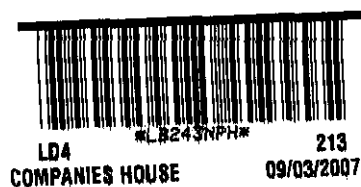


Registered Number: 3096334

CASH CONVERTERS (UK) LIMITED

Report and Financial Statements

30 June 2006



CASH CONVERTERS (UK) LIMITED

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CASH CONVERTERS (UK) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

Peter Cumins
Reginald Paul Webb
John Yeudall
Andrew Moffat
Mark Lemmon

Secretary

Derek Ralph Groom
James Peter Conway Spratley

Registered office

Unit 17
Gentlemens Field
Westmill Road
Ware
Hertfordshire
SG12 0EF

Bankers

Barclays Bank plc
PO Box 104
22-24 Upper Marlborough Road
St Albans
Hertfordshire
AL1 3AL

National Westminster Bank plc
PO Box 204
1 Hatton Garden
London
EC1P 1DU

Solicitors

Hilliers
Common Farm
Liddlington
Bedford
MK43 0BG

Auditors

Deloitte & Touche LLP
St Albans

CASH CONVERTERS (UK) LIMITED

DIRECTORS' REPORT

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 30 June 2006.

This directors' report has been prepared in accordance with the special provisions relating to small companies in accordance with section 246(4) of the Companies Act 1985.

Activities

The principal activities of the company are the provision of franchise services and the retailing of new and secondhand goods together with pawn-broking, cheque cashing and a range of financial services.

Business review and future prospects

The number of stores in the UK is now at a record level with 117 stores open. Growth is being generated from both new franchisees and through internal growth from existing multi-site owners.

The corporate store division now stands at four stores, following the opening of Blackburn in early July. All company-owned stores are located in the Greater Manchester area in the North of England, which has been identified as an ideal area in which to operate a corporate store network. The three existing stores located in Bolton, Burnley and Rochdale are trading well and achieving the financial targets set.

The Cash Converters' auction site, launched in September 2005, has successfully completed its trial and is now available to every franchisee in the UK to auction their selected product range. Levels of visitors to the site, page views and registered customer numbers have all shown strong growth and it is planned to increase these levels even further by increasing the total number of stores participating and the overall stock levels offered. The site will continue to be developed and is now featured as part of a national advertising campaign which has considerably boosted the number of 'hits' being received by the site.

A clear boost was given to the UK network of stores during 2005 as a result of Cash Converters appearing in the BBC programme 'Skint'. This was combined with a planned advertising TV campaign and it is estimated that approximately 22 million viewers were reached. The BBC is currently filming a second series of 'Skint' that will be aired later this year. The new series plus a new advertising campaign will ensure that the Cash Converters brand remains high profile throughout 2007.

The CCWin store operating system, first introduced to the UK in January 2002, is now in over 100 stores and is installed into each new store as a standard requirement. Apart from the obvious benefits in management controls for the network, this is now an additional income stream that will have a positive effect on UK profitability.

Cheque cashing has shown good growth over the past few years and in this financial year generated over £500,000 in commissions. Training courses for cheque cashing procedures are run at regular intervals and a high degree of focus is given to in store development to ensure this growth continues.

CASH CONVERTERS (UK) LIMITED

DIRECTORS' REPORT (Continued)

Employees

The company has a policy of employing disabled persons and continuing to employ staff who become disabled. The directors attempt to keep all employees fully informed of company developments, including the financial and economic factors affecting the performance of the company. The directors regularly consult employees or their representatives so that views of employees can be taken into account in making decisions that are likely to affect their interests.

Directors and their interests

The directors during and after the period were as follows:

Michael Ian Cooke	Australia	(resigned 24 May 2006)
Peter Cumins	Australia	
Reginald Paul Webb	Australia	
John Yeudall	Australia	
Andrew Moffat	Australia	(Appointed 16 February 2006)
Mark Lemmon		(Appointed 1 March 2006)

No directors had any interests during the period in the company's shares.

The interests of the directors in the shares of the ultimate parent company, Cash Converters International Limited, are disclosed in the accounts of that company.

Directors' responsibilities

The directors are responsible for preparing the financial statements. The directors have chosen to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice.

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CASH CONVERTERS (UK) LIMITED

DIRECTORS' REPORT (Continued)

Information provided to auditors

With regard to the preparation of this Annual report and the Financial Statements, so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Results and dividends

The results for the year are shown on page 6. No dividend is payable for the year ended 30 June 2006 (2005: £nil).

Auditors

A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

By Order of the board

Mark Lemmon
Director

8/3/

2007



Independent auditors' report to the members of Cash Converters (UK) Limited

We have audited the financial statements of Cash Converters (UK) Limited for the year ended 30 June 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 June 2006 and of its profit for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

St Albans

8 March 2007

CASH CONVERTERS (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 £'000	2005 £'000
Turnover	2	4,467	3,423
Cost of sales		(2,329)	(1,811)
Gross profit		2,138	1,612
Administrative expenses		(2,045)	(1,590)
Operating profit	3	93	22
Interest payable and similar charges	6	(35)	(7)
Profit on ordinary activities before taxation		58	15
Tax on profit on ordinary activities	7	(21)	19
Profit for the financial year		37	34
Retained loss brought forward		(118)	(152)
Loss carried forward		(81)	(118)

There are no other recognised gains and losses other than those reflected above and accordingly no Statement of Total Recognised Gains and Losses has been prepared.

The results of both the current year and previous year arise from continuing operations.

The notes 1 to 18 form part of the financial statements.

CASH CONVERTERS (UK) LIMITED
BALANCE SHEET AT 30 JUNE 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	8	317	246
Current assets			
Stock	9	196	150
Debtors	10	1,072	903
Cash at bank and in hand		279	188
		<u>1,547</u>	<u>1,240</u>
Creditors: amounts falling due within one year	11	<u>(1,156)</u>	<u>(816)</u>
Net current assets		<u>391</u>	<u>424</u>
Total assets less current liabilities		<u>708</u>	<u>671</u>
Net assets		<u>708</u>	<u>671</u>
Capital and reserves			
Called up share capital	12	789	789
Profit and loss account	13	(81)	(118)
Shareholders' funds	14	<u>708</u>	<u>671</u>

The financial statements were approved by the board of directors on
and were signed on its behalf by:

8/3/

2007

Director



The notes 1 to 18 form part of these financial statements.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered *material in relation to the company's financial statements*.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost accounting convention.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets less their estimated residual value over their estimated useful lives as follows:

Fixtures and fittings	25% reducing balance
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Leases

Instalments on operating lease contracts are charged on a straight line basis over the lease life to the profit and loss account when they become payable.

Related parties

As more than 90% of the company's share capital is held by its ultimate parent company, whose consolidated financial statements are publicly available, advantage has been taken of paragraph 3 of FRS 8, "Related Party Disclosures", not to disclose transactions with group companies.

Cash flow statement

Advantage has been taken of paragraph 5 of FRS1 (Revised), "Cash flow statements", not to prepare a cash flow statement as the ultimate parent company prepares consolidated financial statements which are publicly available and which include the cash flows of the company.

Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006

1 ACCOUNTING POLICIES (Continued)

Stock

Stocks are stated at the lower of cost and net realisable value. Cost represents the purchase price of wholesale and pre-owned goods on hand.

Revenue

Income from Franchisees is recognised as follows:

- (i) Initial franchise fees – fees in respect of the initial sale of a franchise are recognised when invoiced. Invoicing occurs firstly when franchise agreements are signed (the deposit portion) and secondly when premises arrangements for stores are finalised and contractual commitments are confirmed (the remaining portion) and are legally enforceable.
- (ii) Continuing franchise fees, levies and other revenue – fees and levies in respect of continuing services to franchisees are recognised when they become due and payable as services are provided. Other revenue for sales of consumables and provision of other goods and services are recognised when goods and services are provided.

Income from corporate stores is recognised when goods and services are provided to customers.

2 TURNOVER

The company's turnover is derived from the company's principal activities within the UK market and represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006

3 OPERATING PROFIT

	2006 £'000	2005 £'000
Operating profit is stated after charging:		
Auditors' remuneration:		
Audit services	24	24
Depreciation of fixed assets		
Owned assets	99	56
Leased assets	-	5
Loss on sale of fixed assets	2	-
Operating lease rentals- Other	128	104

4 DIRECTORS' EMOLUMENTS

The remuneration of the directors who served during the year was as follows:

	2006 £'000	2005 £'000
Fees and salaries	82	44

5 EMPLOYEE INFORMATION

The average number of persons employed by the company (including directors) during the year, was as follows:

	2006 Number	2005 Number
Selling	11	3
Administration	22	22
	33	25

Staff costs (including directors' remuneration):

	2006 £'000	2005 £'000
Wages and salaries	743	548
Social security costs	106	73
	849	621

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £'000	2005 £'000
Interest payable and similar charges on:		
Bank facilities	35	7

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
UK corporation tax charge on profit on the ordinary activities at 19%	(7)	(8)
Adjustment in respect of prior years	5	41
	(2)	33
Deferred tax		
Timing differences, origination and reversal	(13)	(1)
Increase/Decrease in tax rate	-	(4)
Adjustment in respect of prior years	(6)	(9)
	(21)	19

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 19%.

The differences are explained below:

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	58	15
Tax at 19% thereon	(11)	(3)
Expenses not deductible for tax purposes	-	(11)
Adjustment in respect of prior years	5	41
Capital allowance in excess of depreciation	4	6
	(2)	33

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006

8 TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000
Cost	
At 1 July 2005	505
Additions	175
Disposals	(22)
At 30 June 2006	658
Depreciation	
At 1 July 2005	259
Charge for the period	99
Disposals	(17)
At 30 June 2006	341
Net book amount	
At 30 June 2006	317
At 30 June 2005	246

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006

9 STOCK

	2006 £'000	2005 £'000
Goods for resale	196	150

10 DEBTORS

	2006 £'000	2005 £'000
Amounts due within one year:		
Trade debtors	584	459
Other debtors	368	300
Corporation Tax Recoverable	-	53
Deferred tax asset (note 18)	-	6
Prepayments and accrued income	120	85
	1,072	903

11 CREDITORS: amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	247	151
Other taxes and social security	67	46
Other creditors and accruals	451	320
Amounts owed to fellow group undertakings	378	299
Deferred tax liability (note 18)	13	-
	1,156	816

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006

12 CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised, allotted, called up and fully paid		
Shares: 788,190 ordinary shares of £1 each	788	788
Shares: 1,000 ordinary shares of A\$1 each	1	1
	<u>789</u>	<u>789</u>

All shares rank pari passu.

13 RESERVES

	Profit and loss £'000
At 1 July 2005	(118)
Profit for the year	<u>37</u>
At 30 June 2006	<u>(81)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
Profit for the year	37	34
Opening shareholders' funds	<u>671</u>	<u>637</u>
Closing shareholders' funds	<u>708</u>	<u>671</u>

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006

15 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	2006 £'000	2005 £'000
Land and buildings:		
Operating leases which expire –		
within one year	30	-
between two and five years	98	171
over five years	112	40
	<hr/>	<hr/>
	240	211

The annual rentals of operating leases are charges to the profit and loss account as they are incurred.

16 ULTIMATE PARENT COMPANY

The smallest group in which the results of the company are consolidated is that headed by the immediate parent company, Cash Converters UK Holdings PLC. The consolidated accounts of this group may be obtained from Companies House or from Cash Converters House, Westmill Road, Ware, Herts, SG12 0EF.

The largest group in which the results of the company are consolidated is that headed by the ultimate parent company, Cash Converters International Limited, a company incorporated in Australia. The consolidated accounts of this group may be obtained from Level 18, Chancery House, 37 St George's Terrace, Perth, WA 6000, Australia.

17 CONTINGENT LIABILITIES

The company has guaranteed rental and lease payments in the event of default by a number of franchisees. Payments made in the year in respect of such guarantees amounted to £nil (2005 - £nil). The maximum amount payable by the company in the event of default is £674,000 (2005 - £783,000).

CASH CONVERTERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2006

18 DEFERRED TAX

Movement on deferred tax in the year

	£'000
At 1 July 2005	(6)
Charge to the profit and loss account	19
At 30 June 2006 (asset)	13

Analysis of deferred tax balance

	2006 £'000	2005 £'000
Capital allowances in excess of depreciation	13	(6)
	13	(6)