the Board had no choice but to carry out the instruction of the shareholders. In addition some of the advisors wrongly believed that the Performance Rights were subject to no performance conditions, which is incorrect, the performance conditions were previously disclosed. Not a single proxy advisor sought comment from the Company or any clarification before making their recommendation.

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, indirect tax compliance, transaction/compliance related matters 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

Peter Cumins

Director

Perth, Western Australia

Date: 11 September 2013

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cash Converters International Limited, I state that:

1. In the opinion of the directors:
 - a. the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the financial position as at 30 June 2013 and the performance for the year ended on that date of the consolidated entity; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - b. the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
 - c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

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 20 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

Peter Cumins
Director

Perth, Western Australia
Date: 11 September 2013



The Board of Directors
Cash Converters International Limited
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37 St Georges Terrace
Perth WA 6000

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11 September 2013

Dear Directors

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 2013, 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

Peter Rupp
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited.



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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 2013, the statement of profit or loss and other 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 31 to 86 and 100.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply 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. Those 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 company's preparation of the financial report that gives a true and fair view, 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 company'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.

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Member of Deloitte Touche Tohmatsu Limited.



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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cash Converters International Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 91 to 99 of the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion the Remuneration Report of Cash Converters International Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 11 September 2013

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 11 SEPTEMBER 2013

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
EZCORP Inc	136,848,000	32.29
National Nominees Limited	44,158,749	10.42
HSBC Custody Nominees (Australia) Limited	38,211,963	9.02
J P Morgan Nominees Australia Limited	25,637,788	6.05

DISTRIBUTION OF EQUITY

Distribution schedule of holdings:

	HOLDERS
1 – 1,000	888
1,001 – 5,000	2,016
5,001 – 10,000	1,161
10,001 – 100,000	1,652
100,001 and over	151
Total number of holders	5,868
Number of holders of less than a marketable parcel	424

TWENTY LARGEST EQUITY SECURITY HOLDERS

NAME	NUMBER OF ORDINARY SHARES	PERCENTAGE OF ISSUED SHARES
1. EZCORP Inc	136,848,000	32.29
2. National Nominees Limited	44,158,749	10.42
3. HSBC Custody Nominees (Australia) Limited	38,211,963	9.02
4. J P Morgan Nominees Australia Limited	25,637,788	6.05
5. RBC Investor Services Australia Nominees Pty Limited <PI Pooled A/C>	19,273,381	4.55
6. Citicorp Nominees Pty Ltd	18,992,873	4.48
7. BNP Paribas Noms Pty Ltd <DRP>	7,311,898	1.73
8. Aust Executor Trustees SA Ltd <Tea Custodians Limited>	6,735,176	1.59
9. Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	5,524,446	1.30
10. Mrs Diana Kathryn Cumins <Diana Cumins Family No 1 A/C>	3,752,511	0.89

TWENTY LARGEST EQUITY SECURITY HOLDERS (CONTINUED)

NAME	NUMBER OF ORDINARY SHARES	PERCENTAGE OF ISSUED SHARES
11. Riolane Holdings Pty Ltd <Cumins Super Fund A/C>	3,432,519	0.81
12. RBC Investor Services Australia Nominees Pty Limited <PIIC A/C>	3,365,838	0.79
13. Mr Peter Cumins <Peter Cumins Family A/C>	2,868,000	0.68
14. QIC Limited	2,768,176	0.65
15. Australian Executor Trustees Limited <No. 1 Account>	2,727,428	0.64
16. UBS Nominees Pty Ltd	1,463,370	0.35
17. Mrs Christine Dorey	1,291,731	0.30
18. Suncorp Custodian Services Pty Limited <SGAEAT>	1,037,623	0.24
19. Mr Reginald Paul Webb <Kylie Lucinda Settlement A/C>	1,012,500	0.24
20. CS Fourth Nominees Pty Ltd	999,516	0.24
	327,413,486	77.25

VOTING RIGHTS

All shares are one class with equal voting rights.

SHAREHOLDER INFORMATION

The shareholder information set out above was applicable as at 11 September 2013.

