ANNUAL REPORT 2004

CASH CONVERTERS INTERNATIONAL LIMITED

CORPORATE DIRECTORY

DIRECTORS

Brian Cumins	*Chairman*
Peter Cumins	*Managing Director*
Michael Cooke	*Group Legal Director*
John Yeudall	*Non-Executive Director*
Reginald Webb	*Non-Executive Director*

COMPANY SECRETARY

Ralph Groom

REGISTERED OFFICE

Level 18, Citibank House
37 St George's Terrace, Perth
Western Australia 6000

SHARE REGISTRARS

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

In United Kingdom:
Computershare Investor Services PLC
PO Box 82
The Pavilions, Bridgewater Road
Bristol BS 99 7NH

AUDITORS

Deloitte Touche Tohmatsu
Level 16, Central Park
152-158 St Georges Terrace,
Perth WA 6000

SOLICITORS

Cooke & Co
38 Philip Road, Dalkeith Western Australia 6009

BANKERS

In Australia:
National Australia Bank
50 St George's Terrace, Perth Western Australia 6000

In United Kingdom:
Barclays Bank PLC
Corporate Banking Centre
32 Clarendon Road, Watford Hertfordshire
United Kingdom

TRUSTEE FOR UNSECURED NOTE HOLDERS

Perpetual Trustee Consolidated Limited
Level 7, 9-11 Castlereagh Street, Sydney NSW 2001

STOCK EXCHANGE

In Australia:
Australian Stock Exchange
Exchange Plaza, 2 The Esplanade, Perth Western Australia 6000

In United Kingdom:
London Stock Exchange Limited
London United Kingdom
EC2N 1HP

CORPORATE BROKER

ABN AMRO Morgans
Level 9, 553 Hay Street, Perth WA 6000

CONTENTS

'Mini Store' UK

CHAIRMAN & MANAGING DIRECTOR'S REVIEW


Peter Cumins and Brian Cumins

It gives us great pleasure to present the group accounts for the financial year ending 30 June 2004.

This year's net profit of $3,735,510 is an excellent result, up 32.0% on last year's profit after providing for a substantial increase in tax from the previous year (2004: $1,621,328 up from 2003: $262,984).

- Earnings before interest, tax, depreciation and amortisation (EBITDA): $6,410,509 up 38.9%
- Net profit after tax and minority interests: $3,735,510 up 32.0%
- Cash Advance (formerly pay day loans): $798,808 up 99.8%
- The Company share price as at 23 August: 29.0 cents up from around 9.6 cents the previous August
- The UK division records a profit before tax of $1,105,115 up 109.3% and opens 15 new stores taking the total store numbers to 104
- The Australian network continues as our best performer with operating profits of $4,008,790 up 87.8%
- A record 21 Australian stores renewed their contracts for a further 10 years contributing $1,708,000 in renewal fees, up 161.7%

PROFIT

	2004	2003	%
Earnings before interest, tax, depreciation and amortisation	6,410,509	4,613,033	+38.9
Income Tax	1,621,328	262,984	+516.5
Depreciation & amortisation	506,043	610,988	-17.2
Borrowing costs	440,741	909,337	-51.5
Net profit before minority interests	3,842,397	2,829,724	+35.8
Less minority interests	106,887	-	-
Net profit after minority interests	3,735,510	2,829,724	+32.0

An excellent result, recording profit growth of 35.8%, achieved from the improvement of our UK business, strong renewals in our Australian network and increased commissions earned from financial service products offered through our substantial retail network.

REVENUE

Operating revenue for the period was $23,354,993 (2003: $20,040,999).

- The major variances in revenue relate to an increase in retail wholesale sales to $8,025,202 (2003: $4,685,722)
- An increase in the sale of 15 year licence agreements to our UK franchisees $1,522,736 (2003: $990,692)
- An increase in renewal fees paid by Australian franchisees who have elected to renew their franchise agreement for a further 10 years $1,708,000 (2003: $652,522)
- An increase in cash advance fees $798,808 (2003: $399,775)
- A decrease in corporate store revenue following the sale of the store $286,336 (2003: $1,782,833)

FINANCIAL SERVICES

The cash advance business model introduced into the Australian network in August 1999 has continued to grow at a rapid rate during the period as the following table demonstrates:

	2004	2003
Total number of loans	137,737	58,077
Total principal loaned	$29,458,924	$11,601,407
Group commissions	$798,808	$399,775

It can be seen from these figures that the cash advance business is growing rapidly. Group commissions for the first half of this year were $324,724 and for the second half they were $474,084, a 46% increase.

There are currently 58 stores providing cash advances, 32 in Queensland, 11 in Victoria, seven in South Australia and eight in Western Australia. We expect a further 25 stores to come on line during the next 12 months.

OTHER FINANCIAL SERVICES

The UK cheque cashing business contributed $872,545 and Western Union money transfer commissions contributed $160,021.

Unsecured personal loans of $1,000 to $2,000 were introduced in Queensland during the period under review and will now be rolled out nationally. Commissions on these loans contributed $45,453. Secured loans of $2,000 to $10,000 commenced on a trial basis in Queensland in December 2003 and are proving successful.

AUSTRALIAN AND INTERNATIONAL DIVISION

The division has performed well during the period increasing operating profit before tax by over 79.0% to $4,363,329.

Over the past few years significant management effort has been directed to revitalising the Australian network, improving store profitability, achieving sustainable growth through the steady expansion of the buys and loans centres, traditional stores and the progressive introduction of personal financial services.

Personal finance centres are now being introduced into all stores that offer the full suite of financial services. They provide the customers with a separate area within the retail store to complete their financial transactions in comfort and privacy. During the year, ten stores in Victoria, seven stores in South Australia and eight stores in Western Australia have established a personal finance centre within their traditional store.

A further 21 Australian stores have renewed their franchise contracts this year. In practical terms this means that the overwhelming majority of the Australian stores are now committed to a further 10-year term with the Company. This franchisee commitment and resulting network stability will ensure the previous two years of strong growth in the Australian chain will continue.

The International network contributed $354,539 in fees and worldwide store numbers now total 444.

CASH CONVERTERS UK DIVISION

'Mini Store' UK

Cash Converters UK (CCUK) has continued to improve and produced an excellent full year result, with profit before tax of $1,105,115 up 109.3% (2003: $527,960).

During the year a total of 15 new stores commenced trading, which was in line with forecasts and seven outlets were defranchised on favourable commercial terms to CCUK. The majority of these territories have now been re-sold to existing franchisees. This takes the total number of outlets in the UK to 104.

The continued development of the financial service centres (satellite stores) model in the UK has produced excellent results. With the introduction of limited retailing, the 'mini store' has evolved. These outlets benefit from higher customer footfall and therefore provide a wider audience for the financial services.

As reported last year an investment group has contracted to open 25 mini stores in the North of London over a five-year period, with CCUK providing the management services under which the stores are to be operated. During the period seven stores have successfully commenced trading. It is anticipated the remaining stores will be opened progressively over the next three years.

The success of the satellite store model and subsequently the 'mini store' concept, along with CCUK's experience in operating these stores, has given the Board the confidence to commence operating company owned 'mini stores'. Following demographic research an area in the north of England has been identified whereby the sizeable population will support a significant number of mini stores. Initially one store will commence trading within the first half of the new financial year and, subject to performance, more stores will be opened.

The sale of 15-year licences to existing franchisees resulted in the signing of 12 contracts during the period.

In summary, the UK division has continued to make excellent progress. During the coming period, the introduction of company owned stores combined with the progress made from franchising activity, should provide the UK division with significant growth opportunities.

DIVIDENDS

Over the past two years the Board has considered that debt reduction combined with a share buy-back programme would deliver a better result for shareholders than dividends.

With the substantial improvement in the share price over the past year, only 915,410 shares were bought back at an average of 10.6 cents, as it was considered that the benefits of the share buy-back were outweighed by further debt reduction and the accumulation of cash reserves.

The Board is committed to the proposition that dividends once begun must be sustainable. Accordingly, the Board has decided to further reduce debt in the short term and continue to accumulate cash reserves.

THE FUTURE

The Company has very little debt, cash reserves and a strong cash flow and a stable franchise chain.

There are opportunities for revenue growth in cash advance, new franchised stores and also through the opening of corporate mini stores in the UK market. These corporate stores will only be rolled out based upon successful performance criteria.

The future looks bright as we move forward and continue to grow the business and improve profits with the view to returning a dividend to our shareholders in the near future.

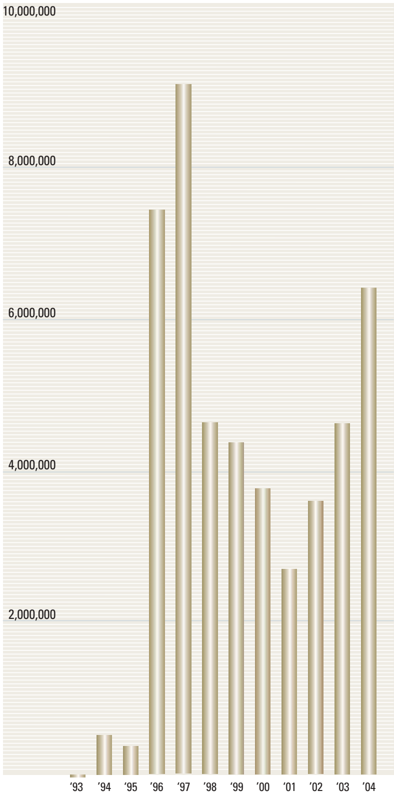
Thanks to our management team and staff and also to our fellow Directors for a job well done.

Brian Cumins | **Peter Cumins**

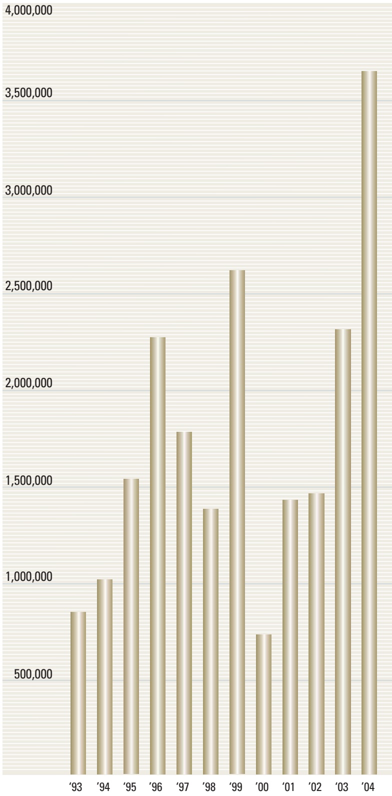
Chairman | *Managing Director*

Date: 25 August 2004

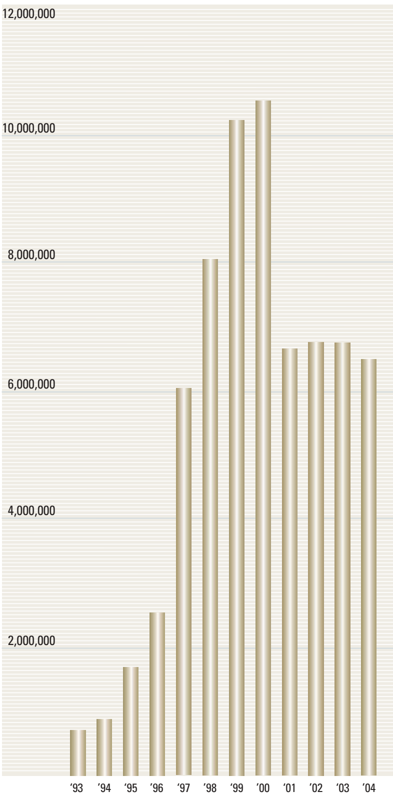
OPERATING PROFIT
before tax, interest, depreciation, amortisation, intellectual property write-down and restructuring costs



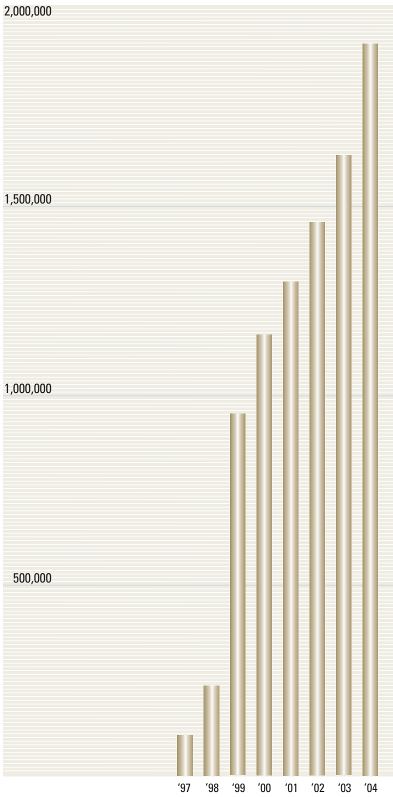
INITIAL FRANCHISE FEES
including new store fees and six and ten year franchise renewals



WEEKLY FRANCHISE FEES

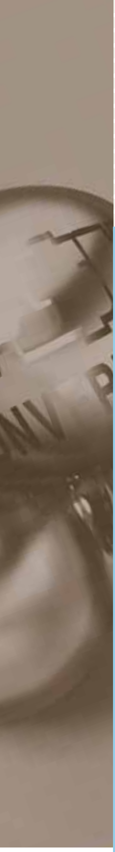


FINANCIAL SERVICES COMMISSION
including commissions for cash advance, cheque cashing and Western Union money transfer



THE YEAR

- *Earnings before interest, tax, depreciation and amortisation up 38.9% to $6,410,509 (2003: $4,613,033)*
- *Initial franchise fees, franchise renewals and franchise licence fees up 56.5% to $3,651,743 (2003: $2,333,508)*
- *Financial services commissions up 22.5% to $1,925,015 (2003: $1,571,312)*
- *Cash Converters UK reports a profit before tax of $1,105,115 (2003: $527,960)*
- *The Company share buy-back results in a total of 915,410 shares purchased at an average price of 10.6 cents per share*
- *Total shares now in issue 130,160,449 originally 150,885,709*
- *The share price as at 23 August: 29.0 cents up from around 9.6 cents in August 2003*



THE CASH CONVERTERS BUSINESS

HISTORY

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

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

In 1990 the Group began to expand into other Australian States and now has over 100 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 over 100 stores.

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

Since launching the concept in 1984, Cash Converters has grown enormously with representation in 21 countries worldwide and to a network of close to 450 franchise stores.

CORPORATE OBJECTIVES

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

- To achieve high and increasing levels of profitability, enabling Cash Converters to meet its responsibilities to shareholders;
- To offer opportunities for franchisees and employees, based upon individual initiative, ability and commitment to succeed;
- To be recognised as a world leader in the retail franchising industry through the provision of innovative business opportunities and management support services to franchisees; and
- To provide, through franchisees, 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 franchising of retail stores, which operate as retailers of second hand goods. 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 franchised outlets as alternative retail merchandise stores and, in the process, created a profitable market for the group.

Franchising was adopted because of its inherent benefits to both the franchisor and the franchisee and its ability to help the Company manage cultural and commercial differences around the world.

As an international franchisor the Company receives the benefit of being able to expand its business quickly and receive the strong managerial commitment of a local franchisee. The franchisee in turn receives the benefit of investing in a successful retailing formula, the product of which is already well proven and as a result the business risk is significantly reduced.

Under the franchise agreements the group provides each franchisee with a business format franchise. This provides each franchisee with the right to use the Cash Converters trademark and business systems.

The Company, Cash Converters International Limited, is the International master franchisor of the franchising concept. The Company sells a licence for the franchise rights of a country to a sub-franchisor. It is the sub-franchisor who develops each country, which they may split into individual territories or regions for sale to a regional sub-franchisor responsible for the sale of franchises to individual franchisees.

The individual franchisees are the strength behind the global network since they believe wholeheartedly in the concept and have an overwhelming commitment to succeed. This commitment and dedication to their business represents the strength behind the group and underpins the whole ethos of the Company.

THE GROUP STRUCTURE

CASH CONVERTERS INTERNATIONAL LIMITED

The Parent Entity
Incorporated in Australia

CCUK HOLDINGS PLC (CCUKPLC)

100% owned by the Parent
Incorporated in the UK

CASH CONVERTERS PTY LTD (CCPL)

100% owned by the Parent
Incorporated in Australia
The main trading company for the Australian and International network

Twenty-five employees

CCUSA LIMITED (CCUSALTD)

58.87% owned by the Parent
Incorporated in Australia

CCUK LTD

100% owned by CCUKPLC
Incorporated in the UK
The main trading company for the UK operations

Twenty-three employees

CASH CONVERTERS FINANCE CORPORATION LIMITED (CCFCL)

34.57% owned by CCPL although the Parent has control through 100% holding of 'A' class management shares

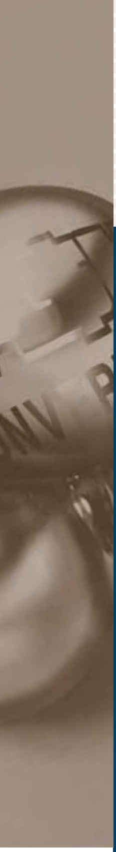
Incorporated in Australia
This company provides loans only to the Australian network

One employee

CCUSA INC

100% owned by CCUSALTD
Incorporated in the USA
The main trading company for the US operations

One employee



WORLD REPORTS

AUSTRALIA

During the past few years significant management effort has been directed at revitalising the Australian network, improving profitability, and achieving sustainable growth through the steady expansion of buys and loans centres, traditional stores and the progressive introduction of personal financial services.

Retail remains intensely competitive across the country with low priced imports continuing to erode margins. The performance of the network is in line with retail generally. Compared to last year, sales have been reasonably flat, with buys and pawnbroking loans marginally up.

Personal financial services

There is however, an upbeat feeling amongst franchisees in the Australian network and widespread acceptance of the benefits from introducing personal financial services to supplement and expand the core business. During the year, ten stores in Victoria, seven stores in South Australia and eight stores in Western Australia have established a personal finance centre within their traditional store.

Over half the stores in the network have now introduced a personal finance centre and offer the cash advance product and money transfers with Western Union. The commissions on the cash advance product have increased by 105% from $374,692 last financial year to $766,930 this year. Secured and unsecured personal loans and cheque cashing are also being introduced progressively in these stores with promising early results. Many of the remaining stores in the network have taken steps to introduce a personal financial centre this financial year. It is a requirement that all stores introducing these services must upgrade all aspects of their store appearance thus helping to ensure the network is at a high level of presentation.

Advertising and promotion

Advertising and promotion has been reviewed to better respond to the tough retailing conditions and to benefit from the promotional opportunities allowed by the extensive jewellery range, unique to the Cash Converters business. A new series of television commercials have also been produced to incorporate the personal finance message and promote the personal finance centres.

Retail skills and information technology

The Company has an ongoing commitment to retail skill development and all states have now introduced retail industry recognised traineeships under the Company retail training organisation structure.

Resources have also been dedicated to improving the functionality and use of information technology as a business tool for franchisees at retail level and Company management.

Franchise renewals

A further 21 stores have renewed their franchise contracts this year. In practical terms this means that the overwhelming majority of stores are now committed to a further 10-year term with the Company. This franchisee commitment and resulting network stability will ensure the previous two years of strong growth in the Australian chain will continue.

UNITED KINGDOM

With growth in a number of key areas Cash Converters UK (CCUK) has continued to make good progress. During the year a total of 15 new stores commenced trading taking the total number of stores in the UK to 104 and it is anticipated that 12 to 15 new stores will be opened in the financial year to June 2005. Seven stores were de-franchised on favourable commercial terms to CCUK and the majority of these territories have now been re-sold to existing franchise owners.

Mini store concept

The continued development of the financial service centre model has produced some very encouraging results. These stores have been further refined by the introduction of a small area for retail trading and as a result the 'mini store' concept has evolved. These stores usually occupy an area of approximately 100 square metres of prime retail space and as a result site locations are far easier to secure when compared to a traditional store requiring approximately 300 square metres. The new retail mix helps to attract a higher customer footfall and as a result provides a wider customer base for financial services.

As reported last year, an investment group has confirmed their intention to open 25 stores within an area north of London, over a five year period. CCUK will provide the management services under which the stores are to be operated for an initial period. During the year seven stores have been opened and are successfully trading. It is anticipated that the remaining stores will be opened progressively during the next three years.

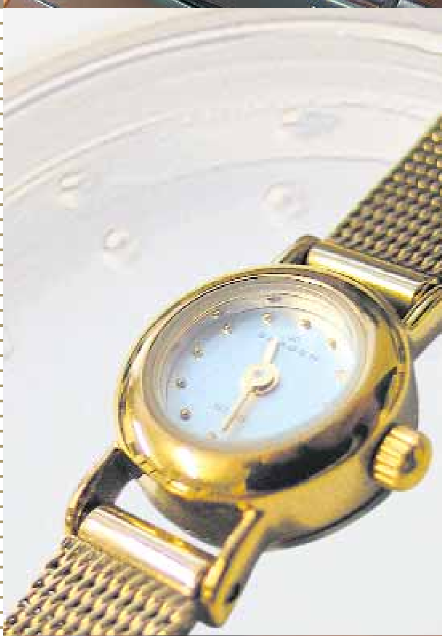
The success of the satellite store model and subsequently the 'mini store' concept, along with CCUK's experience in operating these stores, has given the Board the confidence to commence operating company owned 'mini stores'. Following demographic research an area in the north of England has been identified whereby the sizeable population will support a significant number of mini stores. Initially one store will commence trading within the first half of the new financial year and, subject to performance, more stores will be opened.

Fifteen year licence

The sale of fifteen year licence's to existing franchisee's resulted in the signing of 12 contracts during the period. It is anticipated that a further six to eight will be sold in the coming financial year.

Wholesale stock

The supply of retail wholesale stock to the franchise network has again seen excellent growth. Total sales for the period were approximately £3.2 million, representing an increase of 92% over the previous period.



Advertising and promotion

The advertising and promotional activities have again been successful with a continued presence on Sky TV providing an increase across all areas of the business. On a like for like basis our retail sales increased by 7.2% and our cheque cashing by 16% over the corresponding period last year.

During the Christmas trading period of 2003 Cash Converters launched its first ever national sale, supported by a television advertising campaign. The stores combined sales results were very encouraging. This was against a period during which other high street retailers were reporting sales below the previous year's levels or very little growth. Due to the success of this campaign it is intended to be featured in this years Christmas promotional marketing campaign.

The level of television advertising is to be increased during the coming year and will feature a range of new adverts. It is anticipated that our brand awareness will continue to grow and therefore attract new customers to use our services.

CCWin

The roll out of CCWin, the dedicated EPOS system, has continued to make excellent progress with 68 stores now fully installed and operational. It is planned to install a further 30 stores by the end of the next financial period.

In summary the UK division has continued to make excellent progress. During the coming period the introduction of company owned mini stores, combined with the progress made from franchising activity should provide the UK division with significant opportunities.

REST OF THE WORLD

The international network has now reached close to 450 stores in 20 countries around the world. The expansion of this network continues, albeit slowly. The upside for the Company is that following the introduction of a new licence agreement in these countries the Company has minimal legal risk and no requirement to provide ongoing costly support.

Although the USA is currently not contributing to group profits the directors remain confident that the USA still offers considerable scope for franchise development in the future.

DIRECTORS' PROFILES

Back L-R: John Yeudall, Michael Cooke, Reginald Webb. Front L-R: Peter Cumins, Brian Cumins

BRIAN CUMINS – *Chairman*

Brian Cumins, aged 61, founded the Group in November 1984 and is now Chairman of the Company. He first became involved in the franchising industry in 1980.

In 1984, Brian Cumins began operating in partnership with others in what was to become the first Cash Converters store in Perth, Western Australia. He subsequently developed and refined the operational philosophy, management systems and franchising strategies that have assisted the rapid growth of the Cash Converters business.

PETER CUMINS – *Managing Director*

Peter Cumins, aged 53, is an Australian national. He is the Managing Director of Cash Converters and the brother of Brian Cumins. 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.

Peter Cumins, a qualified accountant, has overseen the major growth in the number of franchises 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.

MICHAEL COOKE – *Legal Director*

Michael Cooke, aged 50, is an Australian national. He is a solicitor in Western Australia with over 20 years experience in the fields of commercial, corporate and taxation law.

Mr Cooke's independent practice has handled Cash Converters legal work since 1992, including the drafting of the franchise agreements and sub-franchisor agreements. His firm now oversees all Cash Converters' commercial legal work (except in respect of litigation).

REGINALD WEBB – *Non-Executive Director*

Reginald Webb, aged 61, is a Fellow of the Institute of Chartered Accountants of Australia and has recently retired as a Partner of PricewaterhouseCoopers. 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.

Mr Webb joined the Board in 1997 and serves on the audit, remuneration and nomination committees.

JOHN YEUDALL - *Non-Executive Director*

John Yeudall, aged 60, was born in the UK and qualified there as a Chartered Engineer. He has a successful history in both the public and private sectors having spent 10 years with the Australian Trade Commission responsible for facilitating Australian trade with the Middle East. Part of that role was a 3 year term as Consul General in Dubai. He was the founder of the IKEA franchise in WA holding the position as Managing Director. Currently John is involved in the Steel Industry, running the Western Australia and South Australia industry associations.

Mr Yeudall joined the Board in December 2002 and serves on the audit, remuneration and nomination committees.

FINANCIAL REPORT - CONTENTS

DIRECTORS' REPORT

In respect of the financial year ended 30 June 2004 the directors of Cash Converters International Limited submit the following report made out in accordance with a resolution of the directors.

DIRECTORS

The following persons held office as directors of the Company during the whole of the financial year and up to the date of this report:

Mr Brian Cumins	(Chairman)
Mr Peter Cumins	(Managing Director)
Mr Michael Cooke	(Executive Director)
Mr John Yeudall	(Non-executive Director)
Mr Reginald Webb	(Non-executive Director)

PRINCIPAL ACTIVITIES

The consolidated entity's principal activity is that of a franchisor of second hand stores operating under the Cash Converters name. Country franchise licences are also sold to sub-franchisors to allow the development of the Cash Converters brand but without the need for support from Cash Converters International Limited.

TRADING RESULTS

The consolidated entity's net profit attributable to members of the parent entity for the year ended 30 June 2004 was $3,735,510 (2003: $2,829,724 profit) after a charge for income tax of $1,621,328 (2003: charge of $262,984), and adjusting for profit attributable to outside equity interests in controlled entities of $106,887 (2003: $Nil).

DIVIDENDS

The directors of the Company recommend that no dividend be paid.

REVIEW OF OPERATIONS

A summary of consolidated revenues and results by significant industry segments is set out below. A 15% franchise fee charged by the Australian franchise division to the UK franchise division has been eliminated for comparison purposes.

	Segment revenues		Segment results	
	2004	2003	2004	2003
	$	$	$	$
Australian and International Franchise Division	8,983,922	7,261,507	4,363,329	2,427,226
Australian Finance Corporation Division	454,507	546,668	143,169	185,731
UK Franchise Division	13,876,707	12,064,357	1,105,115	527,960
US Franchise Division	39,857	168,467	(16,216)	83,463
	23,354,993	20,040,999	5,595,397	3,224,380
Less: Unallocated expenses			131,672	131,672
Operating profit			5,463,725	3,092,708
Income tax attributable to operating profit			(1,621,328)	(262,984)
Operating profit after income tax			3,842,397	2,829,724
Less: Profit attributable to outside equity interests			106,887	-
Profit attributable to members of Cash Converters International Limited			3,735,510	2,829,724

DIRECTORS' REPORT

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

Cash Converters Australia & International franchise division

During the past few years significant management effort has been directed at revitalising the Australian network, improving profitability, and achieving sustainable growth through the steady expansion of buys and loans centres, traditional stores and the progressive introduction of personal financial services.

Retail remains intensely competitive across the country with low priced imports continuing to erode margins. The performance of the network is in line with retail generally. Compared to last year, sales have been reasonably flat, with buys and pawnbroking loans marginally up.

There is however, an upbeat feeling amongst franchisees in the Australian network and widespread acceptance of the benefits from introducing personal financial services to supplement and expand the core business. During the year, ten stores in Victoria, seven stores in South Australia and eight stores in Western Australia have established a personal finance centre within their traditional store.

Over half the stores in the network have now introduced a personal finance centre and offer the cash advance product and money transfers with Western Union. The commissions on the cash advance product have increased by 105% from $374,692 last financial year to $766,930 this year. Secured and unsecured personal loans and cheque cashing are also being introduced progressively in these stores with promising early results. Many of the remaining stores in the network have taken steps to introduce a personal financial centre this financial year. It is a requirement that all stores introducing these services must upgrade all aspects of their store appearance thus helping to ensure the network is at a high level of presentation.

Advertising and promotion has been reviewed to better respond to the tough retailing conditions and to benefit from the promotional opportunities allowed by the extensive jewellery range, unique to the Cash Converters business. A new series of television commercials have also been produced to incorporate the personal finance message and promote the personal finance centres.

The Company has an ongoing commitment to retail skill development and all states have now introduced retail industry recognised traineeships under the Company retail training organisation structure.

Resources have also been dedicated to improving the functionality and use of information technology as a business tool for franchisees at retail level and Company management.

A further 21 stores have renewed their franchise contracts this year. In practical terms this means that the overwhelming majority of stores are now committed to a further 10-year term with the Company. This franchisee commitment and resulting network stability will ensure the previous two years of strong growth in the Australian chain will continue.

The International network contributed $354,539 in fees and worldwide store numbers now total 444.

Cash Converters UK division

With growth in a number of key areas Cash Converters UK (CCUK) has continued to make good progress. During the year a total of 15 new stores commenced trading taking the total number of stores in the UK to 104 and it is anticipated that 12 to 15 new stores will be opened in the financial year to June 2005. Seven stores were de-franchised on favourable commercial terms to CCUK and the majority of these territories have now been re-sold to existing franchise owners.

The continued development of the financial service centre model has produced some very encouraging results. These stores have been further refined by the introduction of a small area for retail trading and as a result the 'mini store' concept has evolved. These stores usually occupy an area of approximately 100 square metres of prime retail space and as a result site locations are far easier to secure when compared to a traditional store requiring approximately 300 square metres. The new retail mix helps to attract a higher customer footfall and as a result provides a wider customer base for financial services.

DIRECTORS' REPORT

As reported last year, an investment group has confirmed their intention to open 25 stores within an area north of London, over a five-year period. CCUK will provide the management services under which the stores are to be operated for an initial period. During the year seven stores have been opened and are successfully trading. It is anticipated that the remaining stores will be opened progressively during the next three years.

The success of the satellite store model and subsequently the 'mini store' concept, along with CCUK's experience in operating these stores, has given the Board the confidence to commence operating company owned 'mini stores'. Following demographic research an area in the north of England has been identified whereby the sizeable population will support a significant number of mini stores. Initially one store will commence trading within the first half of the new financial year and, subject to performance, more stores will be opened.

The sale of fifteen-year licences to existing franchisees resulted in the signing of 12 contracts during the period. It is anticipated that a further six to eight will be sold in the coming financial year.

The supply of retail wholesale stock to the franchise network has again seen excellent growth. Total sales for the period were approximately £3.2 million, representing an increase of 92% over the previous period.

The advertising and promotional activities have again been successful with a continued presence on Sky TV providing an increase across all areas of the business. On a like for like basis our retail sales increased by 7.2% and our cheque cashing by 16% over the corresponding period last year.

During the Christmas trading period of 2003 Cash Converters launched its first ever national sale, supported by a television advertising campaign. The stores combined sales results were very encouraging. This was against a period during which other high street retailers were reporting sales below the previous year's levels or very little growth. Due to the success of this campaign it is intended to be featured in this years Christmas promotional marketing campaign.

The level of television advertising is to be increased during the coming year and will feature a range of new adverts. It is anticipated that our brand awareness will continue to grow and therefore attract new customers to use our services.

The roll out of CCWin, the dedicated EPOS system, has continued to make excellent progress with 68 stores now fully installed and operational. It is planned to install a further 30 stores by the end of the next financial period.

In summary the UK division has continued to make excellent progress. During the coming period the introduction of company owned mini stores, combined with the progress made from franchising activity should provide the UK division with significant opportunities.

Cash Converters USA division

Although the USA is currently not contributing to Group profits the directors remain confident that the USA still offers considerable scope for franchise development in the future.

CHANGES IN STATE OF AFFAIRS

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

DIRECTORS' REPORT

SUBSEQUENT EVENTS

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

LIKELY DEVELOPMENTS

There are no likely developments in the operations of the consolidated entity that were not finalised at the date of this report.

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

OPTIONS GRANTED

The Company issued options in November and December 2001 pursuant to the Annual General Meeting held on 27 November 2001. Of the 17,000,000 options issued, 1,000,000 were exercised in March 2004. The 16,000,000 remaining options have different exercise prices, 10,000,000 have an exercise price of $0.05 each, 4,000,000 have an exercise price of $0.07 each and 2,000,000 have an exercise price of $0.09 each. The options may be exercised at any time prior to 30 September 2006. The holders of such options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

The options are issued to the following parties:

AS AN INCENTIVE TO THE BOARD AND THE EXECUTIVE MANAGEMENT TEAM		NUMBER
Mr Peter Cumins	– Managing Director	5,000,000
Mr Michael Cooke	– Executive Director	5,000,000
Mr Geoffrey Taylor	– Retired non-executive Director	1,000,000
Mr Reginald Webb	– Non-executive Director	1,000,000
Mr Ian Day	– General Manager – Australia	1,500,000
Mr Ralph Groom	– Group Financial Controller / Company Secretary	1,500,000
Mrs Kerry Bradley	– Manager Cash Converters Finance Corporation Limited	500,000
Mr Jim Spratley	– Financial Controller - CCUK	500,000

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Director	Qualifications and experience	Special responsibilities	Particulars of directors' beneficial interests in shares of Cash Converters International Limited Number
Brian Cumins	Founder and former Managing Director of Cash Converters Pty Ltd. Joined the Board in 1995.	Chairman of the Board of Directors	28,837,433
Peter Cumins	Former General Manager of Cash Converters Pty Ltd. A qualified accountant. Joined the Board in 1995.	Managing Director Member of the Nomination Committee	1,438,701
Michael Cooke	BA, LLB Handled Cash Converters legal work since 1992. Developed the Finance Company concept of Cash Converters Finance Corporation Limited. Joined the Board in 1995.	Executive Director Member of the Nomination Committee	Nil
John Yeudall	A Chartered Engineer. Founder of the IKEA franchise in Western Australia. Previously Australian Consul General in Dubai. Joined the Board in 2002.	Non-Executive Director Member of the Audit, Remuneration and Nomination Committees	Nil
Reginald Webb	FCA Fellow of the Institute of Chartered Accountants and a former partner of PricewaterhouseCoopers. Mr Webb also holds a number of non-executive directorships. Joined the Board in 1997.	Non-Executive Director Chairman of the Audit Committee. Member of the Remuneration and Nomination Committees	100,000

The particulars of directors' interests in shares are as at the date of this directors' report.

Three of the directors, Brian Cumins, Peter Cumins and Michael Cooke have been issued service contracts. These contracts continue indefinitely and require that 12 months notice is given by either party to terminate the agreement.

DIRECTORS' MEETINGS

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

	Board of directors meetings		Audit committee meetings		Remuneration committee meetings	
Director	Number held	Number attended	Number held	Number attended	Number held	Number attended
B. Cumins	10	9	-	-	-	-
P. Cumins	10	9	-	-	-	-
M. Cooke	10	10	-	-	-	-
R. Webb	10	9	3	3	1	1
J. Yeudall	10	10	3	3	1	1

Note: No Nomination Committee meetings have been held during the period.

DIRECTORS' REPORT

DIRECTORS' AND EXECUTIVES' EMOLUMENTS

The remuneration committee, consisting of two 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, retirement and termination entitlements, performance-related bonuses and fringe benefits.

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

Remuneration and other terms of employment for the Managing Director, Legal Director and certain other senior executives are formalised in service agreements.

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

Details of the nature and amount of each element of the emoluments of each director of Cash Converters International Limited and each of the five officers of the consolidated entity receiving the highest emoluments are set out in the following tables:

Specified non-executive directors of Cash Converters International Limited

	Primary			Post employment	Equity	Total
Name	Directors' base fee $	Motor Vehicle $	Other non-cash benefits $	Superannuation $	Options $	$
B. Cumins	42,000	14,238	29,067	3,780	-	89,085
R. Webb	42,000	-	-	-	-	42,000
J. Yeudall	42,000	-	-	-	-	42,000

Specified executive directors of Cash Converters International Limited

	Primary			Post employment	Equity	Total
Name	Directors' base fee $	Motor Vehicle $	Other non-cash benefits $	Superannuation $	Options $	$
P. Cumins Managing Director	307,380	27,472	-	-	-	334,852
M. Cooke Legal Director	294,173	-	-	-	-	294,173

DIRECTORS' REPORT

Specified other executives of the consolidated entity

	Primary				Post employment	Equity	Total
Name	Base salary $	Motor vehicle $	Bonus $	Other benefits $	Super-annuation $	Options $	$
J. Urry Chief Executive Officer - UK	185,957	-	24,794	-	38,890	-	249,641
I. Day General Manager - Australia	147,872	17,705	25,000	17,676	12,697	-	220,950
J. Spratley Group Accountant - UK	151,493	-	12,397	-	28,206	-	192,096
R. Groom Company Secretary / Group Financial Controller	121,185	18,041	-	14,976	31,037	-	185,239

'Other executives' 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.

The bonus's received by J Urry and J Spratley were paid for achieving certain performance targets set for the CCUK business and I Day received a bonus for achieving performance targets set for the Australian franchise operations.

Information on options issued as part of the remuneration of directors of Cash Converters International Limited has been disclosed separately in this report.

ENVIRONMENTAL STATEMENT

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year the Company entered into an agreement in respect of directors and officers liability insurance to provide cover for the current directors and officers.

In accordance with the normal commercial practice, the relevant insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

For and on behalf of the Board

Peter Cumins

Director

Perth, Western Australia

Date: 25 August 2004

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

Two of the non-executive directors, being Mr Reginald Webb and Mr John Yeudall, 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 matter 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 two non-executive directors appointed by the Board, being Mr Reginald Webb and Mr John Yeudall, and with regular attendance by the managing director at the request of the audit committee.

Meetings of the committee are usually held in March, 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 dealings in the Company's securities while in possession of inside information.

REMUNERATION COMMITTEE

The remuneration committee was established on 26 May 1997 and comprises of two non-executive directors, being Mr John Yeudall and Mr Reginald Webb, appointed by the Board. 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.

CORPORATE GOVERNANCE

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	✓	
2.1	A majority of the Board should be independent directors	✗	1
2.2	The Chairperson should be an independent director	✗	2
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	Provide the information indicated in *Guide to reporting on Principle 2*	✓	
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:		
	3.1.1 the practices necessary to maintain confidence in the Company's integrity	✓	
	3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2	Disclose the policy concerning trading in company securities by Directors, Officers and Employees.	✓	
3.3	Provide the information indicated in *Guide to reporting on Principle 3*	✓	
4.1	Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material aspects, of the Company's financial condition and operational results are in accordance with the relevant accounting standards	✓	
4.2	The Board should establish an audit committee	✓	
4.3	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	✗	3
4.4	The audit committee should have a formal charter	✓	
4.5	Provide the information indicated in *Guide to reporting on Principle 4*	✓	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclose requirements to ensure accountability at a senior management level for that compliance	✓	
5.2	Provide the information indicated in *Guide to reporting on Principle 5*	✓	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	✓	
6. 2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors report	✓	

CORPORATE GOVERNANCE

ASX BEST PRACTICE RECOMMENDATIONS CONTINUED

		Complied	Note
7.1	The Board or appropriate board committee should establish policies on risk oversight and management	✓	
7.2	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that:		
	7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board	✓	
	7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects	✓	
7.3	Provide the information indicated in *Guide to reporting on Principle 7*	✓	
8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives	✓	
9.1	Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance	✓	
9.2	The Board should establish a remuneration committee	✓	
9.3	Clearly distinguish the structure of non-executive directors remuneration from that of executives	✓	
9.4	Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders	✓	
9.5	Provide the information indicated in *Guide to reporting on Principle 9*	✓	
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations	✓	

1. The current Board consists of five members, two of which are independent. However, the Board believes that as currently constituted it has the range of skills, knowledge and experience necessary to efficiently govern the Company and by setting the Company's strategic direction create shareholder value.
2. The chairman is not an independent director. However it should be noted that the current chairman is a substantial shareholder of the Company and as such, is able to clearly identify with the interests of shareholders as a whole.
3. The audit committee consists of the two independent directors with regular attendance by the managing director.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

		Consolidated		Company	
		2004	2003	2004	2003
	Notes	$	$	$	$
Revenue from ordinary activities	2	23,354,993	20,040,999	627,401	1,256,691
Employee benefits expenses		(3,746,153)	(4,306,671)	-	-
Depreciation and amortisation expenses		(506,043)	(610,988)	-	-
Borrowing costs expense		(440,741)	(909,337)	(193,447)	(377,804)
Legal fees / legal settlements		(421,142)	(653,785)	-	-
Raw materials / consumable items		(7,834,443)	(5,473,677)	-	-
Area agents fees / commissions		(363,213)	(445,158)	-	-
Rental expense on operating leases		(499,218)	(762,683)	-	-
Cost of asset sales		(310,266)	-	-	-
Motor vehicle / travel costs		(855,833)	(798,674)	-	-
Management fees		(381,239)	(368,970)	-	-
Bad debts		(235,620)	(76,831)	-	-
Professional and registry costs		(133,752)	(268,520)	-	-
Auditing and accounting services		(187,350)	(218,201)	-	-
Bank charges		(266,188)	(277,522)	-	-
Other expenses from ordinary activities	3	(1,710,067)	(1,777,274)	(433,954)	(878,887)
Profit from ordinary activities before income tax expense		5,463,725	3,092,708	-	-
Income tax expense	4	(1,621,328)	(262,984)	-	-
Profit from ordinary activities after income tax expense		3,842,397	2,829,724	-	-
Outside equity interests in operating profit after income tax	25	(106,887)	-	-	-
Net profit after income tax attributable to members of the parent entity	19b	3,735,510	2,829,724	-	-
Net exchange differences on translation of financial report of foreign controlled entities		249,175	(19,889)	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity	19a	249,175	(19,889)	-	-
Total changes in equity other than those resulting from transactions with owners as owners		3,984,685	2,809,835	-	-
Earnings per share					
Basic (cents per share)	27	2.88	2.05		
Diluted (cents per share)	27	2.65	2.00		

The above statement of financial performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2004

		Consolidated		Company	
		2004	2003	2004	2003
	Notes	$	$	$	$
Current assets					
Cash assets	5	4,632,582	706,687	-	-
Deposit for loan notes issued	7	-	11,180,639	-	11,180,639
Receivables	6	3,514,012	2,678,987	-	-
Inventories	8	136,084	360,978	-	-
Other	9	202,033	276,235	-	-
Total current assets		8,484,711	15,203,526	-	11,180,639
Non-current assets					
Receivables	6	2,349,295	3,258,235	4,686,167	4,733,358
Investments	25	-	-	437,591	437,591
Plant and equipment	10	809,368	1,259,175	-	-
Intangibles	16	9,553,231	9,624,184	-	-
Other	9	166,275	239,770	-	-
Total non-current assets		12,878,169	14,381,364	5,123,758	5,170,949
Total assets		21,362,880	29,584,890	5,123,758	16,351,588
Current liabilities					
Payables	11	2,978,412	3,050,287	-	-
Interest bearing liabilities	12	1,434,540	1,789,300	-	-
Loan notes redeemable	17	-	11,180,639	-	11,180,639
Current tax liabilities	13	612,714	142,055	-	-
Provisions	14	198,752	153,735	-	-
Total current liabilities		5,224,418	16,316,016	-	11,180,639
Non-current liabilities					
Payables	11	511,591	1,931,362	-	-
Interest bearing liabilities	12	2,293,086	2,161,399	-	-
Deferred tax liabilities	15	1,260,965	1,149,190	-	-
Total non-current liabilities		4,065,642	5,241,951	-	-
Total liabilities		9,290,060	21,557,967	-	11,180,639
Net assets		12,072,820	8,026,923	5,123,758	5,170,949
Equity					
Contributed equity	18c	5,133,100	5,180,291	5,123,758	5,170,949
Reserves	19	(449,006)	(698,181)	-	-
Accumulated profits	19	7,272,597	3,537,087	-	-
Total parent entity interest		11,956,691	8,019,197	5,123,758	5,170,949
Outside equity interests in controlled entities	25b	116,129	7,726	-	-
Total equity		12,072,820	8,026,923	5,123,758	5,170,949

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

		Consolidated		Company	
		2004	2003	2004	2003
	Notes	$	$	$	$
Cash flows from operating activities					
Receipts from customers		21,295,519	18,511,760	-	-
Payments to suppliers and employees		(15,432,165)	(15,210,742)	-	-
Interest received		263,932	446,839	193,447	377,804
Interest and costs of finance paid		(410,166)	(847,133)	(193,447)	(377,804)
Income tax paid		(945,928)	(648,293)	-	-
Net cash flows from operating activities	28	4,771,192	2,252,431	-	-
Cash flows from investing activities					
Purchase of franchise licence		(100,000)	-	-	-
Proceeds from sale of plant, equipment and inventories		505,548	-	-	-
Purchase of plant and equipment		(80,428)	(197,001)	-	-
Investment in controlled entity		(5,000)	-	-	-
Loan repayments from non related entities		15,516	62,538	-	-
Instalment credit loans made to franchisees		(898,502)	(922,377)	-	-
Instalment credit loans repaid by franchisees		1,325,279	1,292,855	-	-
Net cash flows from investing activities		762,413	236,015	-	-
Cash flows applied to financing activities					
Repayment of borrowings		(12,289,597)	(2,140,507)	(11,180,639)	-
Capital element of finance lease and hire purchase payments		(151,064)	(144,632)	-	-
Proceeds from borrowings		2,000,000	1,700,000	-	-
Unsecured deposits received		-	530	-	-
Unsecured deposits repaid		(100,000)	(1,618,537)	-	-
Issue of shares by controlled entity		-	5,000	-	-
Issue of shares by controlling entity		50,000	-	-	-
Buy-back of shares by controlling entity		(97,191)	(1,005,116)	-	-
Redemption of unsecured notes by controlled entity		(2,329,043)	(585,141)	-	-
Issue of unsecured notes by controlled entity		405,504	638,721	-	-
Net cash flows applied to financing activities		(12,511,391)	(3,149,682)	(11,180,639)	-
Net decrease in cash held		(6,977,786)	(661,236)	(11,180,639)	-
Cash at the beginning of the period		11,540,177	13,371,191	11,180,639	12,337,044
Exchange rate variations on foreign cash balances		70,191	(1,169,778)	-	(1,156,405)
Cash at the end of the period	28	4,632,582	11,540,177	-	11,180,639

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose report prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial report comprises the accounts of the Company, Cash Converters International Limited, and the consolidated accounts of the Group comprising the Company, as the parent entity, and the entities it controlled at the end of, or during, the financial year. The accounting policies adopted in preparing the financial report have been consistently applied by entities in the consolidated entity except as otherwise indicated.

(a) Basis of accounting

The financial report has been prepared on the basis of historical costs and, except where stated, do not take into account current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(b) Going concern basis

The consolidated entity has prepared the financial report on a going concern basis, which contemplates realisation of assets and settlement of liabilities in the ordinary course of business.

(c) Principles of consolidation

The consolidated financial statements of the consolidated entity include the assets and liabilities of the Company and the entities it controlled at the end of the financial year and the results of the Company and the entities it controlled during the year. Where entities are not controlled throughout the financial year, the consolidated results include the results of those entities for that part of the year during which control existed. The controlled entities are listed in Note 25 to the financial statements.

The effect of all transactions between entities in the consolidated entity and intra-entity balances are eliminated in full in preparing the consolidated accounts. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statements of financial position.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial accounts.

(d) Inventories

Wholesale and pre-owned goods on hand are stated at the lower of cost and net realisable value.

(e) Depreciation and amortisation of plant, equipment and vehicles

Plant and equipment are depreciated over their estimated useful lives using the diminishing value method. Profits and losses on disposal of plant and equipment are taken into account in determining the profit for the year.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market-determined, risk-adjusted discount rate. The discount rate used was 15 % (2003: 15%).

Estimated useful lives used in the calculation of depreciation range from 2-5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

(f) Recoverable amount of non-current assets

The recoverable amount of an asset, other than intangibles at note 1(l), is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal. In determining recoverable amount net cash flows have been discounted to their present value.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where the net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

(g) Leased assets

Assets acquired under finance leases are included as plant and equipment in the Statement of Financial Position. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property. Where assets are acquired by means of finance leases, the present value of the minimum lease payments is recognised as an asset at the beginning of the lease term and amortised on a straight line basis over the expected useful life of the leased asset. A corresponding liability is also established and each lease payment is allocated between the liability and finance charge.

Other leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are expensed to the Statement of Financial Performance on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

(h) Cash

For the purpose of the statements of cash flows, cash includes cash on hand and deposits held at call with banks (including monies held on deposit as security for loan notes issued), net of bank overdrafts.

(i) Revenue

Income from franchisees is brought to account 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 in full when they become due and payable. 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 payable and the costs in relation to the income are recognised as expenses when incurred. In regard to International franchise fees, these are recognised as income on a cash received basis.

Instalment credit loan interest

Interest received from franchisees in respect of instalment credit loans is recognised as income when earned. The 'rule of 78', 'actuarial' and the 'daily current balance' method have been used to allocate fixed interest to accounting periods.

Other categories of revenue

Other categories of revenue, such as retail wholesale sales, cheque cashing commission and financial services commission, are recognised when the company has passed control of the goods to the buyer or when the services are provided. Bank interest is recognised as earned on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(j) Employee benefits

i) Provision for employees' benefits to wages and salaries, annual leave and other current employee benefits are accrued at nominal amounts calculated on the basis of expected wage and salary rates.

ii) A provision for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(k) Receivables

Trade receivables and other receivables are recorded at amount due less any allowance for doubtful debts. An allowance is made for any doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off during the period in which they are identified.

(l) Intellectual property, goodwill and trade name

Included in the financial statements of the consolidated entity are intangible assets classified as intellectual property, goodwill and trade names. These amounts have arisen either on consolidation or through buy-back of overseas sub-master licence rights, including those achieved as a result of the acquisition of Cash Converters UK Holdings PLC, Cash Converters Pty Ltd or Cash Converters USA Limited, or through direct acquisitions of regional sub-master rights in Australia by Cash Converters Pty Ltd.

The depreciable amount of all intangible assets is amortised on a straight-line basis over their economic useful life, where material. The economic useful life of intellectual property and goodwill has been assessed on an individual asset basis and does not exceed 20 years from the date of acquisition. The directors review the economic useful life of each asset annually.

The directors assess the recoverable amount of these intangible assets on a regular basis, or at least each reporting period, to ensure that the carrying amount does not exceed the recoverable amount. In determining the recoverable amount, the directors have assessed the carrying value and are satisfied that the amounts recorded in the financial report are correctly presented. In forming their opinion the directors have forecast future growth prospects over an extended period.

(m) Foreign currencies

i) **Transactions**

All foreign currency transactions during the year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate existing at that date. All exchange differences either realised or unrealised are brought to account in the profit and loss account in the financial year in which they arise.

ii) **Foreign controlled entities**

As the foreign controlled entities are self-sustaining their assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while their revenues and expenses are translated at the average of rates ruling during the year. Exchange differences arising on translation are taken to the foreign currency translation reserve.

(n) Comparative figures

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

(o) *Trade and other creditors*

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(p) *Interest bearing liabilities*

i) Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt.

Interest is accrued over the period it becomes due and is recorded as part of other creditors.

ii) Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include: Interest on bank overdrafts and short-term and long-term borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings.

(q) *Licence renewal contributions*

Amounts received from franchisees in respect of contributions towards licence renewals are accumulated by Cash Converters Finance Corporation Limited and are evidenced by unsecured notes.

(r) *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.

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 probable that recovery will be received and the amount of the receivable 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 cash flows.

(s) *Income tax*

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse. No provision is made for additional taxes which could become payable if certain reserves of the foreign controlled entity were to be distributed as it is not expected that any substantial amount will be distributed from those reserves in the foreseeable future.

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes under this legislation and the directors of these entities consider it likely that they will elect to implement the tax consolidation system in due course.

However, at the date of this report the directors have not yet finalised an assessment of the financial effect that implementation may have on the Company and the consolidated entity. Accordingly, the directors have not made a final formal decision whether or not to implement the tax consolidation system, and if so, from which date implementation would occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(s) Income tax (continued)

As a result, only the financial effects of the mandatory aspects of the enabling legislation has been recognised in the financial statements and no adjustment has been made to recognise the financial effects that may result from the implementation of the tax consolidation system.

In the event that the tax consolidation system is implemented, the Company is likely to become the 'head entity' of the tax-consolidated group, and has agreed to compensate each wholly-owned subsidiary for the carrying amount of its deferred tax balances.

(t) Investments

Investments in controlled entities are recorded at cost Dividend revenue is recognised on the receivable basis.

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
2. REVENUE				
Revenue from operating activities				
Weekly franchise fees	6,580,896	6,821,123	-	-
Initial fees	421,007	690,294	-	-
Licence fees	1,522,736	990,692	-	-
Ten-year renewals	1,434,273	527,068	-	-
Ten-year renewals - renewed at six years	273,727	125,454	-	-
Sub-franchisor licence sales	46,892	-	-	-
Advertising levies	240,600	240,800	-	-
Instalment credit loan interest	425,433	520,147	-	-
Retail wholesale sales	8,025,202	4,685,722	-	-
Cheque cashing commission	872,545	959,969	-	-
Training levies	911,758	902,695	-	-
Corporate store revenue	286,336	1,782,833	-	-
Computer levy	247,397	165,816	-	-
Financial services commission	1,052,470	668,617	-	-
	22,341,272	19,081,230	-	-
Revenue from non-operating activities				
Rent received	67,058	73,750	-	-
Interest revenue	267,975	446,900	433,954	377,804
Management fees from controlled entity	-	-	193,447	878,887
Proceeds from sale of plant and equipment	505,548	-	-	-
Other revenue	173,140	439,119	-	-
	1,013,721	959,769	627,401	1,256,691
Revenue from ordinary activities	23,354,993	20,040,999	627,401	1,256,691

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

3. EXPENSES

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
Raw materials / consumable items (cost of sales)	7,834,443	5,473,677	-	-
Area agents fees / commissions	363,213	445,158	-	-
Depreciation of plant and equipment	261,281	357,000	-	-
Amortisation of intangibles	220,953	218,732	-	-
Amortisation of assets under finance lease	23,809	35,256	-	-
Cost of asset sales	310,266	-	-	-
Rental expense on operating leases	499,218	762,683	-	-
Borrowing costs				
Interest:				
- Directors and director related entities	40,394	84,492	-	-
- Other entities	434,716	813,757	193,447	377,804
Finance lease charges	6,025	11,088	-	-
Write back of bad and doubtful debts (trade debtors)	(155,965)	(219,122)	-	-
Provision for employee benefits	44,039	31,595	-	-
Bad debts written off				
- Trade debtors and instalment loans	235,620	76,831	-	-
Amounts received or due and receivable, by the auditors for (these amounts are paid on behalf of the Company by a controlled entity):				
- Auditing the financial statements	165,506	169,636	-	-
- Other services	21,844	48,565	-	-

Per Note 10 – depreciation / amortisation expense consists of depreciation of plant and equipment plus amortisation of assets under finance lease.

Information in respect of specified directors and specified executives remuneration is disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$

4. INCOME TAX EXPENSE

	2004	2003	2004	2003
(a) The prima facie tax payable on the operating profit is reconciled to the income tax attributable to the financial year as follows:				
Prima facie tax payable on operating profit before income tax at 30%.	1,639,118	927,812	-	-
Add				
Tax effect of non-allowable items	203,672	(28,056)	-	-
Future income tax benefit not previously recognised now brought to account	(213,379)	(87,634)	-	-
Losses no longer brought to account	-	74,854	-	-
Tax effect of non-deductible amortisation	39,502	39,502	-	-
Over provision in prior years	(46,126)	(671,005)	-	-
Less				
Effect of rates of tax on overseas entity	(1,459)	7,511	-	-
	1,621,328	262,984	-	-
(b) The income tax expense is comprised of:				
Current income tax provision	1,482,184	481,542	-	-
Deferred income tax provision	111,775	(432,952)	-	-
Future income tax benefit	73,495	210,399	-	-
(Over) / under provision in prior years	(46,126)	3,995	-	-
	1,621,328	262,984	-	-
(c) No part of the future income tax benefit shown in Note 9 is attributable to tax losses. The directors estimate that the potential future income tax benefit at 30 June 2004 in respect to tax losses not brought to account is (30 June 2004/2003 - 30%)	209,445	617,781		

This benefit for tax losses will only be obtained if:

i) the entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; or

ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and

iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
5. CASH ASSETS				
On hand	1,000	1,000	-	-
In bank	4,631,582	705,687	-	-
	4,632,582	706,687	-	-
6. RECEIVABLES				
Current				
Trade debtors	2,983,361	2,223,952	-	-
less provision for doubtful debts	(198,172)	(351,473)	-	-
	2,785,189	1,872,479	-	-
Instalment credit loans	1,017,457	1,023,140	-	-
less provision for doubtful debts	(288,634)	(216,634)	-	-
	728,823	806,506	-	-
	3,514,012	2,678,987	-	-
Non-current				
Instalment credit loans	2,276,828	3,181,600	-	-
Loans to non-related entities	72,467	76,635	-	-
Loans to controlled entities	-	-	4,686,167	4,733,358
	2,349,295	3,258,235	4,686,167	4,733,358

Trade debtors include weekly franchise fees, sub-master licence sales and development agent fees outstanding. Where the collection of the debtor is doubtful a provision for doubtful debts is recognised. In the case of the weekly franchise fees a provision for all fees in excess of 90 days is recognised.

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

To secure the instalments credit loans a fixed and floating charge is held over the franchisee's store. Where collection of the debtor is doubtful and the assessed value of the property is less than the amount outstanding, a provision for doubtful debtors is recognised for the shortfall.

The loans to non-related entities carry a fixed interest rate, which varies from 10% - 13%. If the loan is to a franchisee a fixed or floating charge is held over the franchisees store otherwise no security is held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
7. DEPOSIT FOR LOAN NOTES ISSUED				
Deposit for loan notes issued	-	11,180,639	-	11,180,639
The deposit represents security for the loan notes issued in August 1996, to the vendors of the UK business. The deposit was held with Barclays Bank PLC in the UK.				
8. INVENTORIES				
Wholesale stocks of new and pre-owned goods at cost	136,084	360,978	-	-
9. OTHER ASSETS				
Current				
Prepayments	202,033	274,856	-	-
Other assets	-	1,379	-	-
	202,033	276,235	-	-
Non-current				
Future income tax benefits	166,275	239,770	-	-
The consolidated future income tax benefit relates solely to timing differences.				
10. PLANT AND EQUIPMENT				
Plant, equipment and vehicles				
- at cost	2,239,508	2,482,243	-	-
Less accumulated depreciation	(1,484,796)	(1,327,541)	-	-
	754,712	1,154,702	-	-
Plant, equipment and vehicles				
- at capitalised lease value	158,144	232,770	-	-
Less accumulated amortisation	(103,488)	(128,297)	-	-
	54,656	104,473	-	-
	809,368	1,259,175	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

Reconciliation

Reconciliation of the carrying amounts of the plant and equipment at the beginning and end of the current financial year are set out below.

	Consolidated plant, equipment and vehicles 2004 $	Consolidated plant, equipment and vehicles 2003 $
Carrying amount at 1 July 2003	1,259,175	1,491,082
Additions	138,170	220,303
Disposals	(310,266)	-
Depreciation / amortisation expense	(285,090)	(392,256)
Foreign currency exchange differences	7,379	(59,954)
Carrying amount at 30 June 2004	809,368	1,259,175

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
11. PAYABLES				
Current				
Trade and accrued creditors	2,522,687	2,195,794	-	-
Unsecured notes	410,725	809,493	-	-
Other	45,000	45,000	-	-
	2,978,412	3,050,287	-	-
Non-current				
Trade and accrued creditors	-	-	-	-
Unsecured notes	511,591	1,931,362	-	-
	511,591	1,931,362	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
12. INTEREST BEARING LIABILITIES				
Current				
Bank overdraft	-	347,149	-	-
Loans payable	1,373,155	1,334,157	-	-
Hire purchase and lease liabilities	61,385	107,994	-	-
	1,434,540	1,789,300	-	-
Non-current				
Loans payable	2,008,076	1,158,564	-	-
Hire purchase and lease liabilities	127,017	152,119	-	-
Unsecured deposits	157,993	850,716	-	-
	2,293,086	2,161,399	-	-
Financing arrangements				
Unrestricted access was available at balance date to the following lines of credit:				
Credit standby arrangements				
Total facilities				
Bank overdrafts	263,644	1,000,627	-	-
Variable rate bill facility	2,700,000	1,800,000	-	-
	2,963,644	2,800,627	-	-
Used at balance date				
Bank overdrafts	-	347,149	-	-
Variable rate bill facility	2,700,000	1,800,000	-	-
	2,700,000	2,147,149	-	-
Unused at balance date				
Bank overdrafts	263,644	653,478	-	-
Variable rate bill facility	-	-	-	-
	263,644	653,478	-	-
Bank loan facilities				
Total facilities	-	-	-	-
Used at balance date	-	-	-	-
Unused at balance date	-	-	-	-

The bank overdraft and the loans payable of the controlled entities are secured by a fixed and floating charge over the total assets of the entity and a cross guarantee from the parent entity.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates are variable and are currently 2% above the bank base rate.

Unsecured notes do not earn interest. They are payable on demand if a noteholder ceases to be a franchisee, but otherwise will be credited to the consolidated entity's income in payment of a noteholder's franchise renewal fee, at the end of the initial franchise term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
13. CURRENT TAX LIABILITIES				
Income tax	612,714	142,055	-	-
14. PROVISIONS				
Current				
Employee entitlements	187,385	143,346	-	-
Fringe benefits tax	11,367	10,389	-	-
	198,752	153,735	-	-
15. DEFERRED TAX LIABILITIES				
Non-current				
Deferred income tax	1,260,965	1,149,190	-	-
16. INTANGIBLE ASSETS				
Intellectual property and goodwill at cost	4,569,809	4,419,809	-	-
Less accumulated amortisation	(1,082,151)	(992,869)	-	-
	3,487,658	3,426,940	-	-
Trade name at recoverable amount	6,326,011	6,326,011	-	-
Less accumulated amortisation	(260,438)	(128,767)	-	-
	6,065,573	6,197,244	-	-
	9,553,231	9,624,184	-	-

Intellectual property and goodwill is stated at cost to the consolidated entity and relates to amounts recognised either on consolidation, through the buy-back of overseas sub-master licence rights including the acquisition of Cash Converters UK Holdings PLC, Cash Converters Pty Ltd or Cash Converters USA Ltd , or through direct acquisition of regional sub-master rights in Australia by Cash Converters Pty Ltd. The depreciable amount of all intangible assets is amortised on a straight-line basis over their economic useful life, where material. The economic useful life of intellectual property and goodwill has been assessed on an individual asset basis but not more than 20 years from the date of acquisition. The directors review the economic useful life on a regular basis.

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
17. LOAN NOTES				
Loan notes redeemable	-	11,180,639	-	11,180,639

The loan notes were issued in August 1996 to the vendors of the UK business. They are secured by funds equivalent to the value of the loan notes currently held by Barclays Bank PLC in the UK and are redeemable by the vendors at any date up to August 2006.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

18. CONTRIBUTED EQUITY

	Company 2004 Shares	Company 2003 Shares
a) Fully paid ordinary shares		
Balance at beginning of financial year	130,075,859	145,275,270
Share options exercised during the year	1,000,000	-
Share buy-back	(915,410)	(15,199,411)
Balance at end of financial year	130,160,449	130,075,859

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

b) 915,410 (0.7%) fully paid ordinary shares were bought back and cancelled during the financial year by the parent entity under a share buy-back scheme. The cost of the share buy-back included $97,191 consideration. Transaction costs amounted to $12,000. In accordance with the terms of the share buy-back the contributed equity of the Company decreased by this amount.

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
c) Balance at the beginning of the year	5,180,291	49,266,880	5,170,949	49,262,53
Transfer of accumulated losses	-	(43,086,473)	-	(43,086,473)
Share buy-back	(97,191)	(1,005,116)	(97,191)	(1,005,116)
Share options exercised	50,000	-	50,000	-
Shares issued by controlled entity	-	5,000	-	-
Balance at the end of the financial year	5,133,100	5,180,291	5,123,758	5,170,949

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

d) **Options**

As at 30 June 2004 the Company had issued 17 million options to the Board and the executive management team as an incentive pursuant to the 2001 Annual General Meeting. These options were granted in November and December 2001. Of the 17 million options issued, 1 million $0.05 options were exercised in March 2004, the fair value of consideration received (as full settlement) was $50,000. The fair value of the shares issued was $230,000. The 16 million remaining options have different exercise prices, 10 million have an exercise price of $0.05 each, 4 million have an exercise price of $0.07 each and 2 million have an exercise price of $0.09 each. The options may be exercised at any time prior to 30 September 2006. No options were granted or lapsed during the financial year. Details of the options exercised during the year are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
19. RESERVES AND ACCUMULATED PROFITS / (LOSSES)				
a) Reserves				
Foreign currency translation reserve	(442,491)	(698,181)	-	-
Movements in reserves were:				
Foreign currency translation reserve				
Balance at the beginning of the financial year	(698,181)	(678,292)	-	-
Net difference on translation of overseas controlled entities	249,175	(19,889)	-	-
Balance at the end of the financial year	(449,006)	(698,181)	-	-
b) Accumulated profits / (losses)				
Accumulated profit / (losses) at the beginning of the financial year	3,537,087	(42,379,110)	-	(43,086,473)
Transfer of losses to contributed equity	-	43,086,473	-	43,086,473
Net profit attributable to members of the parent entity	3,735,510	2,829,724	-	-
Accumulated profits at the end of the financial year	7,272,597	3,537,087	-	-

20. FINANCIAL INSTRUMENTS

(a) Credit risk exposures

Credit risk refers to the risk that a counterparty 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 it's franchisees. The consolidated entity has a policy obtaining sufficient collateral or other securities from these franchisees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

20. FINANCIAL INSTRUMENTS CONTINUED

(b) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

	Notes	Floating interest rate	Fixed interest maturing in: 1 Year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
		$	$	$	$	$	$
2004							
Financial assets							
Cash	5	4,632,582	-	-	-	-	4,632,582
Loan notes	7	-	-	-	-	-	-
Receivables	6	-	801,290	2,276,828	-	2,785,189	5,863,307
		4,632,582	801,290	2,276,828	-	2,785,189	10,495,889
Weighted average interest rate		3.99%	12.00%	12.00%	-	-	-
Financial liabilities							
Bank overdraft and loans	12	-	1,373,155	2,008,076	-	-	3,381,231
Trade and other creditors	11	-	-	-	-	2,567,687	2,567,687
Loan notes	17	-	-	-	-	-	-
Unsecured notes	11	-	-	-	-	922,316	922,316
Unsecured deposits	12	-	-	157,993	-	-	157,993
Hire purchase and lease liability	12	-	61,385	127,017	-	-	188,402
		-	1,434,540	2,293,086	-	3,490,003	7,217,629
Weighted average interest rate		-	6.88%	7.04%	-	-	-
Net financial assets / (liabilities)		4,632,582	(633,250)	(16,258)	-	(704,814)	3,278,260

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

	Notes	Floating interest rate $	Fixed interest maturing in: 1 Year or less $	Over 1 to 5 years $	More than 5 years $	Non-interest bearing $	Total $
2003							
Financial assets							
Cash	5	706,687	-	-	-	-	706,687
Loan notes	7	11,180,639	-	-	-	-	11,180,639
Receivables	6	-	835,191	3,258,235	-	1,843,796	5,937,222
		11,887,326	835,191	3,258,235	-	1,843,796	17,824,548
Weighted average interest rate		3.39%	12.00%	12.00%	-	-	-
Financial liabilities							
Bank overdraft and loans	12	347,149	1,334,157	1,158,564	-	-	2,839,870
Trade and other creditors	11	-	-	-	-	2,240,794	2,240,794
Loan notes	17	11,180,639	-	-	-	-	11,180,639
Unsecured notes	11	-	-	-	-	2,740,855	2,740,855
Unsecured deposits	12	-	-	850,716	-	-	850,716
Hire purchase and lease liability	12	-	107,994	152,119	-	-	260,113
		11,527,788	1,442,151	2,161,399	-	4,981,649	20,112,987
Weighted average interest rate		3.62%	6.93%	8.50%	-	-	-
Net financial assets / (liabilities)		359,538	(606,960)	1,096,836	-	(3,137,853)	(2,288,439)

(c) **Reconciliation of net financial liabilities to net assets**

	Notes	2004 $	2003 $
Net financial liabilities as above		3,278,260	(2,288,439)
Inventories	8	136,084	360,978
Other assets	9	368,308	516,005
Plant and equipment	10	809,368	1,259,175
Intangibles	16	9,553,231	9,624,184
Current tax liabilities	13	(612,714)	(142,055)
Deferred tax liabilities	15	(1,260,965)	(1,149,190)
Provisions	14	(198,752)	(153,735)
Net assets per balance sheet		12,072,820	8,026,923

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

20. FINANCIAL INSTRUMENTS CONTINUED

(d) Net fair value of financial assets and liabilities

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

The net 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. In the case of unsecured notes, a discount rate of 8.65%, being the rate on the secured loan has been used in calculating fair value.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

	2004		2003	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	$	$	$	$
Financial instruments				
Financial assets				
Cash	4,632,582	4,632,582	706,687	706,687
Receivables	5,863,307	5,863,307	5,937,222	5,937,222
Loan notes	-	-	11,180,639	11,180,639
	10,495,889	10,495,889	17,824,548	17,824,548
Financial liabilities				
Bank overdraft and loans	3,381,231	3,381,231	2,839,870	2,839,870
Trade and other creditors	2,567,687	2,567,687	2,240,794	2,240,794
Loan notes	-	-	11,180,639	11,180,639
Unsecured notes	922,316	801,459	2,740,855	2,433,732
Unsecured deposits	157,993	157,993	850,716	850,716
Hire purchase and lease liability	188,402	188,402	260,113	260,113
	7,217,629	7,096,772	20,112,987	19,805,864

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
21. MATURITY ANALYSIS				
Debts payable				
Not later than 1 year	4,412,952	4,839,587	-	-
Later than 1, not later than 2 years	870,969	2,070,035	-	-
Later than 2, not later than 5 years	1,645,110	1,192,128	-	-
Later than 5 years	288,598	830,598	-	-
	7,217,629	8,932,348	-	-
Excluded from debts payable above are loan notes redeemable of $11,180,639 which are secured against a cash deposit of the same amount.				
Debts receivable				
Not later than 1 year	3,514,012	2,678,987	-	-
Later than 1, not later than 2 years	899,963	1,143,595	-	-
Later than 2, not later than 5 years	1,449,332	2,114,640	-	-
Later than 5 years	-	-	4,686,167	4,733,358
	5,863,307	5,937,222	4,686,167	4,733,358

22. COMMITMENTS FOR EXPENDITURE

(a) Finance lease and hire purchase commitments

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Finance lease and hire purchase expenditure contracted for at balance sheet date, payable:				
Within one year	74,925	123,359	-	-
Later than one, not later than five years	139,806	166,085	-	-
	214,731	289,444	-	-
Less future finance charges	(26,329)	(29,331)	-	-
	188,402	260,113	-	-
Provided for as hire purchase and lease liabilities:				
Current	61,385	107,994	-	-
Non-current	127,017	152,119	-	-
	188,402	260,113	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

22. COMMITMENTS FOR EXPENDITURE CONTINUED

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
(b) Non-cancellable operating lease commitments				
Non-cancellable operating lease commitments payable:				
Within one year	332,835	231,091	-	-
Later than one, not later than five years	569,905	75,168	-	-
Later than five years	42,300	-	-	-
	945,040	306,259	-	-

Finance lease commitments relate to office equipment, fixtures and fittings and vehicle leases. Operating lease commitments relate to head office premises in Australia and regional offices around Australia and the UK (expiry 2004). Cash Converters hold an option to renew on the Australian premises.

23. RELATED PARTY TRANSACTIONS

(a) Directors' and executives' emoluments

The specified directors of Cash Converters International Limited during the year were:

- B. Cumins (Chairman, Non-Executive)
- R. Webb (Non-Executive)
- J. Yeudall (Non-Executive)
- P. Cumins (Managing Director, Executive)
- M. Cooke (Legal Director, Executive)

The specified executives of Cash Converters International Limited during the year were:

- J. Urry (Chief Executive Officer - UK)
- I. Day (General Manager – Australia)
- R. Groom (Company Secretary / Group Financial Controller)
- J. Spratley (Group Accountant – UK)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Primary				Post-employment	Equity	Total
	Directors' base fee / salary $	Motor Vehicle $	Bonus $	Other non-cash benefits $	Super-annuation $	Options $	$
Specified non-executive directors of Cash Converters International Limited							
B. Cumins	42,000	14,238	-	29,067	3,780	-	89,085
R. Webb	42,000	-	-	-	-	-	42,000
J. Yeudall	42,000	-	-	-	-	-	42,000
Specified executive directors of Cash Converters International Limited							
P. Cumins	307,380	27,472	-	-	-	-	334,852
M. Cooke	294,173	-	-	-	-	-	294,173
Total	727,553	41,710	-	29,067	3,780	-	802,110
Specified other executives of the consolidated entity							
J. Urry	185,957	-	24,794	-	38,890	-	249,641
I. Day	147,872	17,705	25,000	17,676	12,697	-	220,950
J. Spratley	151,493	-	12,397	-	28,206	-	192,096
R. Groom	121,185	18,041	-	14,976	31,037	-	185,239
Total	606,507	35,746	62,191	32,652	110,830	-	847,926

Peter Cumins and Michael Cooke are employed under contracts of service entitling them to a notice period of up to 12 months.

(b) **Director-related entities**

The relationships between the Company and director-related entities are as follows:

Cash Converters Pty Ltd - This company is wholly owned by Cash Converters International Limited.

Cash Converters Finance Corporation Limited - This company is under the same directorship as Cash Converters Pty Ltd. Cash Converters Pty Ltd has the majority of voting rights.

Oakrange Holdings Pty Ltd - This company is owned and controlled by Brian Cumins.

Riverwood Park Pty Ltd - This company is owned and controlled by Brian Cumins.

Franchise holders - The directors of the Company together with their associated entities held interests in the following franchised stores:

Franchisee	Franchise	Related Party
Blackport Pty Ltd	Phoenix Park WA	Peter Cumins
Northcote Store (VIC) Pty Ltd	Northcote VIC	Brian Cumins

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

23. RELATED PARTY TRANSACTIONS CONTINUED

(c) Loan disclosure

2004	Balance at beginning $	Interest Charged $	Interest not charged $	Write-off $	Balance at end $	Number in Group
Specified directors	-	25,698	-	-	267,544	5
Specified executives	-	-	-	-	-	4
Total	-	25,698	-	-	267,544	9

Individuals with loans above $100,000 in the year

2004	Balance at beginning $	Interest Charged $	Interest not charged $	Write-off $	Balance at end $	Highest in period $
P. Cumins [Blackport Pty Ltd]	-	9,044	-	-	135,685	147,605
B. Cumins [Northcote Store (VIC) Pty Ltd]	147,605	16,654	-	-	131,859	149,999
Total	147,605	25,698	-	-	267,544	297,604

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

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

(d) Specified directors' and specified executives' equity holdings

Fully paid ordinary shares issued by Cash Converters International Limited

	Balance at 1 July 2003 No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2004 No.	Balance held nominally No.
Specified directors						
B. Cumins	28,837,433	-	-	-	28,837,433	-
P. Cumins	1,438,701	-	-	-	1,438,701	-
M. Cooke	759,030	-	-	(759,030)	-	-
R. Webb	100,000	-	-	-	100,000	-
Specified executives						
J. Urry	-	-	1,000,000	(1,000,000)	-	-
I. Day	1,016,919	-	-	-	1,016,919	-
R. Groom	1,179,258	-	-	67,360	1,246,618	-
	33,331,341	-	1,000,000	(1,691,670)	32,639,671	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

Executive share options issued by Cash Converters International Limited

	Balance at 1 July 2003	Granted as remuneration	Exercised	Balance vested and exercisable at 30 June 2004
	No.	No.	No.	No.
Specified directors				
P. Cumins	5,000,000	-	-	5,000,000
M. Cooke	5,000,000	-	-	5,000,000
R. Webb	1,000,000	-	-	1,000,000
Specified executives				
J. Urry	1,000,000	-	(1,000,000)	-
I. Day	1,500,000	-	-	1,500,000
R. Groom	1,500,000	-	-	1,500,000
J. Spratley	500,000	-	-	500,000
	15,500,000	-	-	14,500,000

(e) **Other transactions with specified directors**

The profit from ordinary activities before income tax includes the following items of revenue and expense that resulted from transactions other than remuneration, loans or equity holdings, with specified directors or their personally-related entities:

	2004
	$
Franchise fees payable in advance on the 1st of each month	123,017
Total advertising levy payable monthly in advance	104,502
Total training levies paid monthly in advance	7,920
Total miscellaneous fees payable on 30 day account	3,649
Total wholesale invoices payable on 30 day account	13,41
Total recognised as revenue	252,498
Total liabilities arising from transactions other than remuneration with specified directors or their personally-related entities as at reporting date	
Current	-
Non-current	157,993
Total	157,993

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

Riverwood Park Pty Ltd, a company owned and controlled by Brian Cumin has provided an unsecured deposit to Cash Converters Finance Corporation Limited of $157,993 (2003: $800,716). The unsecured deposit is by agreement not due and payable within 12 months by the lender unless at the option of the company. This deposit accrues interest at a rate of 10% per annum. During the year interest of $40,394 (2003: $84,492) was paid to Riverwood Park Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

23. RELATED PARTY TRANSACTIONS CONTINUED

(e) **Other transactions with specified directors** ***(continued)***

No transactions with specified executives other than remuneration, loans or equity holdings have taken place during the period.

One of the directors, Brian Cumins, holds shares in Mon-e Pty Ltd the company that provides the software for the Cash Advances. The amount of Cash Advance commissions received by Cash Converters Pty Ltd was $766,930 under normal commercial trading terms and conditions.

24. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

25(a). INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Book value of immediate parent entity investment 2004 $	2003 $	Interest of immediate parent entity (ordinary share / equity) 2004	2003	Type of business
Directly controlled by Cash Converters International Limited						
Cash Converters Pty Ltd	Australia	14,759,527	14,759,527	100%	100%	Franchisor
Cash Converters UK Holdings PLC	UK	25,728,064	25,728,064	100%	100%	Holding Company
Cash Converters USA Limited	Australia	3,730,747	3,730,747	58.87%	58.87%	Holding Company
		44,218,338	44,218,338			
Recoverable amount write-down		(43,780,747)	(43,780,747)			
		437,591	437,591			
Directly controlled by Cash Converters Pty Ltd						
Cash Converters Finance Corporation Limited	Australia	12,525	12,525	34.57%	35.74%	Finance Company
Directly controlled by Cash Converters USA Limited						
Cash Converters USA Inc	USA	6,528,581	6,528,581	100%	100%	Franchisor
Less: prior period recoverable amount write down		(6,528,581)	(6,528,581)			
		-	-			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

25(b). OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES

Outside equity interests hold 560,196 (2003: 550,196), 50 cent ordinary shares in Cash Converters Finance Corporation Limited, being 65.50% of the ordinary issued share capital, and 65.43% of the total equity of the Company.

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

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

Outside equity interests hold 83,936 - one cent ordinary units in Cash Converters USA Limited, being 41.13% of the total equity of the company.

	Consolidated	
	2004	2003
	$	$
Outside equity interests in controlled entities comprises:		
Contributed capital	3,252,622	3,243,870
Accumulated losses	(3,136,493)	(3,236,144)
	116,129	7,726

26. CONTINGENT LIABILITIES

CCIL has provided a bank guarantee to Barrier Shelf Company (No 57) Pty Ltd as security for the head office lease and a guarantee to the National Australia Bank totalling $2,000,000 for a variable rate bill facility provided to CCFCL. Cash Converters USA Inc has issued a guarantee to First Priority Leasing Company Inc for a finance lease on fixtures and fittings and provided a loan performance guarantee to Business Lenders LLC for loans provided to franchisees. The performance guarantee covers five loans amounting to a guarantee limit of $246,504.

CCUK has provided a guarantee to Lombard Finance for a loan made to a franchisee and has provided lease rental guarantees for franchisees of $1,282,381.

Cash Converters Pty Ltd (CCPL) has subordinated $221,984 of its total receivable from Cash Converters Finance Corporation Limited (CCFCL).

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

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

The directors are not aware of any other material contingent liabilities in existence at 30 June 2004 requiring disclosure in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Consolidated	
	2004	2003
27. EARNINGS PER SHARE		
Basic earnings per share (cents per share)	2.88	2.05
Diluted earnings per share (cents per share)	2.65	2.00

	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	129,612,095	137,848,185
Earnings used in the calculation of basic earnings per share and diluted earnings per share reconciles with net profit in the statement of financial performance		
Weighted average number of 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 basic	129,612,095	137,848,185
Options	11,152,095	3,635,220
Weighted average number of ordinary shares diluted	140,764,190	141,483,405

The number of potential ordinary shares not included in the above calculation is nil (2003: 13,364,780).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

28. CASH FLOW INFORMATION

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
(a) Reconciliation of net cash flow from operating activities with profit from ordinary activities after income tax				
Operating profit after tax	3,842,397	2,829,724	-	-
Non-cash flows in operating profit:				
Amortisation	220,953	218,732	-	-
Depreciation	285,090	392,256	-	-
Bad debts written off	235,620	142,097	-	-
Lease and hire purchase interest	16,510	23,150	-	-
Profit on sale of plant and equipment	(11,303)	-	-	-
Increase / (decrease) in income taxes payable	490,130	(162,757)	-	-
Decrease in future income tax benefits	73,495	210,399	-	-
Increase / (decrease) in deferred tax	111,775	(432,951)	-	-
Net exchange differences	7,684	-	-	-
Change in assets and liabilities:				
Increase in trade and term debtors	(814,013)	(169,600)	-	-
Decrease in prepayments	81,174	40,756	-	-
Decrease / (increase) in inventories	45,152	(58,689)	-	-
Increase / (decrease) in trade creditors and accruals	189,059	(648,265)	-	-
Decrease in employee and other provisions	(2,531)	(132,421)	-	-
Cash flows from operations	4,771,192	2,252,431	-	-
(b) Reconciliation of cash				
For the purpose of this statement of cash flows, cash includes cash on hand, deposits held at call with banks or financial institutions, net of bank overdrafts and is reconciled to the related items in the balance sheet as follows:				
Cash on hand and at bank	4,632,582	706,687	-	-
Deposit for loan notes issued	-	11,180,639	-	11,180,639
Bank overdraft	-	(347,149)	-	-
	4,632,582	11,540,177	-	11,180,639

(c) **Non-cash financing and investing activities**

Plant and equipment

During the financial year, the consolidated entity conducted an office fit-out with a fair value of $45 102 (2003: $Nil) under a hire purchase agreement and plant and equipment with a fair value of $12,640 (2003: $23,300) under a lease agreement. This acquisition is not reflected in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

29. DIVIDENDS

The directors of the Company have not recommended the payment of a dividend.

The Company and consolidated entity has Australian franking credits available of $2,877,915 on a tax paid basis (2003: $1,477,915).

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
30. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES				
Receivables				
Current – not effectively hedged				
Pounds Sterling	2,505,669	1,723,384	-	-
United States Dollars	32,360	33,900	-	-
Payables				
Current – not effectively hedged				
Pounds Sterling	1,981,607	1,595,306	-	-
United States Dollars	252,350	353,033	-	-

	No.	No.	No.	No.
31. EMPLOYEE NUMBERS				
Average number of employees during the financial year	49	44	-	-

32. AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

From 1 January 2005, all Australian entities will be required to prepare their financial statements under Australian Equivalents to International Financial Reporting Standards (A-IFRS).

Cash Converters International Limited (CCIL) will be required to comply with A-IFRS for the financial reporting period ending 1 July 2005. Although Australia has been undertaking a harmonisation process for several years, there are still significant differences between Australian GAAP and A-IFRS, and conversion to A-IFRS will result in many changes to accounting policies and therefore a consequential impact on financial performance and position

Management of the transition to A-IFRS

During the reporting period, the directors of the Company conducted a high-level scoping exercise as part of their awareness training to obtain an idea of the effect and effort involved in adopting A-IFRS on the consolidated entity. Part of the scoping exercise involved identifying key areas of impact that will arise on adoption of A-IFRS including financial impact, effort required, and options available to the consolidated entity on first-time adoption of A-IFRS. Now that the consolidated entity has this information, it intends to conduct a business impact study to determine the approximate impact and best options for the consolidated entity for future reporting periods, and to begin a process to redesign and build systems and processes in order to capture information necessary to allow the preparation of financial statements which are fully compliant with A-IFRS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

The directors of the Company believe CCIL will be able to achieve its plan for A-IFRS implementation such that financial statements which are fully compliant with A-IFRS will be able to be prepared.

CCIL has identified the following as being the significant areas of differences affecting the consolidated entity on adoption of A-IFRS. This does not represent an exhaustive list of the differences that will arise, and further analysis may change the consolidated entity's assessment of the importance or otherwise of the various differences.

First-time adoption of A-IFRS

On first-time adoption of A-IFRS, the consolidated entity will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that will be presented in the financial report for the year ended 30 June 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply the A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be derecognised. As any adjustments on first-time adoption are to be made against opening retained earnings, the amount of retained earnings at 30 June 2004 presented in the 2005 financial report and the 2006 financial report available to be paid out as dividends may differ significantly.

Various voluntary and mandatory exemptions are available to the consolidated entity on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to restate past business combinations, expense share-based payments granted before 7 November 2002, and the identification of a 'deemed cost' for property, plant and equipment.

The impact on CCIL of the changes in accounting policies on first-time adoption of A-IFRS will be affected by the choices made. The consolidated entity is evaluating the effect of the options available on first-time adoption in order to determine the best possible outcome for the consolidated entity.

Income tax

The consolidated entity currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences. Under A-IFRS, deferred taxes are measured by reference to the 'temporary differences' determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the balance sheet.

Because A-IFRS has a wider scope than the entity's current accounting policies, it is likely that the amount of deferred taxes recognised in the balance sheet will increase. In particular, significant increases in deferred tax liabilities are anticipated in relation to deferred taxes associated with fair value adjustments and intangibles arising in relation to pre-transition business combinations.

The consolidated entity also has carried forward tax losses which have not been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria under current Australian GAAP (refer note 4(c)). Under A-IFRS, it may be easier to recognise these tax losses as deferred tax assets as they are recognised based on a 'probable' recognition criteria. The impact of this difference may be to increase deferred tax assets and opening retained earnings, and result in a higher level of recognised deferred tax assets on a go-forward basis.

Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS. The likely impact of these changes on deferred tax balances has not currently been determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

32. AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS CONTINUED

Goodwill

As disclosed in note 1 (l), goodwill is currently amortised over a 20 year period. A-IFRS does not permit goodwill to be amortised, but instead requires the carrying amount to be tested for impairment at least annually. Goodwill currently recognised in the balance sheet, adjusted if necessary on the optional restatement of business combinations, must be allocated to individual cash-generating units (or groups of cash-generating units) and tested for impairment at the allocated level. This change in policy may result in increased volatility in the profit and loss, where impairment losses are likely to occur.

Share-based payment

Share-based compensation forms part of the remuneration of employees of the consolidated entity (including executives) as disclosed in the notes to the financial statements. The consolidated entity does not recognise an expense for any share-based compensation granted. under A-IFRS, the consolidated entity will be required to recognise an expense for such share-based compensation. Share-based compensation is measured at the fair value of the share options determined at grant date and recognised over the expected vesting period of the options. A reversal of the expense will be permitted to the extent non-market based vesting conditions (e.g. service conditions) are not met. The entity will not retrospectively recognise share-based payments vested before 1 January as permitted under A-IFRS first time adoption.

Impairment of assets

Non-current assets are written down to recoverable amount when the asset's carrying amount exceeds recoverable amount. Historically, although not mandated, CCIL has discounted cash flows in determining the recoverable amount of its non-current assets.

Under A-IFRS, both current and non-current assets, including property, plant and equipment previously excluded as they were measured on the fair value basis, are tested for impairment. In addition, A-IFRS has a more prescriptive impairment test, and requires discounted cash flows to be used where value in use is used to assess recoverable amount. Consequently, on adoption of A-IFRS, a further impairment of certain assets may need to be recognised, thereby decreasing opening retained earnings and the carrying amount of assets – the consolidated entity has not yet determined the impact, if any, of any further impairment which may be required. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

33. SEGMENT INFORMATION

Information on business segments

	External Sales		Inter-segment		Total	
	2004	2003	2004	2003	2004	2003
	$	$	$	$	$	$
SEGMENT REVENUES						
Franchising	22,662,215	19,072,389	-	-	22,662,215	19,072,389
Financing	424,803	520,147	-	-	424,803	520,147
Total of all segments	23,087,018	19,592,536	-	-	23,087,018	19,592,536
Eliminations					-	-
Unallocated					267,975	448,463
Consolidated revenue					23,354,993	20,040,999

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

	Assets		Liabilities	
	2004	2003	2004	2003
	$	$	$	$
SEGMENT ASSETS & LIABILITIES				
Franchising	17,835,615	24,918,439	5,930,590	16,893,726
Financing	3,527,265	4,666,451	3,359,470	4,664,241
Total of all segments	21,362,880	29,584,890	9,290,060	21,557,967
Eliminations	-	-	-	-
Unallocated	-	-	-	-
Consolidated	21,362,880	29,584,890	9,290,060	21,557,967

	Total	
	2004	2003
	$	$
SEGMENT RESULTS		
Franchising	5,452,228	3,038,649
Financing	143,169	185,731
Total of all segments	5,595,397	3,224,380
Eliminations	-	-
Unallocated	(131,672)	(131,672)
Profit from ordinary activities before tax	5,463,725	3,092,708
Income tax expense relating to ordinary activities	(1,621,328)	(262,984)
Net profit from ordinary activities after related income tax expense	3,842,397	2,829,724

	Franchising		Financing	
	2004	2003	2004	2003
	$	$	$	$
OTHER SEGMENT INFORMATION				
Acquisition of segment assets	138,170	220,303	-	-
Depreciation and amortisation of segment assets	285,090	392,256	-	-
Significant expenses				
Bad debts	163,620	76,831	72,000	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

33. SEGMENT INFORMATION CONTINUED

Geographical segments	Revenue from external customers 2004 $	Segment assets 2004 $	Acquisition of segment assets 2004 $
INFORMATION ON GEOGRAPHICAL SEGMENTS			
Australia	9,083,890	17,021,906	94,644
UK Division	13,876,707	4,288,927	43,526
US Division	39,858	52,047	-
Rest of the World	354,538	-	-
Consolidated	23,354,993	21,362,880	138,170

1. The economic entity operates predominantly in the following industries:

   Franchising

   This involves the sale of franchises for the retail sale of second hand goods, and sales of master licences for the development of countries outside of Australia.

   Finance

   The finance division was established to provide loans to existing franchisees within Australia, for the development of their businesses.

2. Intersegment pricing is based upon an agreed interest rate between Cash Converters Pty Ltd and Cash Converters Finance Corporation Limited.

3. Under the geographical segment the revenue included under the “rest of the world” is the percentage revenue due to the consolidated entity from the sub-master franchisors at a contracted percentage rate of their revenue generated from operations in their countries

34. COMPANY DETAILS

Company details are contained in the Corporate Directory at the beginning of these published accounts.

DIRECTORS' DECLARATION

The directors declare that:

(a) The attached financial statements and notes thereto comply with Accounting Standards;

(b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and the consolidated entity;

(c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

(d) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

For and on behalf of the Board

Peter Cumins

Director

Perth, Western Australia

Date: 25 August 2004

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF CASH CONVERTERS INTERNATIONAL LIMITED

Deloitte

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

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SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both Cash Converters International Limited (the company) and the consolidated entity, for the financial year ended 30 June 2004 as set out on pages 23 to 57. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Cash Converters International Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

KEITH F JONES

Partner

Chartered Accountants

Perth, 25 August 2004

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 8 SEPTEMBER 2004

SUBSTANTIAL SHAREHOLDERS

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

Name	Number of ordinary shares	Percentage of issued shares
Hosking Financial Group	25,800,000	19.82
Westpac Custodian Nominees Limited	17,350,000	13.33

DISTRIBUTION OF EQUITY

Distribution schedule of holdings:	Ordinary shares
1 - 1,000	118
1,001 - 5,000	413
5,001 - 10,000	389
10,001 - 100,000	776
100,001 and over	104
Total number of holders	1800
Number of holders of less than a marketable parcel	163

TWENTY LARGEST EQUITY SECURITY HOLDERS

Name	Number of ordinary shares	Percentage of Issued shares
Hosking Financial Group	25,800,000	19.82
Westpac Custodian Nominees Limited	17,350,000	13.33
J P Morgan Nominees Australia Limited	6,268,017	4.82
ANZ Nominees Limited	5,905,848	4.54
Tower Trust Limited	3,259,320	2.50
Oakrange Holdings Pty Ltd	2,862,433	2.20
Tower Trust (NSW) Limited	2,107,730	1.62
Mrs Christine Dory	2,094,701	1.61
Mr Wayne Douglas and Mrs Heather Janet Hubbard	1,980,431	1.52
Equity Trustees Limited	1,816,842	1.40
Mr Michael Edward Constable	1,533,801	1.18
Simon George & Sons Pty Ltd	1,500,000	1.15
RBC Global Services Australia Nominees Pty Ltd	1,291,544	0.99
Mr Mohammed H Al Mulla	1,283,166	0.99
Mr Steven John Attard	1,150,000	0.88
State Street Nominees Limited	1,068,766	0.82
Psychopath Investments Pty Ltd	1,000,000	0.77
Mr Ian Day	643,031	0.49
McNicol Investments Pty Ltd	606,600	0.47
Riolane Holdings Pty Ltd	605,000	0.46
	80,127,230	61.56

VOTING RIGHTS All shares are of one class with equal voting rights.

SHAREHOLDER INFORMATION The Shareholder information set out above was applicable as at 8 September 2004.

ABN 39 069 141 546

REGISTERED OFFICE

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