

CORPORATE DIRECTORY

DIRECTORS

Reginald Webb	Chairman
Peter Cumins	Managing Director
John Yeudall	Non-Executive Director
Andrew Moffat	Non-Executive Director
Cameron Hetherington	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 14, Woodside Plaza
240 St George's Terrace
Perth Western Australia 6000

SOLICITORS

Cooke & Co

38 Kookaburra Street
Stirling Western Australia 6021

BANKERS

IN AUSTRALIA:

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

Westpac Business Bank

109 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 11, Angel Place
123 Pitt Street
Sydney New South Wales 2000

STOCK EXCHANGE

IN AUSTRALIA:

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

IN UNITED KINGDOM:

London Stock Exchange Limited
London United Kingdom
EC2N 1HP

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CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

This year has been the most successful in the Company's history, with a record net profit of \$11,557,840.

This is up over 174% on the previous year.

This excellent result has allowed the Directors to declare a final dividend of 1.5 cents fully franked, making a total dividend payment for the year of 3.0 cents, fully franked and representing a payout ratio of 56.7%.

This outstanding result confirms our view that the acquisitions of the highly complementary businesses of Safrock and MON-E would be company transforming. These acquisitions have cemented the Company's transformation into one of the largest and most well known alternative financial services companies in Australia. It sets a solid platform for the Company to continue to grow and dominate this fragmented market sector.

When considering this year's result, it is important to note that these acquisitions were only effective from 1 October 2006 and therefore the result reflects only nine months of consolidated results.

Divisional profits before tax	30 June 2006 \$	30 June 2007 \$
Franchise division	2,630,881	2,869,402
Finance division	3,568,115	13,890,284
Total operating profit	6,198,996	16,759,686

For comparative purposes please note that post acquisition, commissions amounting to \$2,741,343 for the nine months from 1 October 2006 to 30 June 2007, which would have previously been credited to the franchise division, are now included in the finance division result. The total operating profit is before unallocated expenses of \$49,572.

PROFIT

It can be seen by reference to the comparative table below that the profit trend is significantly upward and will continue next year when the full impact of MON-E and Safrock is annualised.

	2005 \$	2006 \$	2007 \$
Earnings before interest, tax, depreciation and amortisation	5,250,783	6,857,244	17,618,058
Income tax	1,396,329	1,888,483	5,078,968
Depreciation and amortisation	576,387	545,442	709,881
Borrowing costs	199,771	162,378	198,063
Net profit before minority interest	3,078,296	4,260,941	11,631,146
Less minority interests	10,590	48,220	73,306
Net profit after minority interests	3,067,706	4,212,721	11,557,840

REVENUE

Operating revenue for the period was \$45,979,982 (2006: \$22,628,922).

The major variances in revenue relate to:

- Increase in financial services commission of \$7,968,769;
- Increase in personal loan interest and establishment fees of \$10,477,624;
- Increase in weekly fees of \$591,662;
- Increase in cheque cashing commission of \$88,139;
- Increase in corporate store revenue of \$2,478,701;
- Increase in retail wholesale sales of \$686,035.



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FINANCIAL SERVICES

MON-E

The integration of the MON-E business has gone smoothly and all staff are to be congratulated for their efforts in this regard. During the course of the year, a new software system has been developed to cope with the massive growth experienced in recent years and expected growth in the future. The new system will also allow MON-E to provide more relevant and timely reporting to franchisees and the Company. The system has undergone stringent testing and will be implemented in October.

AUSTRALIAN CASH ADVANCE STATISTICS

12 months ending 30 June 2006		12 months ending 30 June 2007		% increase
Total number of loans	: 439,913	Total number of loans	: 486,590	10.6
Total principal loaned	: \$103,037,193	Total principal loaned	: \$124,567,170	20.9
Average loan amount	: \$234	Average loan amount	: \$256	9.4
Customers	: 154,458	Customers	: 202,325	30.9

There are now 112 of our 137 stores participating, 15 more than at June 2006. Further significant growth is expected next year as the Company launches its cash advance product into New South Wales through its existing eight store network and we see the balance of existing stores participate. There will also be continued growth experienced by the existing stores as their customer base increases with increased marketing and promotion.

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SAFROCK

As with MON-E, the integration of the Safrock business has gone smoothly and we congratulate all staff.

During the course of the year the personal loan product was introduced into the franchised networks in Victoria, Tasmania and South Australia. We expect to see significant growth in these new territories in the 2008 financial year as well as in New South Wales where the product was launched in July.

	12 months ending 30 June 2006	12 months ending 30 June 2007
Total number of loans approved	10,317	16,012
Total number of customers	6,115	9,965
Total value of principal advanced	\$15.0 mill	\$23.5 mill
Loan book	\$8.5 mill	\$12.8 mill

OTHER FINANCIAL SERVICES

The UK cheque cashing business contributed revenue of \$1,323,926 for the year and Western Union money transfer commission contributed \$209,417.

AUSTRALIAN AND INTERNATIONAL FRANCHISE DIVISION

The Australian and international franchise division recorded a profit before tax of \$2,442,502.

During the course of the year, four traditional stores and four buys and loans centres were opened taking store numbers to 137. Further growth is expected during the 2008 financial year.

As reported previously, the company intends expanding its presence in the under-represented state of New South Wales with a two-pronged approach. A combination of company owned, small footprint stores and franchised stores are planned to open.

A lease has been signed on a location in Burwood for the first company store which will be opened in mid September. A new franchised store opened recently in Rockdale and two new franchised stores will be opened in Hurstville and Campbelltown before calendar year end. Stand-alone personal finance centres will also be opened in the Sydney CBD as part of the growth strategy.

As important as new store openings are, it's also pleasing that during the year stores at Knox, Frankston, Bendigo and Epping renewed their franchise agreements for a further term, reinforcing the company view that the franchised network is stable and profitable.

The company continues to improve its systems and service to franchisees. This year has been no exception with further enhancements to our Wholesale Division with the range of products expanded to include stationery and uniforms. The aim of this department is to provide franchisees with a single point of ordering via CCNET, our internet system, for regular consumables and some stock items.

The year under review saw market research conducted to support the repositioning of the business and to identify current customer attitudes toward all products and services offered, including the use of on-line opportunities. The results were very encouraging with the customers using our financial service products reporting an 87% approval rating of the service.





There were seven additional television commercials produced this year to promote all core products and ensure coverage of all key messages identified in the brand strategy. The new advertisements maintained the distinctive style, established in 2005, using stylized still photography, telling light-hearted stories about people getting on with their lives by utilising Cash Converters' services.

The total effectiveness of the international web site, from a corporate governance and shareholder perspective, has been revised and areas that can add further shareholder value, have been identified and developed, with additions now being made regularly. A content management system has been acquired as part of the process to allow flexibility and a controlling mechanism to ensure the currency and the continuing evolution of the user interface as we move into the on-line environment.

The Australian On-line auction site WEBSHOP will be launched in October. With an interface between the store operating system CCWin and the auction site, the process to upload of stock from the store's inventory can now be automated and this will allow a commercial quantity of product to be available for sale on the site. The same automation will be available to our UK franchisees and will lead to a significant increase in sales volume.

The international network contributed \$341,478 in royalties for the year.

CASH CONVERTERS UK DIVISION

The full year result produced a like for like 66.8% increase in profit before tax of \$442,068.

Store numbers now stand at 124 after the opening of another seven stores. Further growth is expected from the high level of franchise enquiries and the expansion of existing franchisees. UK franchisees have enjoyed strong business growth in all key income streams and this has given further encouragement for existing franchisees to increase store numbers.

The corporate store division now has 11 stores trading following the recent acquisition in July of five stores in the Leeds region. Current store opening plans and financial targets are being met.

The UK auction site continues to grow in income contribution as the product numbers and sales increase. There are now 50 stores with a presence on the site and enjoying the marketing benefits, with nearly a million visitors expected in 2007/2008.

Additional services such as a prepaid gold debit card and ATMs have recently been added to the peripheral business opportunities for the UK franchise network. These are expected to enhance income streams without detracting from the core services that the stores offer.

CCWin continues to expand into more stores and is now the operating system used in 113 stores. This system automatically goes into all new stores and more existing stores are expected to convert to CCWin over the coming year. This ascending level of CCWin use is reflected in the corresponding increase in income for Cash Converters UK.

In summary, excellent progress has been made this year in achieving the UK business plan and improving the profitability of the UK business. Further store and fee growth plus the acquisition of the Leeds group of stores and financial services income should provide for substantial growth in the coming year in the UK.

CORPORATE STORES

The corporate store rollout program is beginning to gain momentum with the opening of our sixth store (prior to the Leeds acquisition) in Farnworth in May 2007. The corporate store group have performed in line with budget and steady growth is being experienced in the buyback and pawn broking loan books in all stores.

As expected, new stores trade at a loss until they reach a certain level of maturity. Our first store, Bolton, produced an EBITDA profit of £44,680 for the period. The good news is that our newer stores, Blackburn and St Helens, have reached profit within 12 months of opening, as a result of our improved efficiency and level of experience.

STORE ACQUISITIONS

A group of five stores comprising of four stores situated in Leeds and one in Bradford were purchased from an existing franchise, effective from 16 July 2007.

These stores have been bought as going concerns for a total consideration of £1.6 million (\$3.8 million) including assets. The stores are expected to produce EBIT of £350,000 (\$840,000) in the coming financial year. The stores have considerable growth potential as two of the five stores have only recently been opened. The addition of these stores to the existing corporate store chain of six stores will create economies of scale and efficiencies and enable the Company to accelerate the growth of the corporate store chain in the UK. This acquisition will also give a boost to the progress of the CC UK on-line auction site. Having 11 corporate stores dedicated to the development of the e-commerce website will ensure its continued growth.

The acquisition has been funded by a combination of borrowings and available cash resources and without the issue of new shares.

UK ON-LINE AUCTION SITE

The Cash Converters auction site launched in 2005 has completed its inaugural trading year.

By December the number of stores on the site had grown to 48 with 43 regularly active, and between them they have listed over 70,000 items. Portsmouth was the top performing store with sales in excess of £30,000

Number of unique visitors in 2006	660,863
Number of page views in 2006	12,846,861
Products sold in 2006	7,204
Customers registering in 2006	23,752

The TV advertisements that launched the site in July 2006 moved the business forward tremendously and Cash Converters expect a continued improvement with new TV advertisements being produced for 2007.

The trend of auction enquiries we experienced at the launch, with office hours being the site's busiest periods, have remained consistent, with 12 noon to 2.00pm being busy. However, the 6pm to 1am time periods are now also good trading times.



DIVIDEND PAYMENT

The Board paid a fully franked interim dividend of 1.5 (one and a half) cents per share on 30 March 2007. The Directors have also declared a fully franked dividend of 1.5 (one and a half) cents per share to be paid on 28 September 2007 to those shareholders on the register at the close of business on 14 September 2007.

The increase in dividend payment reflects the steady improvement in the Company's finances over a number of years and it is the Board's intention to continue to pay dividends and to reassess the quantum at the end of each reporting period in line with the Company's performance.

APPOINTMENT OF NEW DIRECTOR

The Board was pleased to announce in July 2007 the appointment of Mr Cameron Hetherington as a non-executive director of the Company.

Mr Hetherington is a 43 year old Australian residing in Queensland. His appointment will add significant skills and experience to the Board of CCIL as it pursues an aggressive corporate store growth strategy by way of the acquisition of existing franchise stores and the opening of new stores.

In 1993 Mr Hetherington joined Dollar Financial Corporation, a NASDAQ listed company specialising in the provision of retail financial services such as pay day advances and unsecured loans. He served in a variety of senior management positions, most recently as the group's Senior Vice President-International operations since September 2004. Prior to this he served as Dollar's Senior Vice President and President - UK operations, as well as Managing Director of Dollar Financial UK Limited from March 1999 to September 2004, with responsibility for management and strategic development of the UK and European markets.

Under his stewardship, the UK operation grew aggressively through eight major acquisitions and more than 40 new store developments, expanding the operations to 152 company owned outlets and 350 franchise/agent locations.

THE FUTURE

The acquisitions of MON-E and Safrock have transformed the Company. Both acquisitions were highly complementary and have significantly increased Company profits.

The Company will now embark upon a two pronged growth strategy: an aggressive corporate store rollout program in the UK and Australia, combining the opening of new stores with the acquisition of franchised stores, as well as continuing to grow the MON-E and Safrock income streams.

In closing we wish to thank our fellow Directors, management and staff for a job well done.

REGINALD WEBB

Chairman

PETER CUMINS

Managing Director

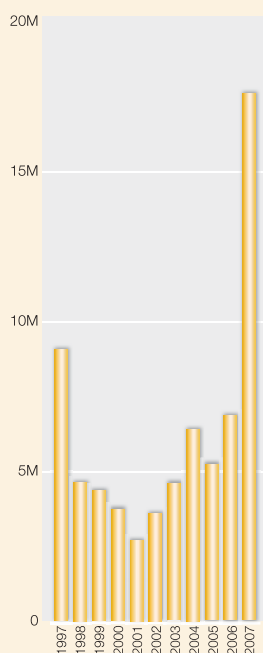
Perth, Western Australia

Date 29 August 2007

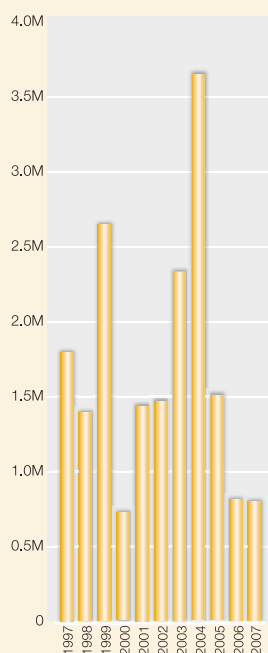
Review for the Year

- Earnings before interest, tax, depreciation and amortisation up 156.9% to \$17,618,058 (2006: \$6,857,244)
- Net profit attributable to members up 174.4% to \$11,557,840 (2006: \$4,212,721)
- Finance division operating profit up 289.3 to \$13,890,284 (2006: \$3,568,115)
- Franchise division operating profit up 9.1% to \$2,869,402 (2006: \$2,630,881)
- Fully franked dividend for the year increased to 3.0 cents from 1.75 cents per share the previous year
- Acquisition of Mon-e and Safrock approved by shareholders at general meeting held on 29 September 2006
- Corporate store network in the UK expands to 11 stores following the acquisition of five stores in the Leeds area
- Agreement has been reached to acquire eight stores in Victoria with the likely acquisition date being mid October 2007

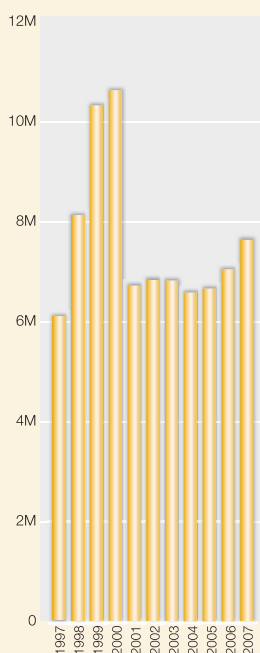
OPERATING PROFIT
Before tax, depreciation, amortisation & interest



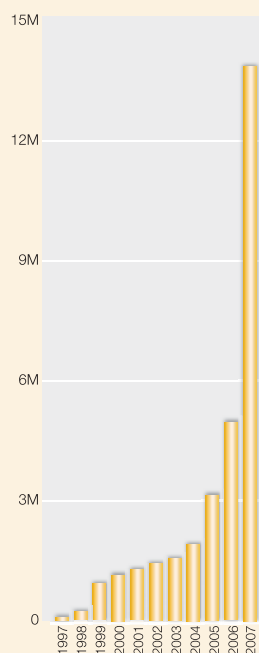
INITIAL FRANCHISE FEES



WEEKLY FRANCHISE FEES



FINANCIAL SERVICES



ACQUISITIONS



UK CORPORATE STORES

On the 16 July 2007 Cash Converters UK Limited acquired five stores from an existing franchisee, comprising of four stores in Leeds and one store in Bradford.

These stores have been acquired as going concerns for a total consideration of £1.6 million (\$3.8 million) including assets. The stores are expected to produce EBIT of £350,000 (\$840,000) in the coming financial year.

The addition of these stores to the existing corporate store network of six stores will create economies of scale and efficiencies enabling Cash Converters UK Limited to accelerate the growth of the corporate store chain in the UK. This acquisition will also give a boost to the progress of the CC UK on-line auction site. Having 11 corporate stores dedicated to the development of the e-commerce website will ensure its continued growth.

The acquisition has been funded by a combination of borrowings and available cash resources and without the issue of new shares.

AUSTRALIAN CORPORATE STORES

On the 3 September 2007 the Company announced that it had entered into a Sale Agreement to purchase eight Cash Converters stores in Victoria from an existing franchisee. It is expected that completion of this acquisition will occur as soon as the various landlords of the stores have consented to the assignment of the property leases.

The purchase price is \$12.5 million which will be funded from cash reserves and bank borrowing. No shares will be issued in connection with this acquisition. The price includes the loan book (approximately \$2.2 million), stock (approximately \$1.5 million), plant and equipment and fixtures and fittings (approximately \$1.3 million) and all other assets employed in the businesses. The price is based upon a historical EBIT for the stores, for the financial year to 30 June 2007 of \$3 million as verified by audit. Costs of approximately \$600,000 per annum will be incurred maintaining the support office and the existing management team. These costs will be diluted as store numbers are added to the network. The eight store network in Victoria together with its existing management team will form the core of our Australian corporate store network.



MON-E AND SAFROCK

Shareholders at a General Meeting held on 29 September 2006 approved the acquisition of both MON-E Pty Ltd (MON-E) and the Safrock group (Safrock) of companies. During the period since acquisition on 1 October 2006 these companies have fitted comfortably into the existing business and offer outstanding growth opportunities in the exciting financial services area of the business.

MON-E

MON-E is the company responsible for developing the Cash Advance internet software platform and have provided operating and software support to the franchise network in regard to cash advances since August 1999.

This company derives its income from receiving a commission on the collection of all loan principal repayments through the Cash Converters franchise network in Australia. The commission is equal to 28% of the standard customer fee collected by the lender and equates to 9.8% of every dollar collected. The business is virtually operationally risk-free since all the money advanced comes from the franchisee's who receive the greatest reward, but who are also responsible for all bad debts.

The characteristics of these short-term loans are:

- The loan is usually repaid within four weeks;
- The loan is essentially unsecured, with the customers regular income as the asset to secure the loan;
- The amount advanced is usually in the range of \$50 to under \$1,000, with the average loan being \$260. The loan does not usually exceed more than 15% of the customers monthly income;
- The fee charged for providing the advance is 35% of the principal advanced. The fee is not time based and compensates the lender for the high risk and no security nature of the loan.

MON-E itself does not perform credit checks. The customer usually only provides identification, payslips, proof of address and bank account details, which the operator inputs into the system.

The system recommends a maximum loan limit based on the information provided, however some flexibility is allowed around the recommended limit.

On approval of the loan, the customer's repayment schedule is input and the system arranges for direct debits to occur directly to the customer's bank account at the agreed dates, as per the signed agreements between the customer and the lender.



SAFROCK

Safrock provides the software and the funding to allow the Australian franchise network to offer secured and unsecured personal loans in the range of \$1,000 to \$10,000. The Cash Converters franchise network act as agents for Safrock who aim to deliver fast, easy and short-term personal loans that mainstream lending institutions do not service.

The unsecured loans: range \$1,000 to \$2,000, usually have a term of between four to nine months and secured loans: range \$2,000 to \$10,000, usually have a term of between one to two years.

All loans are processed through the Safrock administration centre in Brisbane where credit checks are undertaken and employment details are verified.

Safrock derives its income from the interest charged on loans (this varies from State to State due to different legislative requirements) and an establishment fee for each new loan granted and each existing loan refinanced.

Costs consist of commissions paid to franchisees for each successful or refinanced loan and commissions paid to a third party responsible for promoting the loans and providing in-store staff training. The policy in regard to bad debts is that a loan is deemed to have failed immediately upon referral to a collection agency. When this occurs the outstanding balance is written off to the profit and loss account in the month the loan was deemed bad.

Personal loans have been offered primarily in Queensland to date, however growth is now occurring in both Western Australia and Victoria where the loan product has only recently been introduced and is expected to grow strongly in South Australia following its recent introduction.

HISTORY

Since launching the concept in

1984, Cash Converters has

grown enormously with

representation in 21 countries

worldwide and to a network of

over 450 franchised stores.

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

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

In 1990 the Group began to expand into other Australian States and now has over 130 outlets throughout Australia. The success of its Australian operations resulted in Cash Converters seeking to expand into overseas markets.

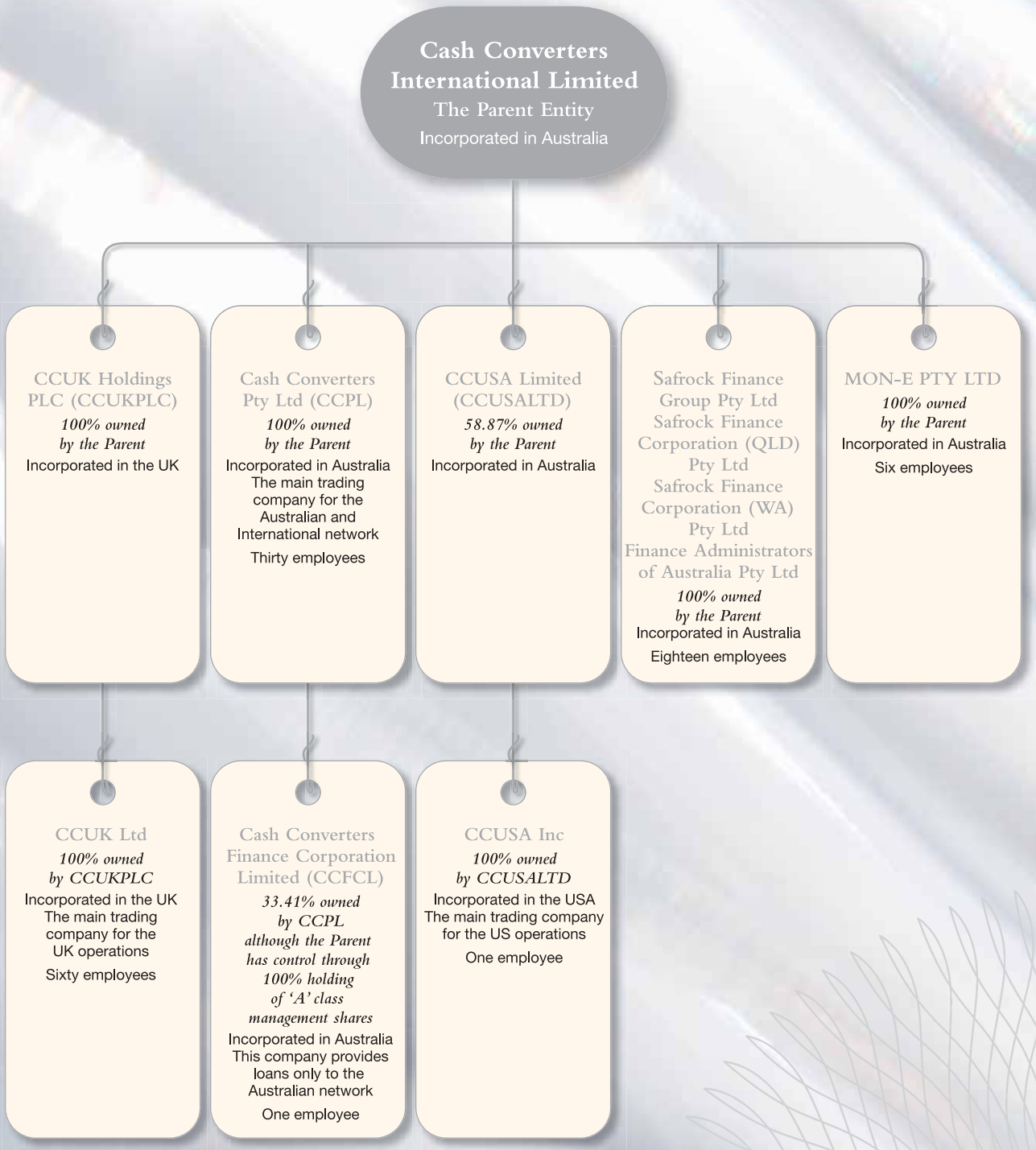
The Company's carefully planned entry into Europe was launched in 1991 when the first store in the United Kingdom was opened at Gants Hill in Essex. Since then further stores have opened in the UK taking the total to 124 stores.

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.

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GROUP STRUCTURE

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



From Left: Cameron Hetherington, Reginald Webb, Peter Cumins, John Yeudall and Andrew Moffat.

DIRECTORS' PROFILES



REGINALD WEBB *Chairman*

Reginald Webb, aged 64, is a Fellow of the Institute of Chartered Accountants of Australia and has 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 is Chairman of the Audit Committee and serves on the remuneration and nomination committees.

Mr Webb is also a director of Dorsogna Limited which he joined in 1996.

PETER CUMINS *Managing Director*

Peter Cumins aged 56, is an Australian national. 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.

JOHN YEUDALL *Non-Executive Director*

John Yeudall aged 63 was born in the UK and qualified there as a Chartered Engineer. He has been an Australian Citizen for many years making Perth his home since 1982. He has a successful history in both the public and private sectors having spent ten years with the Australian Trade Commission responsible for facilitating Australian trade with the Middle East. Part of that role was a three year term as Consul General in Dubai. This followed a successful career in private business in Saudi Arabia. He was the founder of the IKEA franchise in WA holding the position as Managing Director.

Mr Yeudall joined the Board in December 2002 and is Chairman of the Remuneration Committee and serves on the audit and nomination committees.

Mr Yeudall is also Chairman of the ISS Group Limited since September 2004 and joined the Board of Advanced Ocular Systems Limited in August 2007.

ANDREW MOFFAT *Non-Executive Director*

Andrew Moffat aged 46 has extensive corporate and investment banking experience gained in both Australia and Europe. He is currently the sole principal of Cowoso Capital Pty Ltd, a company providing strategic corporate advisory services.

Also non-executive chairman of Pacific Star Network Limited, non-executive director of Infomedia Ltd and executive director of Ausron Limited since December 2006. Prior director of Equity Capital Markets & Advisory for BNP Paribas Equities (Australia) Limited.

Mr Moffat joined the Board in February 2006 and serves on the audit, remuneration and nomination committees,

CAMERON HETHERINGTON *Non-Executive Director*

Cameron Hetherington aged 43 joined Cash Converters in July 2007.

He was previously with Dollar Financial Corporation where he served in a variety of senior management positions - most recently as the group's Senior Vice President – International Operations.

Prior to this he served as Dollar's Senior Vice President and President – UK Operations, as well as Managing Director of Dollar Financial UK Limited from March 1999 to September 2004. During this time he was responsible for management and strategic development of the UK and European markets.

Mr Hetherington serves on the audit, remuneration and nomination committees.

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Directors' Report

In respect of the financial year ended 30 June 2007 the directors of Cash Converters International Limited submit the following report made out in accordance with a resolution of the directors.

DIRECTORS

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

Mr Reginald Webb	(Chairman)
Mr Peter Cumins	(Managing director)
Mr John Yeudall	(Non-executive director)
Mr Andrew Moffat	(Non-executive director)
Mr Cameron Hetherington	(Non-executive director) appointed July 2007

PRINCIPAL ACTIVITIES

The consolidated entity's principal activity is that of a franchisor of second hand and financial services 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 2007 was \$11,557,840 (2006: \$4,212,721) after a charge for income tax of \$5,078,968 (2006: \$1,888,483), and adjusting for profit attributable to outside equity interests in controlled entities of \$73,306 (2006: \$48,220).

DIVIDENDS

The directors of the Company paid a fully franked interim dividend of 1.5 (one and a half) cents per share on 30 March 2007. The directors have also declared a final fully franked dividend of 1.5 (one and a half) cents per share to be paid on 28 September 2007 to those shareholders on the register at the close of business on 14 September 2007. In addition, a fully franked dividend of 1.0 (one) cent per share declared in the prior year was paid on 29 September 2006.

REVIEW OF OPERATIONS

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

	Segment revenues		Segment results	
	2007	2006	2007	2006
Franchise segment	23,367,566	22,260,631	2,869,402	6,086,122
Finance segment	22,612,416	368,291	13,890,284	112,874
	45,979,982	22,628,922	16,759,686	6,198,996
Less: Unallocated expenses			49,572	49,572
Operating profit			16,710,114	6,149,424
Income tax attributable to operating profit			(5,078,968)	(1,888,483)
Operating profit after income tax			11,631,146	4,260,941
Less: Profit attributable to outside equity interests			(73,306)	(48,220)
Profit attributable to members of Cash Converters International Limited			11,557,840	4,212,721



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

CASH CONVERTERS AUSTRALIA & INTERNATIONAL DIVISIONS

The Australian and international division recorded a profit before tax of \$2,442,502 (2006: \$2,376,948). Revenue increased by 11.6% to \$8,201,244 (2006: \$7,345,831).

Having just celebrated 21 years of operation, 2007 is shaping up as a milestone year for Cash Converters. The Australian business is undergoing a major re-branding process that involves significant change to the look and feel of the business at store level. A considerable number of stores have already undertaken the refit to upgrade to the 'new look and feel'.

During the course of the year four traditional stores and four buys and loans centres were opened taking store numbers to 137. More significant growth is expected next year.

As reported previously the company intends growing its presence in the underrepresented state of New South Wales with a two pronged approach. A combination of company owned, small footprint stores and franchised stores are planned to open.

A lease has been signed on a location in Burwood for the first company store which will be opened in mid September. A new franchised store opened recently in Rockdale and two new franchised stores will be opened in Hurstville and Campbelltown before year end. Stand alone personal finance centres will also be opened in the Sydney CBD as part of the growth strategy.

The business is rapidly evolving to take a leading position in the micro lending field and at the same time ensuring that it remains at the forefront of second hand goods retailing in Australia. The new look for the network is contemporary and delivers a retail space that strongly supports our financial service aims.

The possibility of adverse change to Financial Services Legislation is an ever-present threat to our growing position in the micro lending market. Our objective is to ensure that any Legislation or Regulation that affects our capacity to provide our preferred range of financial solutions profitably to consumers remains positively framed.

Cash Converters has always been at the forefront of delivering an ethical product in the payday lending arena. The Cash Converters chain does not take security for its cash advance loans; customers are lent only 15% of their net monthly income; no additional loan is made until the current loan has been repaid, which prevents a customer getting into a debt spiral; loans fully comply with all Consumer Credit Code disclosure requirements. The vast bulk of our lending business is conducted with repeat customers who are familiar with the product and use the credit facilities from time to time to meet short term needs.

Cash Converters is keen to see disreputable participants in the short term lending market properly dealt with and the company believes that a licensing regime such as the one, which applies to second hand dealers and pawnbrokers, would be the best way forward. This has worked for many years throughout Australia with disreputable business practices being controlled without the business activity itself being outlawed.

Cash Converters has over 200,000 customers nationally who are happy to have cash advance credit available. The company supports any legislative approach, which remedies unconscionable conduct while preserving the legitimate business the chain conducts.

It is likely that these reviews will continue at regular intervals and Cash Converters intends to be well positioned to represent the interests of the Company and all stakeholders directly with the various state Governments urging them to consider our recommendations with the aim of achieving a favourable outcome. We have recently appointed a Government liaison Manager to lead our approach to achieving a favourable result from current and future reviews. However as far as the company is concerned we will do whatever it takes to continue to provide our many thousands of customers with the credit they require to ensure we maintain our market leadership position.

Over some years now it has become very clear that the on-line space offers such an array of opportunities for us to grow our brand and our business that we have appointed a dedicated e business on-line professional to join the team. The Australian on-line auction site 'Webshop' will be launched in October. With an interface between the store operating system 'CCWin' and the auction site, the process of uploading the stock from the store's inventory can now be automated and this will allow a commercial quantity of product to be available for sale on the site. The same automation will be available to our UK franchisees and will lead to a significant increase in sales volume.

The international network contributed \$341,478 in royalties for the year.

This division is in the franchise segment.

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Directors' Report Continued

CASH CONVERTERS UK DIVISION

The full year result produced a like for like 66.8% increase in profit before tax of \$442,068 (2006: \$265,019). Revenue increased by 32.5% to \$15,148,342 (2006: \$11,435,703).

Store numbers now stand at 124 after the opening of another seven stores. Further growth is expected from the high level of franchise enquiries and the expansion of existing franchisees. UK franchisees have enjoyed strong business growth in all key income streams and this has given further encouragement for existing franchisees to increase store numbers.

The corporate store division now has 11 stores trading following the recent acquisition, in July, of five stores in the Leeds region. These stores have been purchased from an existing franchisee for a total consideration of £1.6 million (\$3.8 million) including assets. The stores are expected to produce EBIT of £350,000 (\$840,000) in the coming financial year. The stores have considerable growth potential as two of the five stores have only recently been opened. The addition of these stores to the existing corporate store chain will create economies of scale and efficiencies and enable the Company to accelerate the growth of the corporate store chain in the UK. The acquisition has been funded by a combination of borrowings and available cash resources and without the need to issue new shares.

Generally, store performance, measurable against key performance indicators, has been impressive throughout the UK - store standards, management skills and advertising have been effective in overcoming a stagnant UK retail market.

The UK auction site continues to grow in income contribution as the product numbers and sales increase. There are now 50 stores with a presence on the site and enjoying the marketing benefits, with nearly a million visitors expected in 2007/2008.

Additional services such as a prepaid gold debit card and ATMs have recently been added to the peripheral business opportunities for the UK franchise network. These are expected to enhance income streams without detracting from the core services that the stores offer.

In summary, excellent progress has been made this year in achieving the UK business plan and improving the profitability of the UK business. Further store and fee growth plus the acquisition of the Leeds group of stores and financial services income should provide for substantial growth in the coming year in the UK.

This division is in the franchise segment.

AUSTRALIAN CASH ADVANCE DIVISION

For the nine months commencing 1 October this division generated revenue of \$9,988,846 and produced a profit before tax of \$7,992,806.

This division incorporates MON-E Pty Ltd which was acquired by Cash Converters International on 13 October 2006. MON-E operates the internet platform and the software to Cash Converters franchisees who ultimately provide cash advances to their customers.

The total consideration consisted of \$4.5 million in cash and the issue of 26,250,000 fully paid ordinary shares which are subject to a performance claw-back.

During the 12 month period ending June 2007 over \$124.6 million has been advanced by Cash Converters franchisees. The average loan for the period was \$256 and approximately 202,000 customers are registered as cash advance customers.

A new software system has been developed during the year to cope with the massive growth experienced in recent years and expected growth in the future. The new system will also allow MON-E to provide more relevant and timely reporting to franchisees and the Company. The system has undergone stringent testing and will be implemented in October.

There are now 112 of our 137 stores participating in cash advances, 15 more than at June 2006.

Further significant growth is expected next year as the Company launches its cash advance product into New South Wales through its existing eight store network and we see the balance of existing stores participate. There will also be continued growth experienced by the existing stores as their customer base increases with increased marketing and promotion.

This division is in the finance segment.



AUSTRALIAN PERSONAL LOANS DIVISION

For the nine months commencing 1 October this division generated revenue of \$12,240,367 and produced a profit before tax of \$5,805,058.

This division incorporates the Safrock Group of Companies (Safrock) which was acquired by Cash Converters International on 29 September 2006. Safrock provides loans to customers through the Australian Cash Converters Network. Franchisees act as agents for Safrock and receive commissions for all personal loans transacted through Safrock.

The consideration consisted of \$4.625 million in cash and the issue of 22,125,000 fully paid ordinary shares which are subject to a performance claw-back. A further issue of 8,500,000 fully paid ordinary shares will be made, subject to the overall performance of Safrock during the earn-out period which ends 30 June 2009.

During the 12 month period ending June 2007, 16,012 customer loans have been completed, representing \$23.5 million in loan principal. As at 30 June 2007 the loan book stood at \$12.8 million, representing 9,965 loan customers. During the nine month period since 1 October \$2,352,806 of loan capital was written off and \$283,042 was recovered. The Safrock Group also have an allowance for doubtful debts of \$1,902,819 as at 30 June 2007.

The personal loan product was introduced, during the year, into the franchised networks in Victoria, Tasmania and South Australia. We expect to see significant growth in these new territories in the 2008 financial year as well as in New South Wales where the product was launched in July.

This division is in the finance segment.

AUSTRALIAN FRANCHISEE LOANS DIVISION

This division consists of Cash Converters Finance Corporation (CCFCL). This division produced a profit before tax of \$92,420 (2006: \$112,874) and generated revenue of \$383,202 (2006: \$368,291).

CCFCL provides working capital loans to the Australian franchise network only. The average loan is for \$150,000 and an interest rate of 12% is charged. The loan is secured against the assets of the franchised store. This division is in the finance segment.

CASH CONVERTERS USA DIVISION

This division consists of Cash Converters USA Limited. This division produced a loss of \$15,168 (2006: \$11,086 loss) and generated revenue of \$17,981 (2006: \$23,856).

The directors are confident that the USA offers considerable scope for franchise development in the future.

This division is in the franchise segment.

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.

SUBSEQUENT EVENTS

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

On 2 July the Company made the following announcement:

Cash Converters International Limited announces that its UK subsidiary has acquired five existing Cash Converters stores in and around Leeds. The stores have been bought as going concerns for a total consideration of £1.6 million (\$3.8 million) including assets. The stores are expected to produce EBIT of £0.350 (\$0.840) in the coming financial year and have considerable growth potential as two of the five stores have only recently been opened. The addition of these stores to the existing corporate store chain of six stores will create economies of scale and efficiencies and enable the Company to accelerate the growth of the corporate store chain in the UK. This acquisition will also give a boost to the progress of the CC UK on-line auction site. Having 11 corporate stores dedicated to the development of the e-commerce website will ensure its continued growth.

The acquisition will be funded by a combination of borrowings and available cash resources and without the issue of any shares.

Directors' Report Continued

On 3 September the Company made the following announcement:

Cash Converters International Limited is pleased to announce that it has entered into a Sale Agreement to purchase eight Cash Converters stores in Victoria from the Hosking Financial Group (HFG). It is expected that completion of this acquisition will occur as soon as the various landlords of the stores have consented to the assignment of the leases.

The purchase price is \$12.5 million and this will be funded from cash reserves and bank borrowing. No shares will be issued in connection with this acquisition. The price includes the loan book (approximately \$2.2 million), stock (approximately \$1.5 million), plant and equipment and fixtures and fittings (approximately \$1.3 million) and all other assets employed in the businesses. The price is based upon a historical EBIT for the stores, for the financial year to 30 June 2007 of \$3 million as verified by audit. The Company will incur additional costs going forward of approximately \$600,000 per annum associated with maintaining the HFG head office and existing management team. These costs will be diluted as we add store numbers to the network.

Upon completion of this transaction, the Company will own 20 corporate stores - 11 in the United Kingdom and nine in Australia. This acquisition is a vital step towards the expansion of the corporate store network, a program which the Company is now firmly committed to. This will be achieved by a combination of both new store openings and the acquisition of existing stores from franchisees. The eight store network in Victoria together with its existing management team will form the core of our Australian corporate store network.

Each Company store in Australia will contribute to the collective advertising fund and pay training levies and IT fees on the same basis as every franchise store.

This acquisition is a strong vote of confidence by the Company in the future prospects of the Cash Converters corporate store business model.

FUTURE DEVELOPMENTS

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

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

INFORMATION ON DIRECTORS/COMPANY SECRETARY

Director/ Company Secretary	Qualifications and experience	Special responsibilities	Particulars of directors' relevant interests in shares of Cash Converters International Limited Number
Peter Cumins	Former General Manager of Cash Converters Pty Ltd. A qualified accountant. Joined the Board in 1995.	Managing Director Member of the Nomination Committee	7,565,575
John Yeudall	A Chartered Engineer. Founder of the IKEA franchise in Western Australia. Previously Australian Consul General in Dubai. Joined the Board in 2002. Also non-executive chairman of ISS Group Limited since September 2006. Joined the Board of Advanced Ocular Systems Limited in August 2007.	Non-Executive Director Member of the Audit and Nomination Committees and Chairman of the Remuneration Committee	Nil
Reginald Webb	FCA. Fellow of the Institute of Chartered Accountants and a former partner of PricewaterhouseCoopers. Mr Webb joined the Board in 1997. He is also a director of Dorsogna Limited since 1996.	Non-Executive Chairman Chairman of the Audit Committee. Member of the Remuneration and Nomination Committees	1,112,500

**Particulars of
directors' relevant
interests in shares of
Cash Converters
International Limited**

Director/ Company Secretary	Qualifications and experience	Special responsibilities	Number
Andrew Moffat	In excess of 20 years of corporate and investment banking experience. Sole principal of Cowoso Capital Pty Ltd, a company providing strategic corporate advisory services. Also non-executive chairman of Pacific Star Network Limited from September 2004, non-executive director of Infomedia Ltd from March 2006 and executive director of Ausron Limited from December 2006. Prior director of Equity Capital Markets & Advisory for BNP Paribas Equities (Australia) Limited.	Non-Executive Director Member of the Remuneration, Audit and Nomination Committees	Nil
Cameron Hetherington	Cameron Hetherington joined Cash Converters in July 2007. He was previously with Dollar Financial Corporation where he served in a variety of senior management positions. Most recently as the group's Senior Vice President -International Operations. Prior to this he served as Dollar's Senior Vice President and President-U.K. Operations, as well as Managing Director of Dollar Financial U.K. Limited from March 1999 to September 2004. During this time he was responsible for management and strategic development of the UK and European markets.	Non-Executive Director Member of the Remuneration, Audit and Nomination Committees	Nil
Ralph Groom	FCPA, FCIS, ACMA. Qualified as a Chartered Management Accountant in the UK before joining the group in 1995. Undertook further studies in Australia to qualify as a CPA and Chartered Secretary.	Company Secretary Group Financial Controller	4,054,618

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

DIRECTORS' MEETINGS

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

Director	Board of directors meetings		Audit committee meetings		Remuneration/nomination committee meetings	
	Number held	Number attended	Number held	Number attended	Number held	Number attended
P. Cumins	14	14	2	2	-	-
R. Webb	14	14	2	2	5	5
J. Yeudall	14	13	2	2	5	5
A. Moffat	14	14	2	2	5	5

Directors' Report Continued

REMUNERATION REPORT

DIRECTORS' AND EXECUTIVES' REMUNERATION

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

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

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

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

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

Remuneration packages contain the following key elements:

- (a) Short-term employee benefits – salary/fees, bonuses and non-monetary benefits including the provision of motor vehicles;
- (b) Post-employment benefits – include superannuation and prescribed retirement benefits;

Details of the nature and amount of each element of the remuneration of each director of the Company and consolidated entity and each of the five officers of the company and the consolidated entity receiving the highest remuneration are set out in the following tables (further details are included in note 20):

NON-EXECUTIVE DIRECTORS OF CASH CONVERTERS INTERNATIONAL LIMITED

Name	Short-term employee benefits			Post employment		Equity	Total
	Directors' base fee	Motor Vehicle	Other non-cash benefits	Super-annuation	Other long term benefits	Options	
	\$	\$	\$	\$	\$	\$	\$
R. Webb	70,000	-	-	-	-	-	70,000
J. Yeudall	42,000	-	-	-	-	-	42,000
A. Moffat	38,532	-	-	3,468	-	-	42,000

EXECUTIVE DIRECTORS OF CASH CONVERTERS INTERNATIONAL LIMITED

Name	Short-term employee benefits			Post employment		Equity	Total
	Base salary	Motor vehicle	Other benefits	Super-annuation	Other long term benefits	Options	
	\$	\$	\$	\$	\$	\$	\$
P. Cumins Managing Director	355,680	29,219	-	-	-	-	384,899



OTHER EXECUTIVES OF THE CONSOLIDATED ENTITY

Name	Short-term employee benefits			Post employment			Equity	Total
	Base salary \$	Motor vehicle \$	Bonus \$	Other benefits \$	Super-annuation \$	Other long term benefits \$	Options \$	\$
M. Cooke Group Legal Counsel	320,000	-	-	-	-	-	-	320,000
I. Day General Manager - Australia	194,544	-	30,000	-	12,686	-	-	237,230
J. Spratley Group Accountant - UK	175,859	19,452	34,313	-	37,895	-	-	267,519
R. Groom Company Secretary / Group Financial Controller	158,711	21,206	-	14,976	41,908	-	-	236,801
M. Lemmon Director of Operations - UK	178,685	16,460	33,994	-	27,570	-	-	256,709

"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 received by M Lemmon and J.Spratley was paid for achieving a profit result for the UK business that was above the forecast result. I Day received a bonus for achieving a profit result for the Australian business that was above the forecast result. The actual bonuses earned are at the discretion of the Board. The bonuses were granted in July/August 2006 and January/February 2007.

Contracts for services of key management personnel: P. Cumins, M. Cooke, R. Groom and I. Day are employed under contracts of service entitling them to a notice period of up to 12 months.

ENVIRONMENTAL STATEMENT

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

Directors' Report Continued

NON-AUDIT SERVICES

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

The directors are satisfied that the provision of non-audit services, during the year, by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001, as the nature of the services was limited to the preparation of the statutory income tax return, due diligence work in regards to the acquisition of MON-E and Safrock, accounting advice in regards to related parties and generic accounting advice.

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

For and on behalf of the Board

REGINALD WEBB

Director

Perth, Western Australia

Date: 21 September 2007



Corporate Governance

BOARD

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

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

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

AUDIT COMMITTEE

The audit committee was established in 1995 and comprises of the four non-executive directors appointed by the Board, being Mr Reginald Webb (Chairman), Mr John Yeudall, Mr Andrew Moffat and Mr Cameron Hetherington, 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 the four non-executive directors, being Mr John Yeudall (Chairman), Mr Reginald Webb, Mr Andrew Moffat and Mr Cameron Hetherington, 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.

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Corporate Governance Continued

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 (X) and the Company's reasons are set out on the corresponding note appearing at the end of the table.

	Complied	Note
1.1	✓	
2.1	✓	
2.2	✓	
2.3	✓	
2.4	✓	
2.5	✓	
3.1		
3.1.1	✓	
3.1.2	✓	
3.2	✓	
3.3	✓	
4.1	✓	
4.2	✓	
4.3		
-	✓	
-	✓	
-	X	1
-	✓	
4.4	✓	
4.5	✓	
5.1	✓	
5.2	✓	
6.1	✓	
6.2	✓	



		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 <i>Guide to reporting on Principle 7</i>	✓	
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 <i>Guide to reporting on Principle 9</i>	✓	
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations	✓	
1.	The Chairman of the audit committee is also the Chairman of the Board. However, the Directors are of the belief that the Chairman, being a retired partner of PricewaterhouseCoopers, is suitably qualified to undertake both roles.		

Income Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Notes	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue	2	45,979,982	22,628,922	6,107,782	1,880,553
Employee benefits expense		(7,290,470)	(4,708,979)	-	-
Depreciation and amortisation expenses		(769,881)	(545,442)	-	-
Finance costs		(198,063)	(162,378)	-	-
Legal fees / legal settlements		(359,638)	(374,474)	-	-
Changes in inventories		(7,629,960)	(5,415,985)	-	-
Area agents fees / commissions		(3,544,268)	(328,408)	-	-
Rental expense on operating leases		(880,685)	(657,883)	-	-
Motor vehicle/travel costs		(965,677)	(741,138)	-	-
Management fees		-	-	(854,000)	(784,427)
Bad debts/bad debt provision		(2,608,098)	(208,591)	-	-
Professional and registry costs		(829,877)	(841,180)	-	-
Auditing and accounting services		(245,205)	(230,246)	-	-
Bank charges		(963,879)	(334,008)	-	-
Other expenses from ordinary activities	2	(2,984,167)	(1,930,786)	-	-
Profit before income tax expense		16,710,114	6,149,424	5,253,782	1,096,126
Income tax expense	3	(5,078,968)	(1,888,483)	-	-
Profit for the period		11,631,146	4,260,941	5,253,782	1,096,126
Attributable to:	22				
Equity holders of the parent		11,557,840	4,212,721	5,253,782	1,096,126
Minority interest		73,306	48,220	-	-
		11,631,146	4,260,941	5,253,782	1,096,126
Earnings per share					
Basic (cents per share)	24	5.29	2.88		
Diluted (cents per share)	24	5.14	2.88		

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet

AS AT 30 JUNE 2007

	Notes	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Current assets					
Cash and cash equivalents	5	14,750,065	7,748,790	-	-
Trade receivables	6	5,422,489	3,937,926	-	-
Personal loans receivable	6	10,926,945	-	-	-
Inventories	7	772,190	497,003	-	-
Other assets	8	50,389	28,432	-	-
Total current assets		31,922,078	12,212,151	-	-
Non-current assets					
Trade and other receivables	6	1,934,291	2,206,471	16,922,996	6,022,038
Other financial assets	22	-	-	36,379,405	437,591
Plant and equipment	9	1,313,310	1,294,672	-	-
Deferred tax assets	3	1,589,344	139,297	384,595	-
Goodwill	15	34,073,651	-	-	-
Other intangible assets	14	9,900,449	9,231,809	-	-
Total non-current assets		48,811,045	12,872,249	53,686,996	6,459,629
Total assets		80,733,123	25,084,400	53,686,996	6,459,629
Current liabilities					
Trade and other payables	10	4,473,598	3,432,148	-	-
Borrowings	11	1,049,147	1,003,989	-	-
Current tax payables	3	3,810,556	479,889	3,750,125	435,871
Deferred establishment fees	13	1,305,894	-	-	-
Provisions	12	453,995	296,772	-	-
Total current liabilities		11,093,190	5,212,798	3,750,125	435,871
Non-current liabilities					
Borrowings	11	530,018	876,573	-	-
Deferred tax liabilities	3	1,152,560	1,154,008	-	-
Total non-current liabilities		1,682,578	2,030,581	-	-
Total liabilities		12,775,768	7,243,379	3,750,125	435,871
Net assets		67,957,355	17,841,021	49,936,871	6,023,758
Equity					
Issued capital	16	46,536,871	6,023,758	46,536,871	6,023,758
Reserves	17	3,312,554	86,694	3,400,000	-
Retained earnings	17	17,859,687	11,555,629	-	-
Parent entity interest		67,709,112	17,666,081	49,936,871	6,023,758
Minority interests	22	248,243	174,940	-	-
Total equity		67,957,355	17,841,021	49,936,871	6,023,758

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Recognised Income and Expense

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Exchange differences arising on translation of foreign operations	(174,140)	135,928	-	-
Net income (expense) recognised directly in equity	(174,140)	135,928	-	-
Profit for the period	11,631,146	4,260,941	5,253,782	1,096,126
Total recognised income and expense for the period	11,457,006	4,396,869	5,253,782	1,096,126
Attributable to:				
Equity holders of the parent	11,383,700	4,348,649	5,253,782	1,096,126
Minority interest	73,306	48,220	-	-
	11,457,006	4,396,869	5,253,782	1,096,126

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Notes	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Cash flows from operating activities					
Receipts from customers		38,142,126	21,573,504	5,253,782	1,826,929
Payments to suppliers and employees		(27,047,144)	(15,246,698)	-	-
Interest received		773,978	303,928	-	-
Interest received from personal loans		6,563,831	-	-	-
Interest and costs of finance paid		(162,851)	(138,583)	-	-
Income tax paid		(3,781,127)	(1,707,794)	-	-
Net cash flows provided by operating activities	25	14,488,813	4,784,357	5,253,782	1,826,929
Cash flows from investing activities					
Net cash paid for acquisitions of controlled entities	29	(8,747,403)	-	(8,747,403)	-
Proceeds from sale of plant and equipment		-	19,158	-	-
Purchase of plant and equipment		(894,428)	(606,008)	-	-
Loan repayments from non-related entities		20,543	19,552	-	-
Instalment credit loans made to franchisees		(654,020)	(840,036)	-	-
Net increase in personal loans		(5,201,848)	-	-	-
Instalment credit loans repaid by franchisees		855,521	844,729	-	-
Net cash flows used in investing activities		(14,621,635)	(562,605)	(8,747,403)	-
Cash flows from financing activities					
Dividends paid – members of parent entity		(5,253,782)	(1,826,929)	(5,253,782)	(1,826,929)
Repayment of borrowings		(400,000)	(400,000)	-	-
Loan to related entity		-	-	(8,341,115)	60,000
Capital element of finance lease and hire purchase payments		(111,237)	(76,849)	-	-
Unsecured deposits repaid		(4,435,000)	-	-	-
Share issue costs		(1,221,982)	(60,000)	(1,221,982)	(60,000)
Issue of shares by controlling entity		18,310,500	-	18,310,500	-
Redemption of unsecured notes by controlled entity		(97,600)	(123,534)	-	-
Issue of unsecured notes by controlled entity		291,870	271,949	-	-
Net cash provided by/(used in) financing activities		7,082,349	(2,215,363)	3,493,621	(1,826,929)
Net increase in cash and cash equivalents		6,949,527	2,006,389	-	-
Cash and cash equivalents at the beginning of the period		7,209,434	5,172,719	-	-
Effects of exchange rate changes on the balance of cash held in foreign currencies.		12,161	30,326	-	-
Cash and cash equivalents at the end of the period	25	14,171,122	7,209,434	-	-

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

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Notes to the Financial Statements

1. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

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

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard, AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial statements were authorised for issue by the directors on 21 September 2007.

BASIS OF PREPARATION

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment of goodwill

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

The carrying amount of goodwill at the balance sheet date was \$34,073,651, refer to note 15

Useful lives of trade names

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

The carrying amount of trade names at the balance sheet date was \$9,137,477, refer to note 14.

Allowance for doubtful debts

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

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



SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

(a) BORROWINGS

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

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

(b) CASH AND CASH EQUIVALENTS

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

(c) EMPLOYEE BENEFITS

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

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

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

DEFINED CONTRIBUTION PLANS

Contributions to defined contribution superannuation plans are expensed when incurred.

(d) FINANCIAL ASSETS

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

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

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

EFFECTIVE INTEREST METHOD

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

LOANS AND RECEIVABLES

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

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1. SUMMARY OF ACCOUNTING POLICIES *Continued*

(e) FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

DEBT AND EQUITY INSTRUMENTS

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

TRANSACTION COSTS ON THE ISSUE OF EQUITY INSTRUMENTS

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

INTEREST AND DIVIDENDS

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

FINANCIAL GUARANTEE CONTRACT LIABILITIES

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

(f) FOREIGN CURRENCY

FOREIGN CURRENCY TRANSACTIONS

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

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

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



FOREIGN OPERATIONS

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

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

(g) GOODS AND SERVICES TAX

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

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

(h) IMPAIRMENT OF OTHER TANGIBLE AND INTANGIBLE ASSETS

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

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

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

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

(i) INCOME TAX

CURRENT TAX

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

DEFERRED TAX

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

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1. SUMMARY OF ACCOUNTING POLICIES *Continued*

(i) INCOME TAX *Continued*

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

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

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

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

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

CURRENT AND DEFERRED TAX FOR THE PERIOD

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

TAX CONSOLIDATION

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

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

(j) INTANGIBLE ASSETS

TRADE NAMES

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



INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

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

WEB SITE DEVELOPMENT COSTS

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

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

Any expenditure carried forward is amortised on a straight line basis over the estimated useful life of 5 years.

GOODWILL

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the CGU (or groups of CGUs) pro-rata on the basis of the carrying amount of each asset in the CGU (or groups of CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(k) INVENTORIES

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

(l) LEASED ASSETS

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

CONSOLIDATED ENTITY AS LESSEE

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

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

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

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

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1. SUMMARY OF ACCOUNTING POLICIES *Continued*

(m) PAYABLES

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

(n) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 22 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(o) PLANT AND EQUIPMENT

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

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

The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	5 years
Plant and equipment	5 years
Equipment under finance lease	5 years

(p) PROVISIONS

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

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

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



(q) REVENUE RECOGNITION

Income from franchisees is recognised as follows:

FRANCHISE SALES/RENEWALS

Fees in respect of the initial sale of a franchise licence and fees from the renewal of a franchise licence are recognised 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 receivable and the costs in relation to the income are recognised as expenses when incurred.

INSTALMENT CREDIT LOAN INTEREST

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

PERSONAL LOAN INTEREST

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

LOAN ESTABLISHMENT FEE REVENUE

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

OTHER CATEGORIES OF REVENUE

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

(r) SHARE-BASED PAYMENTS

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

(s) BUSINESS COMBINATIONS

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

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

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

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1. SUMMARY OF ACCOUNTING POLICIES *Continued*

(s) BUSINESS COMBINATIONS *Continued*

STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

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

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

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	1 January 2007	30 June 2008
• AASB 101 'Presentation of Financial Statements' – revised standard	1 January 2007	30 June 2008
• AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007	30 June 2008
• AASB 8 'Operating Segments'	1 January 2009	30 June 2010
• IAS 1 (Revised) 'Presentation of Financial Statements'	1 January 2009	30 June 2010

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the consolidated entity and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006	30 June 2008
• AASB Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	1 March 2007	30 June 2008
• AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007	30 June 2008
• AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2009
• AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
• AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'	1 July 2007	30 June 2008
• AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
• AASB Interpretation 14 'AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009
• AASB 123 'Borrowing Costs' – revised standard	1 January 2009	30 June 2010
• AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010



AASB INTERPRETATION 10

AASB 134 'Interim Financial Reporting' requires an entity to apply the same accounting policies in its interim financial report as are applied in its annual financial report. It also states that measurements for interim reporting purposes are made on a year-to-date basis so that the frequency of reporting does not affect an entity's annual reports. AASB Interpretation 10 clarifies that an entity cannot reverse an impairment loss recognised in a previous interim period in relation to goodwill or either an investment in an equity instrument or in a financial asset carried at cost.

This approach is consistent with impairment reversal prohibitions in AASB 136 'Impairment of Assets' and AASB 139 'Financial Instruments: Recognition and Measurement'.

AASB Interpretation 10 is required to be applied prospectively from the date at which the entity first applied AASB 136 (ie. 1 July 2004) and AASB 139 (ie. 1 July 2005), for goodwill and investments in either equity instruments or financial assets carried at cost, respectively.

AASB INTERPRETATION 11 AND AASB 2007-1

AASB Interpretation 11 clarifies the application of AASB 2 'Share-based Payment' to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent. AASB 2007-1 amends AASB 2 to insert transitional provisions of IFRS 2 'Share-based Payment' that had previously been set out in AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'.

AASB Interpretation 11 and AASB 2007-1 are required to be applied retrospectively.

AASB 2007-4

AASB 2007-4 makes amendments to a number of Australian Accounting Standards to introduce various accounting policy options, delete various disclosures presently required and make a number of editorial amendments.

Whilst a large number of Accounting Standards are amended by AASB 2007-4, key accounting policy options introduced by AASB 2007-4 relate to:

- the measurement and presentation of government grants;
- the accounting for jointly controlled entities using the proportionate consolidation method; and
- the presentation of the cash flow statement.

The consolidated entity does not intend to change any of its current accounting policies on adoption of AASB 2007-4; accordingly, there will be no financial impact to the financial report. However, in the [consolidated entity's/company's] financial report for the financial year ending 30 June 2008, certain information may no longer be disclosed, or may be disclosed in an alternative manner, due to amendments made by AASB 2007-4 to the disclosure requirements of various Accounting Standards.

AASB 123 (REVISED) AND AASB 2007-6

AASB 123 (July 2004) permits an entity to either expense or capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Under AASB 123 (revised), entities are no longer permitted to choose between alternate treatments and must capitalise borrowing costs relating to qualifying assets. AASB 2007-6 makes amendments to various Accounting Standards arising from the issue of AASB 123 (revised).

AASB 123 (revised) is generally to be applied prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Accordingly, no restatements will be required in respect of transactions prior to the date of adoption.

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Notes to the Financial Statements Continued

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
2. PROFIT FROM OPERATIONS				
(a) REVENUE				
Revenue from continuing operations consisted of the following items:				
Revenue				
Weekly franchise fees	7,636,844	7,045,182	-	-
Initial fees	362,361	262,273	-	-
Licence fees	254,325	315,687	-	-
Ten-year renewals	154,000	234,569	-	-
Ten-year renewals – renewed at six years	27,273	-	-	-
Sub-franchisor licence sales	16,592	33,619	-	-
Advertising levies	335,300	313,200	-	-
Instalment credit loan interest	360,095	352,154	-	-
Personal loan interest	6,563,831	-	-	-
Loan establishment fees	3,913,793	-	-	-
Recovery of bad debt	283,042	-	-	-
Retail wholesale sales	5,435,274	4,749,239	-	-
Cheque cashing commission	1,323,926	1,235,787	-	-
Training levies	1,009,648	960,523	-	-
Corporate store revenue	4,076,762	1,598,061	-	-
Computer levy	1,504,636	1,330,523	-	-
Financial services commission	11,720,885	3,752,116	-	-
Rent received	77,061	74,322	-	-
Interest revenue	776,550	303,928	-	-
	45,832,198	22,561,183	-	-
Dividend revenue from subsidiary	-	-	5,253,782	1,096,126
Management fees from controlled entity	-	-	854,000	784,427
Other revenue	147,784	67,739	-	-
	147,784	67,739	6,107,782	1,880,553
	45,979,982	22,628,922	6,107,782	1,880,553



	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
(b) PROFIT BEFORE INCOME TAX				
Profit before income tax has been arrived at after charging the following expenses:				
Changes in inventories (cost of sales)	7,629,960	5,415,985	-	-
Area agents fees / commissions	3,544,268	328,408	-	-
Amortisation of intangibles	154,332	99,358	-	-
Depreciation of assets under finance lease	18,041	18,112	-	-
Rental expense on operating leases	880,685	657,883	-	-
Finance costs				
Interest	197,959	160,241	-	-
Finance lease charges	104	2,137	-	-
Total finance costs	198,063	162,378	-	-
Provision for doubtful debts/write back doubtful debts	255,272	(355,243)	-	-
Provision for employee benefits	35,178	62,344	-	-
Bad debts written off				
- Trade debtors/instalment loans and personal loans	2,352,826	208,591	-	-
Amounts received or due and receivable, by Deloitte Touche Tohmatsu for (these amounts are paid on behalf of the Company by a controlled entity):				
- Auditing the financial statements	199,770	197,861	-	-
- Other services	45,435	32,385	-	-
Profit before income tax:				
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from continuing operations:				
Gain on disposal of plant and equipment	-	5,669	-	-
Net foreign exchange (loss)/gain	(5,900)	13,172	-	-
	5,900	18,841	-	-

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Notes to the Financial Statements Continued

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
3. INCOME TAX EXPENSE				
(a) INCOME TAX RECOGNISED IN PROFIT OR LOSS				
Tax expense comprises:				
Current tax expense	5,267,457	1,888,239	-	-
Adjustment recognised in the current year in relation to the current tax of prior years	39,303	10,215	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	(227,792)	(9,971)	-	-
Total tax expense	5,078,968	1,888,483	-	-
Attributable to:				
Continuing operations	5,078,968	1,888,483	-	-
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Profit from continuing operations	16,710,114	6,149,424	5,253,782	1,096,126
Income tax expense calculated at 30%	5,013,034	1,844,827	1,576,135	328,838
Non-deductible expenses	54,769	38,429	-	-
Unused tax losses and tax offsets not recognised as deferred tax assets	-	29,969	-	-
Utilisation of prior year tax losses not previously recognised as deferred tax assets	(26,773)	-	-	-
Intra-group dividends	-	-	(1,576,135)	(328,838)
Other	(1,365)	(34,957)	-	-
	5,039,665	1,878,268	-	-
Under provision of income tax in previous year	39,303	10,215	-	-
	5,078,968	1,888,483	-	-
(b) CURRENT TAX LIABILITIES				
Current tax payables:				
Income tax payable attributable to:				
Parent entity	-	-	-	-
Entities in the tax-consolidated group	3,750,125	435,871	3,750,125	435,871
Overseas subsidiaries	60,431	44,018	-	-
	3,810,556	479,889	3,750,125	435,871
(c) DEFERRED TAX BALANCES				
Deferred tax assets comprise:				
Provisions	812,981	139,297	-	-
Deferred income	391,768	-	-	-
Share issue costs	384,595	-	-	-
	1,589,344	139,297	-	-
Deferred tax liabilities comprise:				
Plant and equipment	40,635	48,171	-	-
Intangible assets	1,111,925	1,105,837	-	-
	1,152,560	1,154,008	-	-



	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
(d) INCOME TAX RECOGNISED DIRECTLY IN EQUITY				
The following deferred amounts were credited directly to equity during the period:				
Deferred tax				
Share issue expenses deductible over 5 years	384,595	-	384,595	-
(e) UNRECOGNISED DEFERRED TAX BALANCES				
The following deferred tax assets have not been brought forward to account as assets:				
Tax losses – revenue	178,951	214,356	-	-
Tax losses – capital	2,718,142	2,718,142	2,718,142	2,718,142
	2,897,093	2,932,498	2,718,142	2,718,142

(f) TAX CONSOLIDATION**Relevance of tax consolidation to the consolidated entity**

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

Nature of tax funding arrangements and tax sharing agreements

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

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

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

4. REMUNERATION OF AUDITORS**Auditor of the parent entity**

Audit or review of the financial report	199,770	197,861	-	-
Taxations services	23,500	15,350	-	-
Other non-audit services				
- professional advice	21,935	17,035	-	-
- due diligence advice	112,015	-	-	-
- completion accounts	54,025	-	-	-
	411,245	230,246	-	-

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

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Notes to the Financial Statements Continued

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
5. CASH AND CASH EQUIVALENTS				
On hand	6,648	6,389	-	-
In bank	14,743,417	7,742,401	-	-
	14,750,065	7,748,790	-	-
6. TRADE AND OTHER RECEIVABLES				
CURRENT				
Trade receivables (i)	4,570,465	3,219,919	-	-
Allowance for doubtful debts	-	(28,883)	-	-
	4,570,465	3,191,036	-	-
Instalment credit loans (ii)	852,024	746,890	-	-
Allowance for doubtful debts	-	-	-	-
	852,024	746,890	-	-
	5,422,489	3,937,926	-	-
Personal short term loans	12,830,299	-	-	-
Allowance for bad debts	(1,903,354)	-	-	-
	10,926,945	-	-	-
	16,349,434	3,937,926	-	-
NON-CURRENT				
Instalment credit loans (ii)	1,934,291	2,206,471	-	-
Loans to controlled entities (iii)	-	-	16,922,996	6,022,038
	1,934,291	2,206,471	16,922,996	6,022,038

- i) Trade debtors include weekly franchise fees, sub-master licence sales and development agent fees outstanding. Where the collection of the debtor is doubtful allowance for doubtful debts is recognised. The average credit period on sales is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter, interest is charged at 2% per annum on the outstanding balance.
- ii) 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;
- iii) The loans to controlled entities have no specific terms or conditions.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
7. INVENTORIES				
Wholesale stocks of new and pre-owned goods at cost	772,190	497,003	-	-
8. OTHER ASSETS				
CURRENT				
Prepayments	50,389	28,432	-	-



Note	Consolidated			Total \$
	Leasehold improvements at cost \$	Plant and equipment at cost \$	Equipment under finance lease at cost \$	
9. PLANT AND EQUIPMENT				
Gross carrying amount				
Balance as at 1 July 2005	82,987	2,724,160	158,144	2,965,291
Additions	28,962	571,790	-	600,752
Disposals	-	(53,728)	-	(53,728)
Net foreign currency exchange differences	7,424	96,304	-	103,728
Balance as at 30 June 2006	119,373	3,338,526	158,144	3,616,043
Acquisitions	-	412,928	-	412,928
Additions	34,397	842,859	-	877,256
Transfer of software to intangible assets	14	(1,226,665)	-	(1,226,665)
Net foreign currency exchange differences	(8,272)	(104,361)	-	(112,633)
Balance as at 30 June 2007	145,498	3,263,287	158,144	3,566,929
Accumulated depreciation				
Balance as at 1 July 2005	24,807	1,718,863	121,991	1,865,661
Disposals	-	(40,239)	-	(40,239)
Depreciation expense	19,458	408,514	18,112	446,084
Net foreign currency exchange differences	2,728	47,137	-	49,865
Balance as at 30 June 2006	46,993	2,134,275	140,103	2,321,371
Acquisitions	-	175,849	-	175,849
Transfer of software to intangible assets	14	(803,693)	-	(803,693)
Depreciation expense	25,636	571,872	18,041	615,549
Net foreign currency exchange differences	(3,558)	(51,899)	-	(55,457)
Balance as at 30 June 2007	69,071	2,026,404	158,144	2,253,619
Net book value				
As at 30 June 2006	72,380	1,204,255	18,041	1,294,672
As at 30 June 2007	76,427	1,236,883	-	1,313,310

Note: The Company does not own any assets in its own right.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$

10. TRADE AND OTHER PAYABLES

CURRENT

Trade payables	1,820,475	952,854	-	-
Accruals	1,794,906	1,699,947	-	-
Unsecured notes	833,217	754,347	-	-
Dividend	-	-	-	-
Other	25,000	25,000	-	-
	4,473,598	3,432,148	-	-

The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the allowed credit period in order to avoid the payment of interest on outstanding accounts.

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

Notes to the Financial Statements Continued

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
11. BORROWINGS (all borrowings are secured)				
CURRENT				
At amortised cost				
Bank overdraft (i)	578,943	539,356	-	-
Loans (i)	400,000	400,000	-	-
Hire purchase and lease liabilities (note 19) (ii)	70,204	64,633	-	-
	1,049,147	1,003,989	-	-
NON-CURRENT				
At amortised cost				
Loans (i)	400,000	800,000	-	-
Hire purchase and lease liabilities (note 19) (ii)	130,018	76,573	-	-
	530,018	876,573	-	-
FINANCING ARRANGEMENTS				
Unrestricted access was available at balance date to the following lines of credit:				
Credit standby arrangements				
Total facilities				
Bank overdrafts	1,200,000	671,396	-	-
Variable rate bill facility	1,200,000	1,200,000	-	-
	2,400,000	1,871,396	-	-
Used at balance date				
Bank overdrafts	578,943	539,356	-	-
Variable rate bill facility	800,000	1,200,000	-	-
	1,378,943	1,739,356	-	-
Unused at balance date				
Bank overdrafts	621,057	132,040	-	-
Variable rate bill facility	400,000	-	-	-
	1,021,057	132,040	-	-

- (i) 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;
- (ii) Hire purchase and lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

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



	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
12. PROVISIONS				
CURRENT				
Employee benefits	451,729	294,589	-	-
Fringe benefits tax	2,266	2,183	-	-
	453,995	296,772	-	-

13. DEFERRED ESTABLISHMENT FEES

Deferred establishment fees	1,305,894	-	-	-
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Deferred establishment fees relate to establishment fees charged on personal loans.

	Consolidated Trade names \$	Software \$	Total \$
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14. OTHER INTANGIBLE ASSETS

Gross carrying amount			
Balance as at 1 July 2005	13,002,835	-	13,002,835
Additions	-	-	-
Disposals	-	-	-
Balance as at 30 June 2006	13,002,835	-	13,002,835
Additions	-	-	-
Acquisitions through business combinations	-	400,000	400,000
Transferred from plant and equipment	-	1,226,665	1,226,665
Disposals	-	-	-
Balance as at 30 June 2007	13,002,835	1,626,665	14,629,500
Amortisation			
Balance as at 1 July 2005	3,671,668	-	3,671,668
Amortisation charge	99,358	-	99,358
Disposals	-	-	-
Balance as at 30 June 2006	3,771,026	-	3,771,026
Amortisation charge	94,332	60,000	154,332
Transferred from plant and equipment	-	803,693	803,693
Disposals	-	-	-
Balance as at 30 June 2007	3,865,358	863,693	4,729,051
Net book value			
At the beginning of the financial year	9,231,809	-	9,231,809
At the end of the financial year	9,137,477	762,972	9,900,449

Note: The Company does not own any intangible assets in its own right.

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

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

Notes to the Financial Statements Continued

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
15. GOODWILL					
Gross carrying amount					
Balance at beginning of financial year		-	-	-	-
Additional amounts recognised from business combinations occurring during the period	29	34,073,651	-	-	-
Balance at the end of the financial year		34,073,651	-	-	-
Accumulated impairment losses					
Balance at the beginning of the financial year		-	-	-	-
Impairment losses for the year		-	-	-	-
Balance at end of financial year		-	-	-	-
Net book value					
At the beginning of the financial year		-	-	-	-
At the end of the financial year		34,073,651	-	-	-

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to one cash-generating unit as follows:

- Financing - MON-E
- Financing - Safrock

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

	Consolidated 2007 \$	Consolidated 2006 \$
MON-E	17,292,967	-
Safrock	16,780,684	-
	34,073,651	-

MON-E

The recoverable amount for MON-E is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 15% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 5% per annum growth rate. Management believes that any reasonably possible change in the key assumptions in which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Safrock

The recoverable amount for Safrock is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 15% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 5% per annum growth rate. Management believes that any reasonably possible change in the key assumptions in which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.



	Company	
	2007 Shares	2006 No
16. ISSUED CAPITAL		
(a)		
Fully paid ordinary shares		
Balance at beginning of financial year	146,160,449	146,160,449
Shares issued during the year	94,151,250	-
Balance at end of financial year	240,311,699	146,160,449

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

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

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
(b)				
Balance at the beginning of the year	6,023,758	6,083,758	6,023,758	6,083,758
Issue costs	(1,221,982)	(60,000)	(1,221,982)	(60,000)
Deferred tax on share issue costs (note 3d)	384,595	-	384,595	-
Shares issued	41,350,500	-	41,350,500	-
Balance at the end of the financial year	46,536,871	6,023,758	46,536,871	6,023,758

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.

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Notes to the Financial Statements Continued

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
17. RESERVES AND RETAINED EARNINGS				
(a) RESERVES				
Foreign currency translation reserve	(87,446)	86,694	-	-
Acquisition earnout reserve	3,400,000	-	3,400,000	-
Balance at the end of the financial year	3,312,554	86,694	3,400,000	-
Foreign currency translation reserve				
Balance at the beginning of the financial year	86,694	(49,234)	-	-
Translation of foreign operations	(174,140)	135,928	-	-
Balance at the end of the financial year	(87,446)	86,694	-	-
Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian Dollars are brought to account by entries made directly to the foreign currency translation reserve.				
Acquisition earnout reserve				
Balance at the beginning of the financial year	-	-	-	-
Contingent consideration for Safrock acquisition	3,400,000	-	3,400,000	-
Balance at the end of the financial year	3,400,000	-	3,400,000	-
Under the terms of the acquisition in regard to the Safrock Group 8,500,000 shares may be issued in tranches as soon as practicable after the end of the relevant financial year subject to meeting certain earnings targets. Since the end of the first relevant financial year is 30 June 2007, no earn-out shares have yet been issued.				
The acquisition earn-out reserve is used to record a reasonable estimate of the likely equity to be issued in relation to earn-out targets pertaining to the acquisition of Safrock. An equity reserve is used to record this amount due to a fixed number of equity instruments to be issued.				
(b) RETAINED EARNINGS				
Balance at the beginning of the financial year	11,555,629	8,439,034	-	-
Net profit attributable to members of the parent entity	11,557,840	4,212,721	5,253,782	1,096,126
Dividends provided for or paid (note 26)	(5,253,782)	(1,096,126)	(5,253,782)	(1,096,126)
Balance at the end of the financial year	17,859,687	11,555,629	-	-



18. FINANCIAL INSTRUMENTS

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES

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

(b) SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which revenue and expenses are recognised, in respect of each class of financial assets, financial liability and equity instruments are discussed in note 1 to the financial statements.

(c) 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 its franchisees. The consolidated entity has a policy of obtaining sufficient collateral or other securities from these franchisees.

The majority of loans within the financing division relate to loans made by Saprock which makes both secured and unsecured personal loans. Credit risk is present in relation to all unsecured loans made which is managed within an agreed corporate policy on customer acceptance and on-going review of recoverability.

(d) 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:

2007	Weighted average effective rate %	Floating interest rate \$	Fixed interest maturing in:			Non-interest bearing \$	Total \$
			1 Year or less \$	over 1 to 5 years \$	more than 5 years \$		
FINANCIAL ASSETS							
Cash and cash equivalents	5.97	14,743,417	-	-	-	6,648	14,750,065
Trade receivables	-	-	-	-	-	4,570,465	4,570,465
Instalment credit loans	12.00	-	852,024	1,934,291	-	-	2,786,315
Personal loans	63.80	-	10,926,945	-	-	-	10,926,945
		14,743,417	11,778,969	1,934,291	-	4,577,113	33,033,790
FINANCIAL LIABILITIES							
Bank overdraft	7.75	578,943	-	-	-	-	578,943
Loans	6.74	800,000	-	-	-	-	800,000
Trade and other creditors	-	-	-	-	-	3,615,381	3,615,381
Employee benefits	-	-	-	-	-	451,729	451,729
Unsecured deposits	-	-	-	-	-	858,217	858,217
Current tax	-	-	-	-	-	3,810,556	3,810,556
Hire purchase and lease liability	9.25	-	70,204	130,018	-	-	200,222
		1,378,943	70,204	130,018	-	8,735,883	10,315,048
Net financial assets/(liabilities)		13,364,474	11,708,765	1,804,273	-	(4,158,770)	22,718,742

Notes to the Financial Statements Continued

18. FINANCIAL INSTRUMENTS *Continued*

(d) INTEREST RATE RISK EXPOSURES *Continued*

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:

2006	Weighted average effective rate %	Floating interest rate \$	Fixed interest maturing in:			Non-interest bearing \$	Total \$
			1 Year or less \$	over 1 to 5 years \$	more than 5 years \$		
FINANCIAL ASSETS							
Cash and cash equivalents	5.40	7,742,401	-	-	-	6,389	7,748,790
Trade receivables	-	-	-	-	-	3,191,036	3,191,036
Instalment credit loans	12.00	-	746,890	2,206,471	-	-	2,953,361
		7,742,401	746,890	2,206,471	-	3,197,425	13,893,187
FINANCIAL LIABILITIES							
Bank overdraft	6.75	539,356	-	-	-	-	539,356
Loans	6.95	1,200,000	-	-	-	-	1,200,000
Trade and other creditors	-	-	-	-	-	2,652,801	2,652,801
Employee benefits	-	-	-	-	-	294,589	294,589
Unsecured deposits	-	-	-	-	-	779,347	779,347
Current tax	-	-	-	-	-	479,889	479,889
Hire purchase and lease liability	9.25	-	64,633	76,573	-	-	141,206
		1,739,356	64,633	76,573	-	4,206,626	6,087,188
Net financial assets/(liabilities)		6,003,045	682,257	2,129,898	-	(1,009,201)	7,805,999

(e) 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:

	2007		2006	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
FINANCIAL INSTRUMENTS				
Financial liabilities				
Unsecured notes	858,217	858,217	754,347	754,347
	858,217	858,217	754,347	754,347

(f) FOREIGN CURRENCY RISK MANAGEMENT

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters and are not material to the financial statements.

(g) LIQUIDITY RISK MANAGEMENT

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.



19. LEASES

(a) FINANCE LEASES

Leasing arrangements

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

FINANCE LEASE LIABILITIES

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$
Finance lease and hire purchase expenditure contracted for at balance sheet date, payable:								
Within one year	73,404	71,510	-	-	73,404	71,510	-	-
Later than one, not later than five years	135,945	80,131	-	-	135,945	80,131	-	-
	209,349	151,641	-	-	209,349	151,641	-	-
Less future finance charges	(9,127)	(10,435)	-	-	(9,127)	(10,435)	-	-
	200,222	141,206	-	-	200,222	141,206	-	-
Included in the financial statement as:								
Current borrowings (note 11)					70,204	64,633	-	-
Non-current borrowings (note 11)					130,018	76,573	-	-
					200,222	141,206	-	-

(b) OPERATING LEASES

Leasing arrangements

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

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Non-cancellable operating lease commitments payable:				
Within one year	897,344	522,404	-	-
Later than one, not later than five years	2,344,431	1,243,664	-	-
Later than five years	1,833,248	622,121	-	-
	5,075,023	2,388,189	-	-

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

(c) COMMITMENT FOR CAPITAL EXPENDITURE

At 30 June 2007 capital expenditure commitments were nil (2006: nil)

20. RELATED PARTY TRANSACTIONS

(a) KEY MANAGEMENT PERSONNEL REMUNERATION

Details of key management personnel of Cash Converters International Limited during the year are:

- R. Webb (Chairman, non-executive director)
- J. Yeudall (Non-executive director)
- P. Cumins (Managing director, executive)
- A. Moffat (Non-executive director)
- M. Cooke (Legal Counsel)
- M. Lemmon (Director of operations – UK)
- I. Day (General manager – Australia)
- R. Groom (Company secretary / Group financial controller)
- J. Spratley (Group accountant – UK)

Further, C Hetherington was appointed as a non-executive director on 2 July 2007.

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

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Short-term employee benefits	1,733,631	1,532,647	-	-
Long-term employee benefits	-	3,578	-	-
Post-employee benefits	123,527	101,227	-	-
Total	1,857,158	1,637,452	-	-

The compensation of each member of the Key management personnel of the consolidated entity is set out on the following page.

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

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

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

Remuneration and other terms of employment for the managing director and certain other senior executives are formalised in service agreements.

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

Remuneration packages contain the following key elements:

- (a) Short-term employee benefits – salary/fees, bonuses and non-monetary benefits including the provision of motor vehicles;
- (b) Post-employment benefits – include superannuation and prescribed retirement benefits;



	Salary / fees \$	Short-term employee benefits			Post- employment		Total \$
		Motor Vehicle \$	Bonus \$	Other non-cash benefits \$	Super- annuation \$	Other long term benefits \$	
2007							
R. Webb	70,000	-	-	-	-	-	70,000
J. Yeudall	42,000	-	-	-	-	-	42,000
P. Cumins	355,680	29,219	-	-	-	-	384,899
A. Moffat	38,532	-	-	-	3,468	-	42,000
M. Cooke	320,000	-	-	-	-	-	320,000
M. Lemmon	178,685	16,460	33,994	-	27,570	-	256,709
I. Day	194,544	-	30,000	-	12,686	-	237,230
J. Spratley	175,859	19,452	34,313	-	37,895	-	267,519
R. Groom	158,711	21,206	-	14,976	41,908	-	236,801
Total	1,534,011	86,337	98,307	14,976	123,527	-	1,857,158
2006							
R. Webb	70,000	-	-	-	-	-	70,000
J. Yeudall	38,532	-	-	-	3,468	-	42,000
P. Cumins	315,065	25,128	-	-	-	-	340,193
A. Moffat	14,326	-	-	-	1,289	-	15,615
M. Cooke	310,200	-	-	-	-	-	310,200
M. Lemmon	148,283	14,431	14,467	-	21,034	-	198,215
I. Day	168,095	17,705	30,000	-	12,139	-	227,939
J. Spratley	161,531	18,761	3,733	-	23,146	-	207,171
R. Groom	139,200	20,597	7,617	14,976	40,151	3,578	226,119
Total	1,365,232	96,622	55,817	14,976	101,227	3,578	1,637,452

Contracts for services of key management personnel

P. Cumins, M. Cooke, R. Groom and I. Day are employed under contracts of service entitling them to a notice period of up to 12 months.

Grant of cash bonuses

The bonus received by M. Lemmon and J. Spratley were paid for achieving a profit result for the UK business that was above the forecast result. I. Day received a bonus for achieving a profit result for the Australian business that was above the forecast result. The actual bonuses earned are at the discretion of the Board. The bonuses were granted in July/August 2006 and January/February 2007.

(b) DIRECTOR-RELATED ENTITIES

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

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 & Clarkson WA	Peter Cumins

Notes to the Financial Statements Continued

20. RELATED PARTY TRANSACTIONS *Continued*

(c) LOAN TO KEY MANAGEMENT PERSONNEL

	Balance at beginning \$	Interest Charged \$	Interest not charged \$	Write-off \$	Balance at end \$	Number in Group
2007						
Directors	266,022	32,983	-	-	264,526	1
Other key management personnel	-	-	-	-	-	-
Total	266,022	32,983	-	-	264,526	1
2006						
Directors	280,913	33,544	-	-	266,022	1
Other key management personnel	-	-	-	-	-	-
Total	280,913	33,544	-	-	266,022	1

INDIVIDUALS WITH LOANS ABOVE \$100,000 IN THE YEAR

	Balance at beginning \$	Interest Charged \$	Interest not charged \$	Write-off \$	Balance at end \$	Highest in Period
2007						
P. Cumins [Blackport Pty Ltd]	266,022	32,983	-	-	264,526	294,985
	266,022	32,983	-	-	264,526	294,985
2006						
P. Cumins [Blackport Pty Ltd]	280,913	33,544	-	-	266,022	300,000
Total	280,913	33,544	-	-	266,022	300,000

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) DIRECTORS' AND SPECIFIED KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS****Fully paid ordinary shares issued by Cash Converters International Limited**

	Balance at 1 July 2006 No.	Granted as remuneration No.	Received on exercise of options No.	Acquisition/ (disposal) of shares No.	Balance at 30 June 2007 No.	Balance held indirectly No.
Directors						
P. Cumins	5,886,151	-	-	1,679,424	7,565,575	-
R. Webb	1,100,000	-	-	12,500	1,112,500	-
A. Moffat	-	-	-	-	-	-
J. Yeudall	-	-	-	79,365	79,365	-
Other key management personnel						
I. Day	2,516,919	-	-	797,500	3,314,419	-
R. Groom	2,521,618	-	-	750,000	3,271,618	-
J. Spratley	-	-	-	-	-	-
M. Lemmon	-	-	-	-	-	-
M. Cooke	-	-	-	-	-	-
	12,024,688	-	-	1,572,500	13,597,188	-

Fully paid ordinary shares issued by Cash Converters International Limited

	Balance at 1 July 2005 No.	Granted as remuneration No.	Received on exercise of options No.	Acquisition/ (disposal) of shares No.	Balance at 30 June 2006 No.	Balance held indirectly No.
Directors						
P. Cumins	5,886,151	-	-	-	5,886,151	-
R. Webb	1,100,000	-	-	-	1,100,000	-
A. Moffat	-	-	-	-	-	-
M. Cooke	-	-	-	-	-	-
J. Yeudall	-	-	-	-	-	-
Other key management personnel						
I. Day	2,516,919	-	-	-	2,516,919	-
R. Groom	2,446,618	-	-	75,000	2,521,618	-
J. Spratley	-	-	-	-	-	-
M. Lemmon	-	-	-	-	-	-
	11,949,688	-	-	75,000	12,024,688	-

(e) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	2007 \$	2006 \$
Franchise fees payable in advance on the 1st of each month	111,830	109,831
Total advertising levy payable monthly in advance	160,160	133,198
Total training levies paid monthly in advance	7,920	7,920
Total miscellaneous fees payable on 30 day account	4,442	5,525
Total wholesale invoices payable on 30 day account	8,348	4,742
Total recognised as revenue	292,700	261,216

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

Notes to the Financial Statements Continued

21. SUBSEQUENT EVENTS

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 other than those disclosed on note 29.

22(a). SUBSIDIARIES

Name of entity	Country of incorporation	Ownership interest	
		2007	2006
Parent entity			
Cash Converters International Limited (i)	Australia		
Directly controlled by Cash Converters International Limited			
Cash Converters Pty Ltd (ii) (iii)	Australia	100%	100%
Cash Converters UK Holdings PLC	UK	100%	100%
Cash Converters USA Limited	Australia	58.87%	58.87%
Mon-e Pty Ltd (ii) (iii)	Australia	100%	-
Safrock Finance Group Pty Ltd (ii) (iii)	Australia	100%	-
Safrock Finance Corporation (QLD) Pty Ltd (ii) (iii)	Australia	100%	-
Safrock Finance Corporation (WA) Pty Ltd (ii) (iii)	Australia	100%	-
Finance Administrators of Australia Pty Ltd (ii) (iii)	Australia	100%	-
Directly controlled by Cash Converters Pty Ltd			
Cash Converters Finance Corporation Limited (refer note 22c)	Australia	26.31%	26.31%
Directly controlled by Cash Converters USA Limited			
Cash Converters USA Inc	USA	100%	100%

(i) Cash Converters International Limited is the head entity within the tax consolidated group

(ii) These companies are members of the tax consolidated group

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



22(b). SUBSIDIARIES

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

INCOME STATEMENT

	Consolidated 2007 \$
Revenue	<u>31,189,165</u>
Employee benefits expense	(4,169,607)
Depreciation and amortisation expenses	(455,918)
Finance costs	(112,487)
Legal fees/legal settlements	(359,638)
Changes in inventories	(514,675)
Area agents fees/commissions	(3,203,181)
Rental expense on operating leases	(333,196)
Motor vehicle/travel costs	(476,791)
Bad debts/bad debt provision	(2,615,871)
Professional and registry costs	(378,942)
Auditing and accounting services	(185,352)
Bank charges	(589,361)
Other expenses from ordinary activities	(1,135,425)
Profit before income tax expense	<u>16,658,721</u>
Income tax expense	(5,011,611)
Profit for the period from continuing operations	<u>11,647,110</u>
Minority interest	73,306
Equity holders of the parent	<u>11,573,804</u>
Profit for the year	<u><u>11,647,110</u></u>

No comparative information is presented as the entity only entered in to the Deed of Cross Guarantee during the current year.

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Notes to the Financial Statements Continued

22(b). SUBSIDIARIES *Continued*

BALANCE SHEET

	Consolidated 2007 \$
Current assets	
Cash and cash equivalents	14,158,865
Trade receivables	1,924,468
Personal loans receivable	10,926,945
Inventories	-
Other assets	50,389
Total current assets	27,060,667
Non-current assets	
Trade and other receivables	3,500,462
Other financial assets	-
Plant and equipment	409,841
Deferred tax assets	1,589,344
Goodwill	34,073,651
Other intangible assets	8,004,720
Total non-current assets	47,578,018
Total assets	74,638,685
Current liabilities	
Trade and other payables	2,610,647
Borrowings	470,204
Current tax payables	3,750,125
Deferred establishment fees	1,305,894
Provisions	453,995
Total current liabilities	8,590,865
Non-current liabilities	
Borrowings	530,018
Deferred tax liabilities	1,120,806
Total non-current liabilities	1,650,824
Total liabilities	10,241,689
Net assets	64,396,996
Equity	
Issued capital	46,536,871
Reserves	4,975,519
Retained earnings	12,637,262
Parent entity interest	64,149,652
Minority interests	247,344
Total equity	64,396,996
RETAINED EARNINGS	
Retained earnings as at the beginning of the financial year	6,317,240
Net profit	11,573,804
Dividends provided for or paid	(5,253,782)
Retained earnings as at the end of the financial year	12,637,262



(c) OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES

Outside equity interests hold 630,196 (2006: 630,196), 50 cent ordinary shares in Cash Converters Finance Corporation Limited, being 73.69% of the ordinary issued share capital, and 73.61% 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	
	2007	2006
	\$	\$
Outside equity interests in controlled entities comprises:		
Contributed capital	3,309,134	3,309,134
Accumulated losses	(3,060,891)	(3,134,197)
	248,243	174,940

23. CONTINGENT LIABILITIES

Cash Converters International Limited (CCIL) has provided a bank guarantee to Barrier Shelf Company (No 57) Pty Ltd as security for the head office lease and a guarantee to the National Australia Bank totalling \$2,000,000 for a variable rate bill facility provided to Cash Converters Finance Corporation Limited (CCFCL). CCIL has provided a guarantee in favour of ANZ in respect of the obligations of Safrock Finance Corporation (QLD) Pty Ltd for \$600,000.

Cash Converters UK Limited (CCUK) has provided lease rental guarantees for franchisees of \$1,432,428.

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

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

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

The directors are not aware of any other material contingent liabilities in existence at 30 June 2007 requiring disclosure in the financial statements.

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Notes to the Financial Statements Continued

	Consolidated	
	2007	2006
24. EARNINGS PER SHARE		
Basic earnings per share (cents per share)	5.29	2.88
Diluted earnings per share (cents per share)	5.14	2.88

	2007	2006
	\$	\$

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Earnings	11,557,840	4,212,721
----------	------------	-----------

	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	218,363,996	146,160,449

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

	\$	\$
Net profit	11,557,840	4,212,721
Earnings used in the calculation of basic earnings per share	11,557,840	4,212,721

Diluted earnings per share

The diluted earnings per share are equal to the basic earnings per share

Weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic earnings per share	18,363,996	146,160,449
Contingency issue of shares (note 17)	6,404,109	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	224,768,105	146,160,449

The number of potential ordinary shares not included in the above calculation is Nil (2006: Nil).



	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
25. CASH FLOW INFORMATION				
(a) RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH FLOWS FOR THE OPERATING ACTIVITIES				
Profit for the period	11,631,146	4,260,941	5,253,782	1,096,126
Non-cash flows in operating profit:				
Amortisation	154,332	99,358	-	-
Depreciation	615,549	446,084	-	-
Bad debts written off	2,352,826	208,591	-	-
Lease and hire purchase interest	13,241	13,546	-	-
Profit on sale of plant and equipment	-	(5,669)	-	-
Increase in income taxes payable	1,549,957	261,183	-	-
(Increase)/decrease in future income tax benefits	(194,437)	1,802	-	-
Decrease in deferred tax	(52,716)	(82,297)	-	-
Net exchange differences	-	(1,118)	-	-
Realised foreign exchange (gain)/loss	5,900	(19,844)	-	-
Change in assets and liabilities:				
Increase in inventories	(319,596)	(227,156)	-	-
(Increase)/decrease in prepayments	(1,465)	221,384	-	-
(Increase)/decrease in trade and term receivables	(2,109,888)	(919,755)	-	730,803
Increase in trade payables and accruals	325,913	946,581	-	-
Increase/(decrease) in employee and other provisions	529,851	(282,881)	-	-
Increase in fees receivable rolled into loans to other related entities	-	(136,393)	-	-
Cash flows from operations	14,488,813	4,784,357	5,253,782	1,826,929
(b) RECONCILIATION OF CASH AND CASH EQUIVALENTS				
For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with banks or financial institutions, net of bank overdrafts and is reconciled to the related items in the balance sheet as follows:				
Cash and cash equivalents	14,750,065	7,748,790	-	-
Bank overdraft	(578,943)	(539,356)	-	-
	14,171,122	7,209,434	-	-
(c) BUSINESS ACQUIRED				
During the financial year the Group acquired two businesses. The net cost out flow on acquisition was \$8,747,403. Refer to note 29 for further details of these acquisitions.				
(d) NON-CASH FINANCING AND INVESTING ACTIVITIES				
During the current and prior financial years the consolidated entity undertook no non-cash financing activities.				

Notes to the Financial Statements Continued

26. DIVIDENDS

The directors of the Company paid a fully franked interim dividend of 1.5 (one and a half) cents per share on 30 March 2007. The directors have also declared a final fully franked dividend of 1.5 (one and a half) cents per share to be paid on 28 September 2007 to those shareholders on the register at the close of business on 14 September 2007.

The Company has Australian franking credits available of \$4,635,375 on a tax paid basis (2006: \$4,616,996).

	2007		2006	
	Cents per share	Total \$	Cents per share	Total \$
Fully paid ordinary shares				
Recognised amounts				
Interim dividend: Franked to 100% at 30%	0.150	3,604,678	0.075	1,096,127
Final dividend: Franked to 100% at 30%	-	-	-	-
Unrecognised amounts				
Final dividend: Franked to 100% at 30%	0.150	3,651,037	0.100	1,649,104
	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

**27. RECEIVABLES AND PAYABLES
DENOMINATED IN FOREIGN CURRENCIES**

RECEIVABLES

Current – not hedged

Pounds Sterling	3,498,021	2,699,800	-	-
United States Dollars	-	-	-	-

PAYABLES

Current – not hedged

Pounds Sterling	1,859,947	1,883,603	-	-
United States Dollars	4,512	5,219	-	-

	No.	No.	No.	No.
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28. EMPLOYEE NUMBERS

Average number of employees during the financial year	115	65	-	-
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29. ACQUISITION OF BUSINESSES

Acquisition of new subsidiary – MON-E Pty Ltd

On 13 October 2006, the Group acquired 100% of issued share capital of MON-E Pty Ltd for cash consideration of \$4,500,000 and the issue of 26,250,000 fully paid ordinary shares.

MON-E Pty Ltd's principal activity is back office support for Cash Converters franchisees' short term cash advance activities. This transaction has been accounted for using the acquisition method of accounting.

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

	Acquiree's carrying amount before business combination \$	Fair value adjustments \$	Fair value \$
Net assets acquired:			
Cash and cash equivalents	-	-	-
Trade and other receivables	201,681	-	201,681
Property, plant and equipment	156,670	-	156,670
Intangibles - software	-	200,000	200,000
Trade and other payables	(342,718)	-	(342,718)
Deferred tax liabilities	-	-	-
Contingent liabilities	-	-	-
Fair value of net identifiable assets acquired	15,633	200,000	215,633
Consideration			
Consideration satisfied by cash			4,500,000
Consideration satisfied by the issue of 26,250,000 shares at market price of 49 cents on 13 October 2006			12,862,500
Costs directly associated with the acquisition			146,100
Total consideration for MON-E Pty Ltd			17,508,600
Goodwill arising on acquisition			17,292,967

The initial accounting for the acquisition of MON-E Pty Ltd has only been provisionally determined at the reporting date.

MON-E Pty Ltd became wholly owned on acquisition and has joined the company's tax-consolidation group. For tax purposes, the tax values of MON-E Pty Ltd assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to goodwill noted above has therefore only been provisionally determined based on the directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

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

Included in the net profit for the period is \$3,109,424 attributable to the additional business generated by MON-E Pty Ltd.

Had the business combinations been effected at 1 July 2006, the revenue of the Group would be \$48,579,982, and net profit \$12,481,144.

The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison future periods.

29. ACQUISITION OF BUSINESSES *Continued*

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

- calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements
- based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination.
- utilised the un-audited 30 June 2006 financial information of MON-E Pty Ltd.

Acquisition of new subsidiary – Safrock Group

On 29 September 2006, the Group acquired 100% of issued share capital of Safrock Group for cash consideration of \$4,625,000 and the issue of 22,125,000 fully paid ordinary shares and a further 8,500,000 ordinary shares that may be issued in the future by way of earn-out. Safrock Group's principal activity is the provision of secured and unsecured loans ranging from \$1,000 to \$10,000 through the Cash Converters network. This transaction has been accounted for using the acquisition method of accounting.

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

	Acquiree's carrying amount before business combination \$	Fair value adjustments \$	Fair value \$
Net assets acquired:			
Cash and cash equivalents	754,412	-	754,412
Trade and other receivables	6,515,660	-	6,515,660
Property, plant and equipment	63,191	-	63,191
Intangibles - software	-	200,000	200,000
Deferred tax assets	792,580	-	792,580
Other financial assets	1,174	-	1,174
Trade and other payables	(6,674,487)	-	(6,674,487)
Fair value of net identifiable assets acquired	1,452,530	200,000	1,652,530
Consideration			
Consideration satisfied by cash			4,625,000
Consideration satisfied by the issue of 22,125,000 shares at an average price of 46 cents on 29 September 2006			10,177,500
Contingent consideration			3,400,000
Costs directly associated with the acquisition			230,714
Total consideration for Safrock Group			18,433,214
Goodwill arising on acquisition			16,780,684

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

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

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

Included in the net profit for the period is \$3,959,808 attributable to the additional business generated by Safrock Group.



Had the business combinations been effected at 1 July 2006, the revenue of the Group would be \$49,379,982, and net profit \$12,531,144. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison future periods.

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

- calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements
- based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination
- utilised the un-audited 30 June 2006 financial information of Safrock Group.

Acquisition of corporate stores in the UK

On 16 July 2007 CCUK acquired five stores in and around Leeds in the United Kingdom for cash consideration of \$3,806,879. The net assets acquired in the business combination, and the goodwill arising, are as follows:

	Acquiree's carrying amount before business combination \$	Fair value adjustments \$	Fair value \$
Net assets acquired:			
Cash and cash equivalents	34,552	-	34,552
Trade and other receivables	535,083	-	535,083
Stock	382,895	-	382,895
Trade and other payables	(32,993)	-	(32,993)
Fair value of net identifiable assets acquired	919,537	-	919,537
Consideration			3,806,879
Costs directly associated with the acquisition			10,988
Total consideration for the five stores			3,817,867
Goodwill arising on acquisition			2,898,330

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

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

Acquisition of seven Cash Converters stores in Victoria

Cash Converters International Limited announced on 3 September 2007 that it has entered into a Sale Agreement to purchase eight Cash Converters stores in Victoria from the Hosking Financial Group (HFG). It is expected that completion of this acquisition will occur as soon as the various landlords of the stores have consented to the assignment of the leases.

The purchase price is \$12.5 million and this will be funded from cash reserves and bank borrowing. No shares will be issued in connection with this acquisition. The price includes the loan book (approximately \$2.2 million), stock (approximately \$1.5 million), plant and equipment and fixtures and fittings (approximately \$1.3 million) and all other assets employed in the businesses. The price is based upon a historical EBIT for the stores, for the financial year to 30 June 2007 of \$3 million as verified by audit. The Company will incur additional costs going forward of approximately \$600,000 per annum associated with maintaining the HFG head office and existing management team. These costs will be diluted as we add store numbers to the network.

Upon completion of this transaction, the Company will own 20 corporate stores - 11 in the United Kingdom and nine in Australia. This acquisition is a vital step towards the expansion of the corporate store network, a program which the Company is now firmly committed to. This will be achieved by a combination of both new store openings and the acquisition of existing stores from franchisees. The eight store network in Victoria together with its existing management team will form the core of our Australian corporate store network.

Notes to the Financial Statements Continued

29. ACQUISITION OF BUSINESSES *Continued*

Each Company store in Australia will contribute to the collective advertising fund and pay training levies and IT fees on the same basis as every franchise store. This acquisition is a strong vote of confidence by the Company in the future prospects of the Cash Converters corporate store business model.

30. SEGMENTAL INFORMATION

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items mainly comprise income earning assets and revenue, interest bearing loans, borrowings and expense and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

BUSINESS SEGMENTS

The consolidated entity comprises the following main business segments based on the consolidated entity management reporting system:

- i) 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.
- ii) Financing - The financing division was originally established to provide loans to existing franchisees within Australia, for the development of their businesses. In October 2006 this division was substantially expanded with the acquisition of MON-E and the Safrock group of companies. MON-E provides the software and back-office support for the cash advance business and Safrock provides unsecured personal loans through the franchised network.

GEOGRAPHICAL SEGMENTS

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of each business division.

Segment assets are based on geographical location of assets.

PRIMARY REPORTING - BUSINESS SEGMENTS

	External Sales		Inter-segment		Total	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Segment revenues						
Franchising	22,752,885	21,972,840	-	-	22,752,885	21,972,840
Financing	22,450,547	352,154	-	-	22,450,547	352,154
Total of all segments	45,203,432	22,324,994	-	-	45,203,432	22,324,994
Eliminations					-	-
Unallocated					776,550	303,928
Consolidated revenue					45,979,982	22,628,922
Segment results						
Franchising					2,869,402	6,086,122
Financing					13,890,284	112,874
Total of all segments					16,759,686	6,198,996
Eliminations					-	-
Unallocated					(49,572)	(49,572)
Profit before income tax expense					16,710,114	6,149,424
Income tax expense					(5,078,968)	(1,888,483)
Profit for the period					11,631,146	4,260,941



	Assets		Liabilities	
	2007 \$	2006 \$	2007 \$	2006 \$
Segment assets & liabilities				
Franchising	27,327,759	21,828,146	686,691	4,216,148
Financing	53,020,769	3,256,254	12,089,077	3,027,231
Total of all segments	80,348,528	25,084,400	12,775,768	7,243,379
Consolidated	80,348,528	25,084,400	12,775,768	7,243,379

	Franchising		Financing	
	2007 \$	2006 \$	2007 \$	2006 \$
Other segment information				
Acquisition of segment assets	877,256	600,752	237,079	-
Depreciation and amortisation of segment assets	645,471	545,442	124,410	-
Significant expenses:				
Bad debts/bad debt provision	3,414	149,694	2,604,684	58,897

SECONDARY REPORTING - GEOGRAPHICAL SEGMENTS

	Revenue from external customers 2007 \$	Revenue from external customers 2006 \$	Segment assets 2007 \$	Segment assets 2006 \$	Acquisition of Segment assets 2007 \$	Acquisition of Segment assets 2006 \$
Geographical segments						
Australia	30,472,181	10,863,660	74,616,113	19,898,260	613,704	183,879
UK Division	15,148,342	11,435,703	5,726,046	5,170,788	500,631	416,873
US Division	17,981	23,856	6,369	15,352	-	-
Rest of the World	341,478	305,703	-	-	-	-
Consolidated	45,979,982	22,628,922	80,348,528	25,084,400	1,114,335	600,752

- 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 franchises in countries around the world.

Finance - The finance division was originally established to provide loans to existing franchisees within Australia, for the development of their businesses. Since October 2006 this division also incorporates the MON-E cash advance business and the Safrock personal loans business.

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

31. COMPANY DETAILS

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

Registered office:

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

Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001

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

In the Directors opinion, there are reasonable grounds to believe that the Company and the Companies to which the ASIC Class Order applies, as detailed in Note 22 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

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

On behalf of the Directors

REGINALD WEBB

Director

Perth, Western Australia

Date: 21 September 2007

Independent Auditor's Report

Deloitte.

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

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

We have audited the accompanying financial report of Cash Converters International Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end as set out on pages 14 to 64.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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Independent Auditor's Report Continued

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Cash Converters International Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Gover

Mark Gover

Partner

Chartered Accountants

Perth, 21 September 2007

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

Auditor's Independence Declaration

Deloitte.

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The Board of Directors
Cash Converters International Ltd
Level 18
37 St Georges Terrace
PERTH WA 6000

21 September 2007

Dear Board Members

Cash Converters International Limited

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

As lead audit partner for the audit of the financial statements of Cash Converters International Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Gover

Mark Gover
Partner
Chartered Accountant

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

Shareholder Information

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 18 SEPTEMBER 2007

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	41,061,477	17.09
HSBC Custody Nominees	29,386,569	12.23
Rand Holdings Pty Ltd	19,269,492	8.02
J P Morgan Nominees Australia Limited	14,926,785	6.21
RBC Dexia Investor Services Australia Nominees Pty Ltd	13,097,578	5.45

DISTRIBUTION OF EQUITY

	Ordinary shares
Distribution schedule of holdings:	
1 - 1,000	263
1,001 - 5,000	1208
5,001 - 10,000	1123
10,001 - 100,000	1551
100,001 and over	138
Total number of holders	4283
Number of holders of less than a marketable parcel	151

TWENTY LARGEST EQUITY SECURITY HOLDERS

Name	Number of ordinary shares	Percentage of Issued shares
Hosking Financial Group	41,061,477	17.09
HSBC Custody Nominees	29,386,569	12.23
Rand Holdings Pty Ltd	19,269,492	8.02
J P Morgan Nominees Australia Limited	14,926,785	6.21
RBC Dexia Investor Services Australia Nominees Pty Ltd	13,097,578	5.45
Jane-Ine Clifton	5,250,000	2.18
Mrs Merle Cooke	3,783,500	1.57
Australian Executor Trustees Limited	3,237,520	1.35
Mr Wayne Douglas and Mrs Heather Janet Hubbard	3,149,900	1.31
Jagen Nominees Pty Ltd	2,500,000	1.04
Alli Nominees Pty Ltd	2,361,228	0.98
JDV Limited	2,110,850	0.88
Australian Personal Finance Group	1,956,679	0.81
Merle Cooke & Simon James Cooke	1,479,000	0.62
Queensland Investment Corporation	1,439,316	0.60
Toscana Holdings Pty Ltd	1,423,663	0.59
Mrs Christine Dorey	1,312,731	0.55
Mr Mohammed H Al Mulla	1,283,166	0.53
Kentsleigh Pty Ltd	1,143,594	0.48
Mr Michael Edward Constable	1,133,801	0.47
	151,306,849	62.96



VOTING RIGHTS

All shares are of one class with equal voting rights.

SHAREHOLDER INFORMATION

The Shareholder information set out above was applicable as at 18 September 2007.

SAFROCK EARN-OUT SHARES

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

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

It is a condition of the ASX Listing Rule waiver that the Company state, in each annual report released during the period when earn-out remain to be issued, the number of earn-out shares issued in the relevant year, and the number that remain to be issued. To date, no earn-out shares have been issued to the sellers of the Safrock Group of Companies, and a maximum number of 8,500,000 fully paid ordinary shares in the Company could still be issued, subject to the Safrock Group of Companies exceeding the relevant EBIT performance hurdles.

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