

CORPORATE

DIRECTORS

Reginald Webb Chairman

Peter Cumins Managing Director

John Yeudall Non-Executive Director

Andrew Moffat Non-Executive Director

COMPANY SECRETARY

Ralph Groom

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STIRLING Western Australia 6021

BANKERS

In Australia:

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Corporate Banking Centre

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WATFORD Hertfordshire

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TRUSTEE FOR UNSECURED NOTE HOLDERS

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123 Pitt Street

SYDNEY New South Wales 2000

STOCK EXCHANGE

In Australia:

Australian Stock Exchange

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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

It gives us great pleasure to present the Annual Report and the group accounts for the financial year ending June 2006

This year has been one of the most successful in the Company's history, with a record net profit of \$4,212,721, up over 37% on the previous year. This excellent result has allowed the Directors to declare an increased final dividend, of 1.0 cent fully franked, making a total dividend payment for the year of 1.75 cents, fully franked, representing a 65.2% payout ratio.

Another exciting development is the acquisition, subject to shareholder approval in September, of MON-E Pty Ltd and the Safrock group of companies.

MON-E operates the internet platform that services our cash advance business and Safrock provides personal finance loans of \$1,000 to \$10,000 to our customers through the franchised network. Not only are both acquisitions earnings enhancing but they also align neatly with our strategy to become a major player in the micro lending sector. A summary of both transactions follows later.

The completion of these acquisitions will not only see revenues grow quickly but it will also give the Company control over the products and services offered to the consumer which will enable us to maximise the opportunities going forward.

PROFIT

The profit result is in line with Company expectations and reflects the impact that the growth in recurring income has had on our performance. The large one off fees received by way of renewals from the Australian network and the licence fees received from UK franchisees in past years, has been replaced by growth in weekly fees, cash advance commission and cheque cashing fees.



	2004	2005 \$	2006 \$
Earnings before interest, tax, depreciation and amortisation	6,517,396	5,250,783	6,857,244
Income tax	1,621,328	1,396,329	1,888,483
Depreciation and amortisation	506,043	576,387	545,442
Borrowing costs	440,741	199,771	162,378
Net profit before minority interest	3,842,397	3,078,296	4,260,941
Less minority interests	106,887	10,590	48,220
Net profit after minority interests	3,842,397	3,067,706	4,212,721

REVENUE

Operating revenue for the period was \$22,628,922 (2005: \$18,608,542)

The major variances in revenue relate to:

Increase in financial services commission of \$1,638,910;

Increase in weekly fees of \$384,685;

Increase in cheque cashing commission of \$191,364;

Increase in corporate store revenue of \$1,074,500;

Increase in computer levies of \$1,200,267;

Decrease in licence fees of \$440,790.

FINANCIAL SERVICES

Australian Cash Advance Statistics

12 months ending 30 June	2005:	12 months ending 30 June	12 months ending 30 June 2006:			
Total number of loans:	280,908	Total number of loans:	439,913	56.6		
Total principal loaned:	\$ 63,496,993	Total principal loaned:	\$103,037,193	62.3		
Average loan amount:	\$ 226	Average loan amount:	\$234	3.5		
Group commissions:	\$ 1,755,754	Group commissions:	\$ 3,213,266	83.0		
Customers:	92,927	Customers:	154,458	66.2		

It can be seen from these figures that the Cash Advance business continues to growing rapidly. Commissions received of \$3,213,266 are up 83% on last year. There are now 97 of our 122 stores participating, 14 more than at June 2005. With further stores earmarked to come on stream in the next 12 months and with an increasing advertising budget we expect growth to continue.

OTHER FINANCIAL SERVICES

Strategically the Company has positioned itself to become a major player in the micro lending sector in Australia.

The introduction of personal loans in recent years to our pawn broking and cash advance services has given us a broad product range to offer the consumer. Unsecured personal loans of \$1,000 to \$2,000 are now being offered in Queensland, Victoria and Western Australia. The South Australian network will be participating in the New Year. Commissions received from Safrock, the loan provider, amounted to \$270,948 in 2006, up from \$138,408 in 2005.

The UK cheque cashing business contributed \$1,235,787 for the year and Western Union money transfer commissions contributed \$199,054

AUSTRALIAN AND INTERNATIONAL DIVISION

The Australian and International division recorded a profit before tax of \$5,832,189, (2005: \$4,206,204) up 38.7%.

Cash Converters celebrated its 21st year of operation in Australia in 2006 at a national conference held in Melbourne in May. The Company took the opportunity to celebrate the success, initiative and collective contribution of so many in creating what is now widely recognised as an iconic Australian brand.

Against a backdrop of steady network growth and strong growth in profitability the Company embarked upon a significant change process, setting in place the foundations for change that will ensure the viability of the business for many years to come.

At the start of the process there was general agreement that the brand expression was tired and 'punching below its weight'. It supported the traditional business, but appeared outdated and lacking vitality especially in light of the significant energy that has gone into establishing a presence in the financial services niche and raising store standards.

An intensive review of the Cash Converters brand in our Australian market has been conducted, adopting a very open and consultative process across all levels of the business. The key challenges, dynamics and opportunities facing Cash Converters were translated into a brand strategy and model and then extensively tested and validated by customer research.

What has been reinforced from this process is that the Cash Converters business is a highly unique one and that much of its strength lies in this uniqueness and going forward the brand should be positioned as a brand of choice and a unique brand offer rather than an alternative.

Our communication and advertising approach was revised in line with the brand strategy to signal change to the market, portraying a business that's more open, more savvy, more modern and upbeat.

The revised brand identity demanded a fresh, contemporary look and feel to all franchised outlets in line with the newly established brand personality and values. The logo and store fascias, internal fit outs, in store signage, stationery and uniforms have all been updated to create a fresh look. The plan is to have the majority of store exteriors and buys and loans rooms refitted nationally by late 2007, with retail and Personal Finance Centres completed by early 2008. Some 45 stores have completed conceptual designs for the changes and half of these have work in progress to transform their stores.

Notwithstanding the important foundations of change that have been put in place to ensure a bright future, the Australian business has continued to grow steadily in outlet numbers and to contribute strongly to profit growth. During the year two new traditional stores, six new Buys and Loans Centres and one stand alone Personal Finance Centre opened.

The Australian network continues to be the key profit driver for the Group and is ideally placed with its new brand strategy to further grow its store numbers and financial service income streams.

The International network contributed \$305,703 in royalties for the year.



CASH CONVERTERS UK DIVISION

The full year result produced a profit before tax of \$265,019. Store numbers now stand at a record level of 117 after the opening of 12 new stores. This growth is expected to continue through both the existing franchise network and new incoming franchisees.

Four corporate stores are now trading and meeting financial targets. Blackburn store opened in July 2006 and a further location is now being sourced to open a fifth store in late 2006.

The UK Auction Site is now contributing to UK profits with commissions received from the sale of goods through the auction site. Participating stores and the product range continue to increase month on month, albeit slowly. The site is now featured as part of the national television campaign and a PR company has been commissioned to raise the site profile further through other media.

Income from peripheral services such as Western Union and Log Book Loans have grown significantly this year and have added further to the income base for the UK, this trend is expected to continue next year. CCWin, the store operating system, is now operating in over 100 stores adding further income to CCUK. The system is modernising the management techniques used within the business and this is reflected in the store network performance which has shown positive growth in all key performance indicators for the year, despite a poor retail performance for UK high streets in general. Raised store standards, focused training and a consistent television campaign have contributed strongly to this.

In summary this year has witnessed substantial growth in fee paying stores, cheque cashing commission and income from other financial services. This growth has reduced the UK's dependency upon selling one-off licence fees . Tightly controlled costs have added further to providing a solid foundation for the UK operation to grow into a significant income contributor for the Group going forward.

CORPORATE STORES

The corporate store rollout program is beginning to gain momentum with the opening of our fourth store in Blackburn in July 2006. All stores have performed in line with budget and steady growth is being experienced in the buyback and pawn broking loan books in all stores.



The trading figures for the period ending 30 June 2006 are:

	BOLTON	BURNLEY	ROCHDALE
Date opened	November 2004	June 2005	February 2006
Gross profit	£139,788	£100,591	£28,303
Total overhead	£115,236	£120,290	£58,657
EBITDA	£24,552	(£19,699)	(£30,534)

It is encouraging that the new Blackburn store has had the best first month result out of the four stores opened.

UK ONLINE AUCTION SITE

The Cash Converter auction site was launched in September 2005. It is anticipated that this will grow into a significant income stream over the next few years as franchisees move into the world of e-trading. CCUK is paid a commission on every successful auction of 5% of the sale price.

The number of active stores is 26. The current number of items listed on the site is approximately 1,975 and the Ealing mini store has recorded our highest individual auction sales for a week of £1,900.

Number of unique visitors since launch 361,667

Total page views 5,558,895

Total number of products sold 2,838

Number of registered customers 11,768

A modified TV commercial which included a three second tag line ("visit our auction site") was launched in July and took all parties by surprise with a massive uplift in the number of visitors to the site, so much so that the site only just managed to stay on-line. The promotion produced a 250% week on week increase in the number of visitors to the site, a 250% increase in page views and a massive 600% week on week increase in registered users.

The experience to date shows that the site is the busiest between 12 noon and 2 pm, Monday to Friday which suggests the customers are workers with access to the internet, a demographic that the company has been trying to reach for years. This represents a wonderful opportunity to increase the customer base.

ACQUISITION SUMMARY

SAFROCK

Safrock provide loans to customers through the franchised network. Franchisees act as agents for Safrock and are paid a commission, as is Cash Converters. The acquisition is \$14.1 million, plus an earn out of \$3.4 million over 3 years. \$5.25 million will be paid in cash plus 30.625 million shares at 40 cents including the earn out.

Chairman and Managing Director's Review Continued

MON-E

MON-E provides the software and manages the services which allow Cash Converter franchisees to make cash advances to their customers. The acquisition is \$15.0 million, with \$4.5 million in cash and 26.25 million shares at 40 cents.

The shares issued to the vendors will be subject to a clawback and will be escrowed.

In total \$18.0 million in cash will be raised through a placement and a Shareholder Share Purchase Plan (SPP). \$9.75 million will be used to pay the vendors, \$4 million will be used to retire debt in Safrock, \$1.1 million will be used to pay acquisition costs and the balance will be used to finance growth in the Safrock loan book.

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

Reg Webb

Peter Cumins

Chairman

Managing Director

Perth, Western Australia Date 31 August 2006

Post acquisition capital table:	
	Millions
Issued shares as at 1 July 2006	146.160
Placement shares	37.500
SPP	7.500
MON-E	26.250
Safrock	30.625
Total	248.035

DIVIDEND PAYMENT

The Board paid a fully franked dividend of 0.75 (three quarter) cent per share on 31 March 2006. The Directors have also declared a fully franked dividend of 1 cent per share to be paid on 29 September 2006 to those shareholders on the register at the close of business on 15 September 2006.

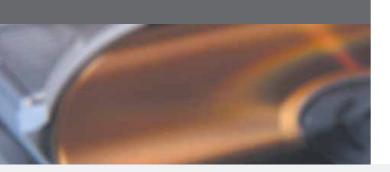
The increase in dividend payment reflects the steady improvement in the Company's finances over a number of years and it is the Boards intention to continue to pay dividends and to reassess the quantum at the end of each reporting period in line with the company's performance.

THE FUTURE

We firmly believe the acquisition of MON-E and Safrock will be company transforming in nature. Both acquisitions are highly complementary and will significantly increase company profits. Post-transaction market capitalisation in excess of \$100 million will place Cash Converters on the radar of many new investors. With the core business showing record profits as well, the future looks bright for all stakeholders.



REVIEW OF THE YEAR



- Earnings before interest, tax, depreciation and amortisation up 30.6% to \$6,857,244 (2005: \$5,250,783)
- Net profit attributable to members up 37.3% to \$4,212,721 (2005: \$3,067,706)
- Financial services commission up 77.6% to \$3,752,116 (2005: \$2,113,206)
- Fully franked dividend for the year increased to 1.75 cents from 1.00 cent per share the previous year
- Acquisition of MON-E and Safrock approved by shareholders at general meeting held on 29 September
- Corporate store network in the UK continues to expand with 4 stores now open
- Share price increased to a high of 59.0 cents from a low of 21.0 cents during the year
- Total shares in issue will be 248,035,449 following new share issue and acquisition shares issued to acquire MON-E and Safrock

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

INITIAL FRANCHISE FEES

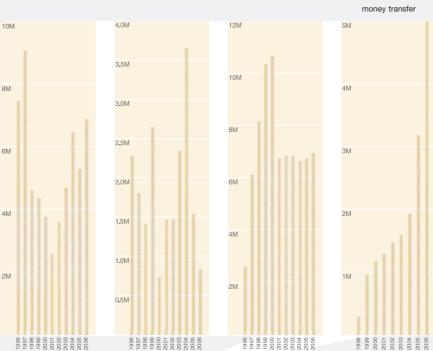
including new store fees and six and ten year franchise renewals

WEEKLY FRANCHISE FEES

fees from traditional stores, UK mini stores and Australian buys and loans centres

FINANCIAL SERVICES COMMISSION

including commissions for cash advance, personal loans, cheque cashing and Western Union





AUSTRALIA

21 YEARS OF OPERATION

The Cash Converters Group celebrated 21 years of operation in Australia at a national conference held in Melbourne in May. The Company took the opportunity to celebrate the success, initiative and collective contribution of so many in creating what is now widely recognised as an iconic Australian brand.

Against a backdrop of steady network growth and strong growth in profitability the company embarked upon a significant change process, setting in place the foundations for change that will ensure the viability of the business for many years to come.

BRAND AWARENESS REACHING 97%

The Cash Converters brand has achieved a level of consistency across the main Australian cities with very strong brand awareness reaching almost 97% and has taken a leadership role within its various markets.

At the start of the process there was general agreement that the brand expression was tired and 'punching below its weight'. It supported the traditional business, but appeared outdated and lacking vitality especially in light of the significant energy that has gone into establishing a presence in the financial services niche and raising store standards.

An intensive review of the Cash Converters brand in the Australian market has been conducted, adopting a very open and consultative process across all levels of the business. The key challenges, dynamics and opportunities facing Cash Converters were translated into a brand strategy and model and then extensively tested and validated by customer research. This research will be conducted annually to measure shifts in customer perceptions.

Customer research reinforces the fact that the customer base is very strong with 60% of the community having visited a Cash Converters outlet in the past three years and 24% of these in the past 12 months. The communication strategy has been designed to persuade target audiences to take a fresh look at Cash Converters and to visit more regularly.

What has been reinforced from this process is that the Cash Converters business is a highly unique one and that much of its strength lies in this uniqueness and going forward the brand should be positioned as a brand of choice and a unique brand offer rather than an alternative.

PROGRAM OF CHANGE

With the extensive input of 'stakeholders' we embarked upon a very substantial program of change that we believe will position us for the future.

The communication and advertising approach was revised in line with the brand strategy to signal change to the market, portraying a business that's more open, more savvy, more modern and upbeat.

Additional 30 and 15 second TV advertisements were produced to promote all core products and ensure coverage of key messages identified in the brand strategy. The TV ads adopted a distinctive style, using stylised still photography, telling light-hearted stories about people getting on with their lives.

Television remains the preferred media choice and the strategy "to consolidate and dominate, in a burst pattern" in order to maximise impact was adopted, along with a greater consideration of program 'environments' for the placement of ads to support the strategy.

10% of the available media budget was devoted to online advertising through paid ads and search ads and better optimisation of search engines. Advertising online in April, May, June, with messages to sell to Cash Converters generated approximately 350 enquiries a week to stores from customers looking to find one product or another, highlighting the need to train stores to handle online enquiries before advertising moves to a retail sales message. The apparent initial success of the medium is being monitored to determine whether cost of hits and customer follow through represents value.

CONTEMPORARY LOOK AND FEEL

The revised brand identity demanded a fresh, contemporary look and feel to all franchised outlets in line with the newly established brand personality and values. The logo and store facias, internal fituuts, in store signage, stationery and uniforms have all been updated to create a fresh look. The plan is to have the majority of store exteriors and buys and loans rooms refitted by 2007, with retail and Personal Finance Centres completed by 2008. Some 45 stores have completed conceptual designs for the changes and half of these have work in progress to transform their stores.



DELIVERING THE PROMISE

There is a very clear understanding amongst management and franchisees that the day-to-day experience customers have when they visit stores is their most tangible and critical experience of the Cash Converters brand. Much work has been undertaken to raise customer service and operational standards for the franchise network but there is much more that needs to be done to develop a consistently favourable brand experience for customers. During the first half of 2006 all management, franchisees and staff in the business were involved in a program called 'Delivering the Promise' to explore the reasons for change, how the company was responding and what the revised values meant for everyone in they way they did their job in the business on a day to day basis.

GROWTH

Notwithstanding the important foundations of change that have been put in place to ensure a bright future, the Australian business has continued to grow steadily in outlet numbers and to contribute strongly to profit growth.

During the year two traditional retail stores were opened, six buys and loans centres opened and one stand alone personal finance centre opened.

PFC numbers in the network increased from 74 to 89 indicating that we are now approaching full participation of the network with obvious benefits for product distribution.

The financial services business continued to grow with the commissions from Cash Advance increasing from \$1,710,821 last year to \$3,184,293 this year, representing an increase of over 86%. Unsecured loan commissions grew from \$138,408 last year to \$270,948 this year, representing an increase of over 96%. This increase will increase even more rapidly this year with 22 Victorian outlets offering personal loans.

CASH CONVERTERS UK

RECORD STORE NUMBERS

Store numbers now stand at a record level with 117 stores open after the opening of 12 new stores this financial year. In addition, new stores in Beetson and Dartford are scheduled for opening before Christmas. Growth in store numbers is expected to continue through both the existing franchise network and new incoming franchisees.

CORPORATE STORE PROGRAM

The corporate store rollout program is beginning to gain momentum with the opening of the fourth store in Blackburn in July 2006. All stores are performing well and in line with budget. Steady growth is being experienced in the buyback loan book and the pawn broking loan book in all stores. It is encouraging that the new Blackburn store has had the best first month result out of the four stores opened to date. The success of this opening reflects the benefit of the recruitment, training and store operating systems that have been developed and refined by the management team. A fifth store is scheduled to open prior to December.

AUCTION SITE

The UK auction site is now contributing to UK profits from commissions received from the sale of goods listed on the site - the commission rate is 5% of the sale price. Participating stores and the product range continue to increase month on month, albeit slowly. The number of active stores is 26 and the current number of items listed on the site is approximately 1,975. The Ealing mini store has recorded the highest individual auction sales for a week of £1,900.

The site is now featured as part of the national television campaign and a PR company has been commissioned to raise the site profile further through other media. A modified TV commercial, which included a three second tag line ("visit our auction site") was launched in July and took all parties by surprise with a massive uplift in the number of visitors to the site, so much so that the site only just managed to stay on-line. This promotion produced a 250% week on week increase in the number of visitors to the site, a huge increase in page views and a massive 600% week on week increase in registered users. The experience to date shows that the site is the busiest between 12 noon and 2 pm, Monday to Friday which suggests the customers are workers with access to the internet - a demographic that the company has been trying to reach for years. This represents a wonderful opportunity to increase the customer base.

FINANCIAL SERVICES

Income from peripheral services such as Western Union and Log Book loans have demonstrated significant growth this year and have added further to the income base for the UK, this trend is expected to continue next year. Cheque cashing has also continued to grow with record commissions of \$1,235,787 for the year, up 18.3% on last year.

CCWIN AND TRAINING

CCWin, the store POS system, is now operating in over 100 stores generating further income for CCUK. The system is modernising the management techniques used within the business and this is reflected in the network performance which has shown positive growth in all key performance indicators for the year, despite a poor retail performance for UK high streets in general. Raised store standards, focused training and a consistent television campaign have also contributed strongly to this.

A further boost is expected early in the new financial year with the BBC screening a further series of their programme 'Skint' in September. The series features Cash Converters in a very positive light when viewed through the lives of people who utilise the financial services provided by the franchise network.

THE YEAR

In summary this year has witnessed substantial growth in fee paying stores, cheque cashing commission and income from financial services. This growth has reduced the UK's dependency upon selling one-off licence fees. Tightly controlled costs have added further to providing a solid foundation for the UK operation to grow into a significant income contributor for the group going forward.



Shareholders at a General Meeting held on 29 September approved the acquisition of both MON-E Pty Ltd (MON-E) and the Safrock group (Safrock) of companies. Both these companies will fit 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 has provided operating and software support to the franchise network in regard to cash advances since August 1999.

The company derives its income from receiving a commission on the collection of all loan principal through the Cash Converters franchise network in Australia. The commission is equal to 20% of the standard customer fee collected by the lender and equates to 7% 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 \$234. 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 (see above) 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.

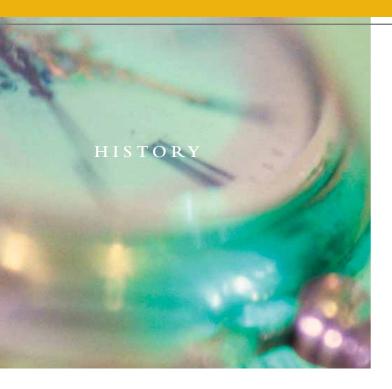
All loans are processed through the Safrock administration centre in Brisbane where credit checks are undertaken and employment details are verified.

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.





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 100 outlets throughout Australia. The success of its Australian operations resulted in Cash Converters seeking to expand into overseas markets.

The Company's carefully planned entry into Europe was launched in 1991 when the first store in the United Kingdom was opened at Gants Hill in Essex. Since then further stores have opened in the UK taking the total to over 100 stores.

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

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

CORPORATE



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

- To achieve high and increasing levels of profitability, enabling Cash Converters to meet its responsibilities to shareholders;
- To offer opportunities for franchisees and employees, based upon individual initiative, ability and commitment to succeed;
- To be recognised as a world leader in the retail franchising industry through the provision of innovative business opportunities and management support services to franchisees; and
- To provide, through franchisees, retail outlets that are distinguished by the quality of retail standards and value of the merchandise on offer.

CORE BUSINESS

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

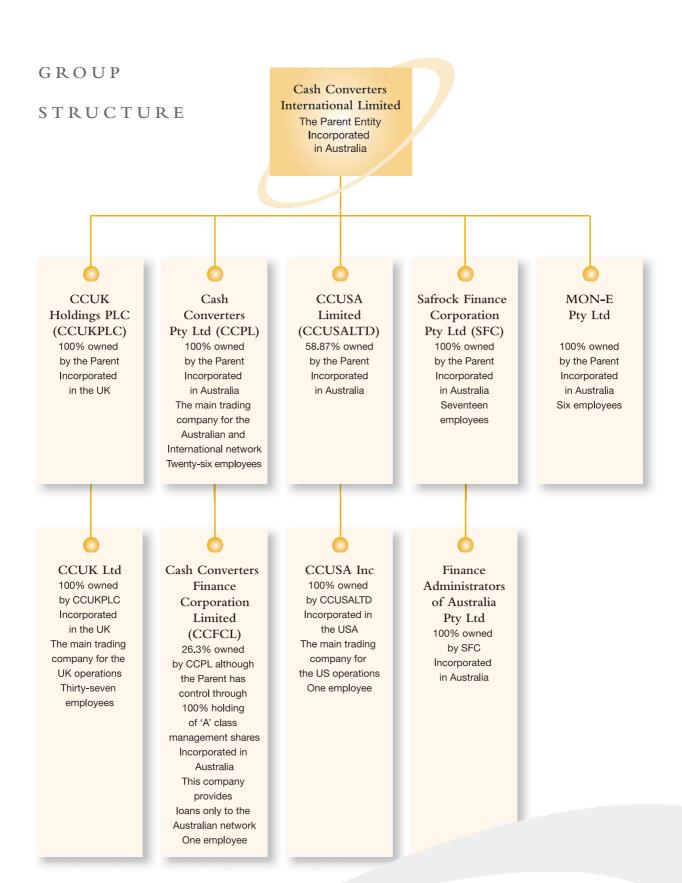
Franchising was adopted because of its inherent benefits to both the franchisor and the franchisee and its ability to help the Company manage cultural and commercial differences around the world.

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

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

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

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



DIRECTORS' PROFILES



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

REGINALD WEBB

CHAIRMAN

Reginald Webb, aged 63, is a Fellow of the Institute of Chartered Accountants of Australia and is a retired partner of PricewaterhouseCoopers. In that position he has worked in North America and Europe as well as Australia. He was a partner for 20 years and served on the Policy Board of that firm.

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

Mr Webb is also a director of Dorsogna Limited since 1996.

PETER CUMINS

MANAGING DIRECTOR

Peter Cumins, aged 55, 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 62 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 serves on the audit, remuneration and nomination committees.

Mr Yeudall is also Chairman of the ISS Group Limited since September 2004.

ANDREW MOFFAT

NON-EXECUTIVE DIRECTOR

Andrew Moffat, aged 45, 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 and non-executive director of Infomedia Ltd. 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.

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DIRECTORS' REPORT

In respect of the financial year ended 30 June 2006 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 Michael Cooke (Executive Director) resigned 24 May 2006
- Mr John Yeudal (Non-executive Director)
- Mr Andrew Moffat (Non-executive Director) appointed 16 February 2006.

PRINCIPAL ACTIVITIES

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

TRADING RESULTS

The consolidated entity's net profit attributable to members of the parent entity for the year ended 30 June 2006 was \$4,212,721 (2005: \$3,067,706) after a charge for income tax of \$1,888,483 (2005: \$1,396,329), and adjusting for profit attributable to outside equity interests in controlled entities of \$48,220 (2005: \$10,590).

DIVIDENDS

The directors of the Company paid a fully franked interim dividend of 0.75 (three quarters) cent per share on 31 March 2006. The directors have also declared a final fully franked dividend of 1.0 (one) cent per share to be paid on 29 September 2006 to those shareholders on the register at the close of business on 15 September 2006. In addition, a fully franked dividend of 0.5 (half) cent per share declared in the prior year was paid on 30 September 2005.

REVIEW OF OPERATIONS

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

	Division	nal revenues	Divisio	nal results
	2006	2005	2006	2005
	\$	\$	\$	\$
Australian Franchise Division	10,801,072	8,894,007	5,832,189	4,206,204
Australian Finance Corporation Division	368,291	397,388	112,874	34,017
UK Franchise Division	11,435,703	9,261,687	265,019	248,583
US Franchise Division	23,856	55,460	(11,086)	117,493
	22,628,922	18,608,542	6,198,996	4,606,297
Less: Unallocated expenses			49,572	131,672
Operating profit			6,149,424	4,474,625
Income tax attributable to operating profit			(1,888,483)	(1,396,329)
Operating profit after income tax			4,260,941	3,078,296
Less: Profit attributable to outside equity interests	(48,220)	(10,590)		
Profit attributable to members of Cash Converters Inter	4,212,721	3,067,706		

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

CASH CONVERTERS AUSTRALIA & INTERNATIONAL DIVISIONS

The total number of stores in Australia now stands at 122 following the opening of a traditional Cash Converters store in Craigieburn (Victoria). Included in this total are 15 buys and loans centres and the first stand-alone personal finance centre which was opened in Brisbane CBD in May 2005 which is proving to be very successful.

The additional personal finance initiatives offered by these centres – unsecured and secured personal loans, cash advances, cheque cashing, and both local (Australian) and international money transfers are delivering improved returns to the franchisees.

The concept of cash advance has continued to make significant progress and the net commissions for this product have risen from \$1,710,821 last year to \$3,184,293 this year, representing an increase of 86.1%. The number of stores now offering the service is 97.

Cash Converters celebrated its 21st year of operation in Australia in 2006 at a national conference in Melbourne. The Company took the opportunity to celebrate the success, initiative and collective contribution of so many in creating what is now widely recognised as an iconic Australian brand.

A great deal of progress has been made in establishing a clear strategic direction for the Cash Converters brand and a framework for communicating this to the market. Market research has also been undertaken to support the repositioning of the business and to identify customer attitudes toward the product range offered.

The establishment of the auction site in the UK has also lead to opportunities in Australia. A scoping study has been completed and the proposed launch of the site will be in 2007. Hopefully following an initial, relatively slow introduction (as with cash advance) the auction site can be similarly successful to cash advance in generating a high level of commission.

Our attention remains focused on strengthening the business model and network and refreshing the appeal of the Cash Converters brand. At the same time we will consider alternative ways of capitalising on the brand for greater profit and to lessen our dependence on the network as the sole source of profit.

The International network contributed \$305,703 in royalties for the year.

CASH CONVERTERS UK DIVISION

The number of stores in the UK is now at record levels 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 trials 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. This new series plus a new advertising campaign will ensure that the Cash Converters brand remains high profile throughout 2006.

The CCWIN store operating system, first introduced to UK stores 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 this financial year generated over \$1.2 million 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.

Directors' Report Continued

REVIEW OF OPERATIONS (Continued)

Relationships have been developed with a number of financial providers to add to the portfolio of services provided to Cash Converters customers. Income via commissions is already earned from Western Union, and Log Book loans, this will be added to in the second half of this financial year by foreign exchange, personal loan providers and other services that are currently being trialled.

This financial year has seen good growth in weekly fees, cheque cashing commission and other financial services income which has offset a drop in revenue from the one off licence fee income (2006: \$131,250, 2005: \$302,500) received in the same period last year, which augurs well for the future.

CASH CONVERTERS USA DIVISION

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

CHANGES IN STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

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

On the 10 July the Company announced two proposed acquisitions and a capital raising in regards to MON-E and Safrock detailed in note 19.

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.

Particulars of

INFORMATION ON DIRECTORS/COMPANY SECRETARY

Director/ Company Secretary	Qualifications and experience	Special responsibilities	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	5,898,651
Michael Cooke	BA, LLB. Handled Cash Converters legal work since 1992. Developed the Finance Company concept of Cash Converters Finance Corporation Limited. Mr Cooke joined the Board in 1995.	Executive Director Member of the Nomination Committee	Nil
John Yeudall	A Chartered Engineer. Founder of the IKEA franchise in Western Australia. Previously Australian Consul General in Dubai. Joined the Board in 2002. Also non-executive chairman of ISS Group Limited since September 2005.	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
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 and non-executive director of Infomedia Ltd from March 2005. 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
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	2,896,618

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

Directors' Report Continued

DIRECTORS' MEETINGS

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

		Board of directors meetings		Audit committee meetings		Remuneration/nomination committee meetings	
Director	Number held	Number attended	Number held	Number attended	Number held	Number attended	
P. Cumins	13	13	-	-	-	-	
M. Cooke	11	10	-	-	-	-	
R. Webb	13	13	2	2	3	3	
J. Yeudall	13	13	2	2	3	3	
A. Moffat	6	6	1	1	3	3	

REMUNERATION REPORT

DIRECTORS' AND EXECUTIVES' REMUNERATION

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.

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 18):

NON-EXECUTIVE DIRECTORS OF CASH CONVERTERS INTERNATIONAL LIMITED

	Short-t	Short-term employee benefits				Equity	Total	
	Directors' base fee	Motor Vehicle	Other non-cash benefits	employment Super- annuation	Other long term benefits	Options		
Name	\$	\$	\$	\$	\$	\$	\$	
R. Webb	70,000	-	-	-	-	-	70,000	
J. Yeudall	38,532	-	-	3,468	-	-	42,000	
A. Moffat	14,326	-	-	1,289	-	-	15,615	

EXECUTIVE DIRECTORS OF CASH CONVERTERS INTERNATIONAL LIMITED

	Short-	Short-term employee benefits			nt	Equity	Total
Name	Base salary \$	Motor vehicle \$	Other benefits	Super- annuation \$	Other long term benefits \$	Options \$	\$
P. Cumins							
Managing Director	315,065	25,128	-	-	-	-	340,193

OTHER EXECUTIVES OF THE CONSOLIDATED ENTITY

	Sh	nort-term em	ployee benefits	•	Post employment		Equity	Total
Name	Base salary \$	Motor vehicle \$	Other benefits \$	Bonus \$		her long term benefits \$	Options \$	
M. Cooke								
Group Legal Counsel	310,200	-	-	-	-	-	-	310,200
I. Day General Manager								
- Australia	168,095	17,705	30,000	-	12,139	-	-	227,939
J. Spratley Group Accountant								
- UK	161,531	18,761	3,733	-	23,146	-	-	207,171
R. Groom Company Secretary / Group Financial								
Controller	139,200	20,597	7,617	14,976	40,151	3,578	-	226,119
M. Lemmon Director of Operations								
- UK	148,283	14,431	14,467-	21,034	-	-	-	198,215

[&]quot;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. R.Groom received a bonus for achieving a reduction in actual costs for the Australian business. The actual bonuses earned are at the discretion of the Board. The bonuses were granted in July/August 2005 and January/February 2006.

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.

Directors' Report Continued

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

During the financial year the Company agreed to indemnify the Company's auditor's, Deloitte Touche Tournatsu, to the extent permitted by law against a liability incurred as such an auditor, except to the extent that that liability is attributable to some act, omission, neglect or default on their part, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability by an auditor.

AUDITOR'S INDEPENDENCE DECLARATION

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

NON-AUDIT SERVICES

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

The directors are satisfied that the provision of non-audit services, during the year, by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001, as the nature of the services was limited to the preparation of the statutory income tax return, general taxation assistance pertaining to an ATO GST Private Ruling and application of the Financial Acquisition threshold test and a high level review of the Company's assessment of its existing AGAAP accounting policies against the new A-IFRS accounting standards. Subsequent to year end due diligence has been undertaken on the Company's proposed acquisition of MON-E and Safrock.

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: 26 September 2006

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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 and Mr Andrew Moffat, 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 three non-executive directors appointed by the Board, being Mr Reginald Webb, Mr John Yeudall and Mr Andrew Moffat, 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 three non-executive directors, being Mr John Yeudall (Chairman), Mr Reginald Webb and Mr Andrew Moffat, appointed by the Board. The aims of the committee are to maintain a remuneration policy, which ensures the remuneration package of senior executives properly reflects their duties and responsibilities, and to attract and motivate senior executives of the quality required.

Corporate Governance 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 (P) in the appropriate column. Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a cross (O) and the Company's reasons are set out on the corresponding note appearing at the end of the table.

		Complied	Note
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	✓	
2.1	A majority of the Board should be independent directors	✓	
2.2	The Chairperson should be an independent director	✓	
2.3	The roles of the Chairperson and Chief Executive Officer should not be exercised by the same individual	✓	
2.4	The Board should establish a nomination committee	✓	
2.5	Provide the information indicated in <i>Guide to reporting on Principle 2</i>	✓	
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:		
	3.1.1 the practices necessary to maintain confidence in the Company's integrity	✓	
	3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2	Disclose the policy concerning trading in company securities by Directors, Officers and Employees.	/	
3.3	Provide the information indicated in Guide to reporting on Principle 3	✓	
4.1	Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material aspects, of the Company's financial condition		
	and operational results are in accordance with the relevant accounting standards	✓	
4.2	The Board should establish an audit committee	✓	
4.3	Structure of the audit committee so that it consists of:		
	- only non-executive directors	✓	
	- a majority of independent directors	✓	
	- an independent chairperson, who is not chairperson of the Board	×	1
	- at least three members	✓	
4.4	The audit committee should have a formal charter	✓	
4.5	Provide the information indicated in Guide to reporting on Principle 4	✓	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclose requirements to ensure accountability at a senior	,	
	management level for that compliance	√	
5.2	Provide the information indicated in <i>Guide to reporting on Principle 5</i>	√	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	/	
0 0		√	
6. 2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors report	√	

			Complied	Note
7.1	The Bo and ma	✓		
7.2	The Ch			
	7.2.1	the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board	✓	
	7.2.2	the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects	✓	
7.3	Provide	the information indicated in Guide to reporting on Principle 7	/	
8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives		,	
9.1		e disclosure in relation to the Company's remuneration policies to enable investors	V	
9.1				
		erstand (i) the costs and benefits of those policies and (ii) the link between eration paid to directors and key executives and corporate performance	✓	
9.2	The Board should establish a remuneration committee		✓	
9.3	Clearly			
	from that of executives			
9.4		that payment of equity based executive remuneration is made in accordance		
	with th	resholds set in plans approved by shareholders	✓	
9.5	Provide	e the information indicated in Guide to reporting on Principle 9	✓	
10.1	Establis	sh 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 2006

	Notes	Consolidated		Company		
		2006	2005	2006	2005	
		\$	\$	\$	\$	
Revenue	2	22,628,922	18,608,542	1,880,553	2,290,396	
Employee benefit expense		(4,708,979)	(3,953,578)	-	-	
Depreciation and amortisation expenses		(545,442)	(576,387)	-	-	
Finance costs		(162,378)	(199,771)	-	-	
Legal fees / legal settlements		(374,474)	(519,753)	-	-	
Raw materials / consumable items		(5,415,985)	(4,575,181)	-	-	
Area agents fees / commissions		(328,408)	(357,892)	-	-	
Rental expense on operating leases		(657,883)	(562,341)	-	-	
Motor vehicle/travel costs		(741,138)	(834,392)	-	-	
Management fees		-	-	(784,427)	(829,331)	
Bad debts		(208,591)	(78,798)	-	-	
Professional and registry costs		(841,180)	(252,496)	-	-	
Auditing and accounting services		(230,246)	(252,943)	-	-	
Bank charges		(334,008)	(301,839)	-	-	
Other expenses from ordinary activities	2 _	(1,930,786)	(1,668,546)	-	-	
Profit before income tax expense		6,149,424	4,474,625	1,096,126	1,461,065	
Income tax expense	3 _	(1,888,483)	(1,396,329)	-		
Profit for the period		4,260,941	3,078,296	1,096,126	1,461,065	
Profit attributable to minority interest	21 _	(48,220)	(10,590)	-		
Profit attributable to members of the						
parent entity	15 _	4,212,721	3,067,706	1,096,126	1,461,065	
Earnings per share						
Basic (cents per share)	22	2.88	2.26			
Diluted (cents per share)	22	2.88	2.13			

BALANCE SHEET

as at 30 June 2006

	Notes	Consolidated		Company	
		2006	2005	2006	2005
		\$	\$	\$	\$
Current assets	_				
Cash and cash equivalents	5	7,748,790	5,617,800	-	-
Trade and other receivables	6	3,937,926	2,817,970	-	730,803
Inventories	7	497,003	241,855	-	-
Other assets	8 _	28,432	247,471	-	
Total current assets	_	12,212,151	8,925,096	-	730,803
Non-current assets					
Trade and other receivables	6	2,206,471	2,215,623	6,022,038	6,027,522
Other financial assets	20	-	-	437,591	437,591
Plant and equipment	9	1,294,672	1,099,630	-	-
Intangible assets	13	9,231,809	9,331,167	-	-
Deferred tax assets	3	139,297	190,117	-	-
Total non-current assets	_	12,872,249	12,836,537	6,459,629	6,465,113
Total assets	_	25,084,400	21,316,552	6,459,629	7,195,916
Current liabilities					
Trade and other payables	10	2,782,601	2,576,873	_	730,803
Borrowings	11	1,003,989	1,108,399	_	-
Current tax payables	3	479,889	326,550	435,871	381,355
Provisions	12	296,772	227,741	-	-
Total current liabilities		4,563,251	4,239,563	435,871	1,112,158
Non-current liabilities					
Trade and other payables	10	649,547	565,092	_	_
Borrowings	11	876,573	1,141,191		_
Deferred tax liabilities	3	1,154,008	1,215,510		
Total non-current liabilities	<u> </u>	2,680,128	2,921,793		
Total Hon-current habilities	_	2,000,120	2,921,793		
Total liabilities		7,243,379	6,716,275	435,871	1,112,158
Net assets	_	17,841,021	14,600,277	6,023,758	6,083,758
Equity					
Parent equity interest					
Issued capital	14	6,023,758	6,083,758	6,023,758	6,083,758
Reserves	15	86,694	(49,234)	-	=
Retained earnings	15	11,555,629	8,439,034	-	-
Total parent entity interest	_	17,666,081	14,473,558	6,023,758	6,083,758
Minority interests	20	174,940	126,719		-
Total equity		17,841,021	14,600,277	6,023,758	6,083,758
- 4- 2	=	,,	, ,	-,,	

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 2006

	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
Translation of foreign operations				
Exchange differences	135,928	(49,234)	-	
Net income and expenses recognised				
directly in equity	135,928	(49,234)	-	-
Profit for the period	4,260,941	3,078,296	1,096,126	1,461,065
Total recognised income and expenses				
for the period	4,396,869	3,029,062	1,096,126	1,461,065
Attributable to:				
Equity holders of the parent	4,348,649	3,018,472	1,096,126	1,461,065
Minority interest	48,220	10,590	-	-
	4,396,869	3,029,062	1,096,126	1,461,065

CASH FLOW STATEMENT

for the financial year ended 30 June 2006

Notes	Con	solidated	Cor	npany
	2006	2005	2006	2005
	\$	\$	\$	\$
Cash flows from operating activities				
Receipts from customers	21,573,504	18,210,724	_	-
Payments to suppliers and employees	(15,246,698)	(14,181,203)	_	-
Interest received	303,928	212,042	-	-
Interest and costs of finance paid	(138,583)	(184,462)	-	-
Income tax paid	(1,707,794)	(1,728,535)	-	-
Net cash flows provided by operating activities 23	4,784,357	2,328,566	-	
Cash flows from investing activities				
Dividend received	-	-	1,826,929	730,802
Proceeds from sale of plant, equipment and inventories	19,158	40,992	-	-
Purchase of plant and equipment	(606,008)	(625,060)	-	-
Loan repayments from non related entities	19,552	17,657	-	_
Instalment credit loans made to franchisees	(840,036)	(1,121,587)	-	-
Instalment credit loans repaid by franchisees	844,729	1,429,220	-	-
Net cash flows (used in)/provided				
by investing activities	(562,605)	(258,778)	1,826,929	730,802
Cash flows from financing activities				
Dividends paid – members of parent entity	(1,826,929)	(730,802)	(1,826,929)	(730,802)
Repayment of borrowings	(400,000)	(1,667,099)	-	-
Capital element of finance lease				
and hire purchase payments	(76,849)	(86,758)	-	-
Unsecured deposits repaid	-	(245,151)	-	-
Share issue costs/issue of shares	(60,000)	960,000	-	-
Redemption of unsecured notes by controlled entity	(123,534)	(200)	-	-
Issue of unsecured notes by controlled entity	271,949	300,951	-	
Net cash used in financing activities	(2,215,363)	(1,469,059)	(1,826,929)	(730,802)
Net increase in cash and cash equivalents Cash and cash equivalents	2,006,389	600,729	-	-
at the beginning of the period Effects of exchange rate changes on the	5,172,719	4,632,582	-	-
balance of cash held in foreign currencies. Cash and cash equivalents at the	30,326	(60,592)	-	-
end of the period 23	7,209,434	5,172,719	-	
_				

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

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 26 September 2006.

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.

In the application of A-IFRS 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.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

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 consolidated entity changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the company's and consolidated entity's financial position, financial performance and cash flows is discussed in note 28.

The directors have also elected under s.334(5) of the Corporations Act 2001 to apply Accounting Standard AASB 119 'Employee Benefits' (December 2004), even though the Standard is not required to be applied until annual reporting periods beginning on or after 1 January 2006.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005, and in the preparation of the opening A-IFRS balance sheet at 1 July 2004 (as disclosed in note 28), the consolidated entity's date of transition, except for the accounting policies in respect of financial instruments. The consolidated entity has not restated comparative information for financial instruments, as permitted under the first-time adoption transitional provisions.

The accounting policies for financial statements applicable to the comparative information and the impact of changes in these policies on 1 July 2005, the date of transition for financial instruments, is discussed in note 1(t).

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'.

LOANS AND RECEIVABLES

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(e) Financial instruments issued by the company

DEBT AND EQUITY INSTRUMENTS

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

TRANSACTION COSTS ON THE ISSUE OF EQUITY INSTRUMENTS

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

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.

Notes to the Financial Statements Continued

SUMMARY OF ACCOUNTING POLICIES (Continued)

(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;
- 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 assets

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

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

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

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

(i) Income tax

CURRENT TAX

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively

enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

DEFERRED TAX

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

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

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.

SUMMARY OF ACCOUNTING POLICIES (Continued)

(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 20 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 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.

(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.

(I) Leased assets

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

CONSOLIDATED ENTITY AS LESSEE

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

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

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

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

(m) Payables

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

(n) Principles of consolidation

The consolidated financial statements 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 21 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 improvements5 yearsPlant and equipment5 yearsEquipment under finance lease5 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.

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.

SUMMARY OF ACCOUNTING POLICIES (Continued)

(s) Effect of changing the accounting policies for financial instruments

The effect of changes in the accounting policies for financial instruments on the balance sheet as at 1 January 2005 as detailed in note 1(t) is insignificant.

(t) Comparative information - financial instruments

The consolidated entity has elected not to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement', as permitted on the first-time adoption of A-IFRS.

The accounting policies applied to accounting for financial instruments in the current financial year are detailed in notes 1a to 1s. The following accounting policies were applied to accounting for financial instruments in the comparative financial year:

(a) Accounts payable

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.

(b) Financial instruments

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.

(c) Borrowings

Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

(d) Investments

Investments other than investments in subsidiaries, associates and joint venture entities are recorded at cost.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(e) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

Bills of exchange are recorded at amortised cost, with revenue recognised on an effective yield basis.

(u) AASB Accounting Standards not yet in effect

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2006:

Application

Affected Standards	Nature of change to accounting policy	Application date of standard (reporting period commences on or after)	Application date for Group
AASB139: Financial instruments:	A project team has		
Recognition and Measurement	been formed to assess	1 January 2006	1 July 2006
	the impact of these		
AASB1: First time adoption of AIFRS	new standards. A final	1 January 2006	1 July 2006
	assessment has not been		
AASB139: Financial instruments:	made on the expected	1 January 2006	1 July 2006
Recognition and Measurement	impact of these standards,		
	however, it is expected		
AASB3: Business Combinations	that there will be no	1 January 2006	1 July 2006
	significant changes in the		
AASB132: Financial instruments:	Group's accounting policies.	1 January 2007	1 July 2007
Disclosure and Presentation			
AASB101: Presentation of			
Financial Statements		1 January 2007	1 July 2007
AASB114: Segment reporting		1 January 2007	1 July 2007
AASB117: Leases		1 January 2007	1 July 2007
AASB133: Earnings per Share		1 January 2007	1 July 2007
AASB139: Financial instruments:			
Recognition and Measurement		1 January 2007	1 July 2007
UIG4 Determining whether an			
Arrangement contains a lease		1 January 2007	1 July 2007
UIG8 Scope of AASB2		1 January 2007	1 July 2007
AASB7 Financial instruments: Disclosures		1 January 2007	1 July 2007

The following amendments are not applicable to the consolidated entity and therefore have no impact.

Affected Standards:

AASB1023: General Insurance Contracts
AASB1038: Life Insurance Contracts

AASB4: Insurance Contracts

UIG5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
UIG7: Applying the Restatement Approach under AASB129: Financial Reporting in Hyperinflationary Economies

		Cor	solidated	c	ompany
		2006	2005	2006	2005
		\$	\$	\$	\$
2.	PROFIT FROM OPERATIONS				
(0)	Revenue				
(a)					
	Revenue from continuing operations consisted	of the following items:			
	Revenue				
	Weekly franchise fees	7,045,182	6,660,497	-	-
	Initial fees	262,273	309,344	-	-
	Licence fees	315,687	756,477	-	-
	Ten-year renewals	234,569	402,454	-	-
	Ten-year renewals - renewed at six years	-	42,000	-	-
	Sub-franchisor licence sales	33,619	104,713	-	-
	Advertising levies	313,200	292,300	-	-
	Instalment credit loan interest	352,154	382,725	-	-
	Retail wholesale sales	4,749,239	4,552,641	-	-
	Cheque cashing commission	1,235,787	1,044,423	-	-
	Training levies	960,523	940,095	-	-
	Corporate store revenue	1,598,061	397,794	-	-
	Computer levy	1,330,523	256,023	-	-
	Financial services commission	3,752,116	2,113,206	-	-
	Rent received	74,322	76,665	-	-
	Interest revenue	303,928	212,042	-	-
		22,561,183	18,543,399	-	-
	Other income				
	Dividend revenue from subsidiary	-	-	1,096,126	1,461,065
	Management fees from controlled entity	-	-	784,427	829,331
	Other revenue	67,739	65,143	-	-
		67,739	65,143	1,880,553	2,290,396
		22,628,922	18,608,542	1,880,553	2,290,396

		Cor 2006 \$	nsolidated 2005 \$	Com 2006 \$	pany 2005 \$
(h)	Profit before income tax	•	•	Ψ	•
(10)	Profit before income tax has been arrived at after charging the following expenses:				
	Raw materials / consumable items (cost of sales)	5,415,985	4,575,181	-	-
	Area agents fees / commissions	328,408	357,892	-	-
	Depreciation of plant and equipment	427,972	335,819	-	-
	Amortisation of intangibles	99,358	222,064	-	-
	Depreciation of assets under finance lease	18,112	18,504	-	-
	Cost of asset sales	13,489	40,992	-	-
	Rental expense on operating leases	657,883	562,341	-	-
	Finance costs				
	Interest:				
	- Directors and director related entities	-	12,415	-	-
	- Other entities	162,378	187,356	-	
	Total finance costs	162,378	199,771	-	
	Finance lease charges	2,137	4,833	-	-
	Write back of bad and doubtful debts				
	(trade debtors)	(355,243)	(77,443)	-	-
	Provision for employee benefits Bad debts written off	62,344	42,679	-	-
	- Trade debtors and instalment loans Amounts received or due and receivable, by Deloitte Touche Tohmatsu for (these amounts are paid on behalf of	208,591	78,798	-	-
	the Company by a controlled entity):				
	- Auditing the financial statements	197,861	209,804	_	_
	- Other services	32,385	43,139	-	-
(c)	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 Net foreign exchange gains	5,669 13,172 18,841	- 31,562 31,562	- - -	- - -

Name						
S						
Tax expense comprises: Current tax expense 1,888,239 1,437,674 - - Adjustment recognised in the current year in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in the relation to the current tax of prior years in the relation to the current tax of prior years in the relation to the current tax of prior years in the relation tax of the rel						
Tax expense comprises: Current tax expense 1,888,239 1,437,674 - - Adjustment recognised in the current year in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in relation to the current tax of prior years in the relation to the current tax of prior years in the relation to the current tax of prior years in the relation to the current tax of prior years in the relation tax of the rel						
Tax expense comprises: Current tax expense 1,888,239 1,437,674	3.	INCOME TAX EXPENSE				
Current tax expense	(a)	Income tax recognised in profit or loss				
Adjustment recognised in the current year in relation to the current tax of pror years Deferred tax expense relating to the origination and reversal of temporary differences (9,971) (41,345)		Tax expense comprises:				
In relation to the current tax of prior years Deferred lax expense relating to the origination and reversal of temporary differences (9,971)		Current tax expense	1,888,239	1,437,674	-	-
Deferred tax expense relating to the origination and reversal of temporary differences		Adjustment recognised in the current year				
Attributable to: Continuing operations 1,888,483 1,396,329 - -		in relation to the current tax of prior years	10,215	-	-	-
Total tax expense		Deferred tax expense relating to the origination				
Attributable to: Continuing operations 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 Income tax expense calculated at 30% Income tax expense and tax offsets Income tax offsets Intra-group dividends Intra-group		and reversal of temporary differences	(9,971)	(41,345)	-	
Continuing operations 1,888,483 1,396,329 - - The prima facic income tax expenses on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows: 6,149,424 4,474,625 1,096,126 1,461,065 Income tax expense calculated at 30% 1,844,827 1,342,388 328,838 438,320 Non-deductible expenses 38,429 63,974 - - - Unused tax losses and tax offsets 29,969 (84,558) - - - not recognised as deferred tax assets 29,969 (84,558) - - - Intra-group dividends - - - (328,838) (438,320) Other (34,957) 39,502 - - - Effect of rates of tax overseas entity 1,878,268 1,371,875 - - Under provision of income tax in previous year 10,215 24,454 - - Current tax payables: - - - - - Entities in the tax-consolidated group 435,871<		Total tax expense =	1,888,483	1,396,329	-	-
The prima facile 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 6,149,424 4,474,625 1,096,126 1,461,065 Income tax expense calculated at 30% 1,844,827 1,342,388 328,838 438,320 Non-deductible expenses 38,429 63,974 Unused tax losses and tax offsets on trecognised as deferred tax assets 29,969 (84,558) Intra-group dividends (328,838) (438,320) Other (34,957) 39,502		Attributable to:				
on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows: Profit from continuing operations 6,149,424 4,474,625 1,096,126 1,461,065 Income tax expense calculated at 30% 1,844,827 1,342,388 328,838 438,320 Non-deductible expenses 38,429 63,974 Unused tax losses and tax offsets not recognised as deferred tax assets 29,969 (84,558) (328,838) (438,320) Other (34,957) 39,502 (328,838) (438,320) Other (34,957) 39,502		Continuing operations	1,888,483	1,396,329	-	-
reconciles to the income tax expense in the financial statements as follows: Profit from continuing operations 6,149,424 4,474,625 1,096,126 1,096,126 1,461,065 Income tax expense calculated at 30% 1,844,827 1,342,388 328,838 438,320 Non-deductible expenses 38,429 63,974 63,975 64,975		The prima facie income tax expense				
in the financial statements as follows: Profit from continuing operations 6,149,424 4,474,625 1,096,126 1,461,065 Income tax expense calculated at 30% 1,844,827 1,342,388 328,838 438,320 Non-deductible expenses 38,429 63,974 (328,838) 101 recognised as deferred tax assets 101 recognised as deferred tax assets 29,969 (84,558) (328,838) (438,320) Other (34,957) 39,502 (328,838) (438,320) Other (34,957) 39,502 (328,838) (438,320) Other (34,957) 39,502 (328,838) (438,320) Other (34,957) 1,878,268 1,371,875		on pre-tax accounting profit from operations				
Profit from continuing operations		reconciles to the income tax expense				
Income tax expense calculated at 30%		in the financial statements as follows:				
Non-deductible expenses 38,429 63,974 - - Unused tax losses and tax offsets 29,969 (84,558) - - Intra-group dividends - - (328,838) (438,320) Other (34,957) 39,502 - - Effect of rates of tax overseas entity - 10,569 - - Under provision of income tax in previous year 10,215 24,454 - - Under provision of income tax in previous year 10,215 24,454 - - Current tax liabilities - - - - Current tax payables: - - - - Income tax payable attributable to: - - - - - Parent entity -<		Profit from continuing operations =	6,149,424	4,474,625	1,096,126	1,461,065
Unused tax losses and tax offsets not recognised as deferred tax assets 29,969 (84,558) - - Intra-group dividends - - (328,838) (438,320) Other (34,957) 39,502 - - Effect of rates of tax overseas entity - 1,878,268 1,371,875 - - Under provision of income tax in previous year 10,215 24,454 - - Under provision of income tax in previous year 10,215 24,454 - - Current tax liabilities - - - - Current tax payables: - - - - Income tax payable attributable to: - - - - - Parent entity - <td></td> <td>Income tax expense calculated at 30%</td> <td>1,844,827</td> <td>1,342,388</td> <td>328,838</td> <td>438,320</td>		Income tax expense calculated at 30%	1,844,827	1,342,388	328,838	438,320
not recognised as deferred tax assets 29,969 (84,558) - - Intra-group dividends - - (328,838) (438,320) Other (34,957) 39,502 - - Effect of rates of tax overseas entity - 10,569 - - Under provision of income tax in previous year 10,215 24,454 - - Under provision of income tax in previous year 10,215 24,454 - - Current tax liabilities - - - - Current tax payables: - - - - Income tax payable attributable to: - - - - - Parent entity - - - - - - - Entities in the tax-consolidated group 435,871 381,355 435,871 381,355 - - - Overseas subsidiaries 44,018 (54,805) - - - - Provisions 139,297 <t< td=""><td></td><td>Non-deductible expenses</td><td>38,429</td><td>63,974</td><td>-</td><td>-</td></t<>		Non-deductible expenses	38,429	63,974	-	-
Intra-group dividends - - (328,838) (438,320) Other (34,957) 39,502 - - Effect of rates of tax overseas entity 10,569 - - 1,878,268 1,371,875 - - Under provision of income tax in previous year 10,215 24,454 - - (b) Current tax liabilities - - - - Current tax payables: - - - - - Income tax payable attributable to: -		Unused tax losses and tax offsets				
Other (34,957) 39,502 - - Effect of rates of tax overseas entity - 10,569 - - Under provision of income tax in previous year 1,878,268 1,371,875 - - Under provision of income tax in previous year 10,215 24,454 - - 1,888,483 1,396,329 - - - Current tax liabilities - - - - Current tax payables: - <td></td> <td>not recognised as deferred tax assets</td> <td>29,969</td> <td>(84,558)</td> <td>-</td> <td>-</td>		not recognised as deferred tax assets	29,969	(84,558)	-	-
Effect of rates of tax overseas entity		Intra-group dividends	-	-	(328,838)	(438,320)
1,878,268 1,371,875 - -		Other	(34,957)	39,502	-	-
Under provision of income tax in previous year 10,215 24,454 - - -		Effect of rates of tax overseas entity	-	10,569	-	
1,888,483 1,396,329 - - -			1,878,268	1,371,875	-	-
(b) Current tax liabilities Current tax payables: Current tax payables: Income tax payable attributable to: - Parent entity - - - Entities in the tax-consolidated group 435,871 381,355 435,871 381,355 Overseas subsidiaries 44,018 (54,805) - - - 479,889 326,550 435,871 381,355 (c) Deferred tax balances Deferred tax assets comprise: Provisions 139,297 190,117 - - - Deferred tax liabilities comprise: - 139,297 190,117 - - - Deferred tax liabilities comprise: -		Under provision of income tax in previous year	10,215	24,454	-	-
Current tax payables: Income tax payable attributable to: Parent entity -		_	1,888,483	1,396,329	-	
Income tax payable attributable to: Parent entity	(b)	Current tax liabilities				
Parent entity - <		Current tax payables:				
Entities in the tax-consolidated group Overseas subsidiaries 44,018 (54,805) - 479,889 326,550 435,871 381,355 (c) Deferred tax balances Deferred tax assets comprise: Provisions 139,297 190,117 - 139,297 190,117 - Deferred tax liabilities comprise: Plant and equipment 48,171 75,222 - Intangible assets 1,105,837 1,140,288		Income tax payable attributable to:				
Overseas subsidiaries 44,018 (54,805) - - 479,889 326,550 435,871 381,355 (c) Deferred tax balances Deferred tax assets comprise: 139,297 190,117 - - Provisions 139,297 190,117 - - - Deferred tax liabilities comprise: Plant and equipment 48,171 75,222 - - - - Intangible assets 1,105,837 1,140,288 - - -		Parent entity	-	-	-	-
479,889 326,550 435,871 381,355 (c) Deferred tax balances Deferred tax assets comprise: 139,297 190,117 - - Provisions 139,297 190,117 - - Deferred tax liabilities comprise: Plant and equipment 48,171 75,222 - - Intangible assets 1,105,837 1,140,288 - -		Entities in the tax-consolidated group	435,871	381,355	435,871	381,355
(c) Deferred tax balances Deferred tax assets comprise: 139,297 190,117 - - - Provisions 139,297 190,117 - - - - Deferred tax liabilities comprise: Plant and equipment 48,171 75,222 - - - Intangible assets 1,105,837 1,140,288 - - -		Overseas subsidiaries	44,018	(54,805)	-	
Deferred tax assets comprise: Provisions 139,297 190,117 139,297 190,117 - Deferred tax liabilities comprise: Plant and equipment 48,171 75,222 Intangible assets 1,105,837 1,140,288			479,889	326,550	435,871	381,355
Deferred tax assets comprise: Provisions 139,297 190,117 139,297 190,117 - Deferred tax liabilities comprise: Plant and equipment 48,171 75,222 Intangible assets 1,105,837 1,140,288						
Provisions 139,297 190,117 - - 139,297 190,117 - - Deferred tax liabilities comprise: Plant and equipment 48,171 75,222 - - - Intangible assets 1,105,837 1,140,288 - - -	(c)	Deferred tax balances				
139,297 190,117 - - Deferred tax liabilities comprise: Plant and equipment 48,171 75,222 - - Intangible assets 1,105,837 1,140,288 - -		Deferred tax assets comprise:				
Deferred tax liabilities comprise: Plant and equipment		Provisions	139,297	190,117	-	-
Plant and equipment 48,171 75,222 - - Intangible assets 1,105,837 1,140,288 - -		=	139,297	190,117	-	-
Intangible assets		Deferred tax liabilities comprise:				
		Plant and equipment	48,171	75,222	-	-
1,154,008 1,215,510		Intangible assets	1,105,837	1,140,288	-	
			1,154,008	1,215,510	-	-

		Co	nsolidated		Company
		2006	2005	2006	2005
		\$	\$	\$	\$
(d)	Income tax recognised directly in equity				
	No current or deferred tax amounts were charged	l			
	directly to equity in the current or prior year.				
(e)	Unrecognised deferred tax balances				
	The following deferred tax assets have not been				
	brought forward to account as assets:				
	Tax losses – revenue	214,356	184,387	-	-
	Tax losses – capital	2,718,142	2,718,142	2,718,142	2,718,142
		2,932,498	2,902,529	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 Cash Converters International Limited and Cash Converters Pty Ltd.

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.

		Cons	olidated	Com	pany
		2006	2005	2006	2005
		\$	\$	\$	\$
4.	REMUNERATION OF AUDITORS				
	Auditor of the parent entity				
	Audit or review of the financial report	197,861	209,804	-	-
	Taxations services	15,350	16,500	-	-
	Other non-audit services – professional advice	17,035	26,639	-	-
		230,246	252,943	-	-
	Related practice of the parent entity auditor				
	Other non-audit services	-	-	-	-
	_	-	-	-	-

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.

		Con	solidated	С	ompany
		2006	2005	2006	2005
		\$	\$	\$	\$
5	CASH AND CASH EQUIVALENTS				
	On hand	6,389	22,827	-	-
	In bank	7,742,401	5,594,973	-	-
	_	7,748,790	5,617,800	-	-
6.	TRADE AND OTHER RECEIVABLES				
	Current				
	Trade receivables (i)	3,219,919	2,381,012	-	730,803
	Allowance for doubtful debts	(28,883)	(169,493)	-	
		3,191,036	2,211,519	-	730,803
	Instalment credit loans (ii)	746,890	821,084	-	-
	Allowance for doubtful debts	-	(214,633)	-	
		746,890	606,451	-	
	=	3,937,926	2,817,970	-	730,803
	Non-current				
	Instalment credit loans (ii)	2,206,471	2,215,623	-	-
	Loans to controlled entities (iii)	_	-	6,022,038	6,027,522
		2,206,471	2,215,623	6,022,038	6,027,522

- 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;
- 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.

		Cons	olidated	Com	pany
		2006	2005	2006	2005
		\$	\$	\$	\$
7.	INVENTORIES				
	Wholesale stocks of new and				
	pre-owned goods at cost	497,003	241,855	-	-
8.	OTHER ASSETS				
	Current				
	Prepayments	28,432	247,471	-	-

Security Security		Leasehold improvements at cost	Consoli Plant and equipment at cost \$	idated Equipment under finance lease at cost \$	Total \$
Balance at 1 July 2004 25,752 2,213,756 158,144 2,397,652 Additions 63,646 641,390 - 705,036 Disposals - (44,581) - (44,581) Net foreign currency exchange differences (6,411) (86,405) - (92,816) Balance as at 30 June 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 Accumulated depreciation 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance a	9. PLANT AND EQUIPMENT				
Additions 63,646 641,390 - 705,036 Disposals - (44,581) - (44,581) Net foreign currency exchange differences (6,411) (86,405) - (92,816) Balance as at 30 June 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 Accumulated depreciation 8 8 8 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 2005 24,807 1,718,863 121,991 1,865,661 Disposals - (40,239) - (40,239)	Gross carrying amount				
Disposals - (44,581) - (44,581) Net foreign currency exchange differences (6,411) (86,405) - (92,816) Balance as at 30 June 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 Accumulated depreciation Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 2005 24,807 1,718,863 121,991 1,865,661 Disposals - (40,239) - (40,239) </td <td>Balance at 1 July 2004</td> <td>25,752</td> <td>2,213,756</td> <td>158,144</td> <td>2,397,652</td>	Balance at 1 July 2004	25,752	2,213,756	158,144	2,397,652
Net foreign currency exchange differences (6,411) (86,405) - (92,816) Balance as at 30 June 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 Accumulated depreciation Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 2005 24,807 1,718,863 121,991 1,865,661 Disposals - (40,239) - (40,239) Depreciation expense 19,458 408,514<	Additions	63,646	641,390	-	705,036
Balance as at 30 June 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 Accumulated depreciation Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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<	Disposals	-	(44,581)	-	(44,581)
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 Accumulated depreciation Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630	Net foreign currency exchange differences	(6,411)	(86,405)	-	(92,816)
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 Accumulated depreciation Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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 Net book value As at 30	Balance as at 30 June 2005	82,987	2,724,160	158,144	2,965,291
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 Accumulated depreciation Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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 Net book value As at 30	Additions	28 962	571 790		600 752
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 Accumulated depreciation Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630		20,302	,	_	,
Balance as at 30 June 2006 119,373 3,338,526 158,144 3,616,043 Accumulated depreciation Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 2005 24,807 1,718,863 121,991 1,865,661 Disposals - (40,239) - (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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630		7 424		_	
Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630		<u> </u>		158,144	
Balance as at 1 July 2004 21,271 1,463,526 103,487 1,588,284 Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630	Accumulated depreciation				
Disposals - (3,589) - (3,589) Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630	•	21 271	1 463 526	103 /187	1 588 28/
Depreciation expense 6,490 329,329 18,504 354,323 Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630	,	21,211		-	
Net foreign currency exchange differences (2,954) (70,403) - (73,357) Balance as at 30 June 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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630	·	6.490		18 504	,
Balance as at 30 June 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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630		*	,	-	
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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630				121,991	
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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630	Disnosals	_	(40 239)	_	(40 239)
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 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630	•	19 458		18 112	
Balance as at 30 June 2006 46,993 2,134,275 140,103 2,321,371 Net book value As at 30 June 2005 58,180 1,005,297 36,153 1,099,630	·	*	,	-	
As at 30 June 2005 58,180 1,005,297 36,153 1,099,630		, -		140,103	
As at 30 June 2005 58,180 1,005,297 36,153 1,099,630	Net hook value				
		58.180	1.005.297	36.153	1.099.630
	;	72,380	1,204,255	18,041	1,294,672

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

	Con	solidated	Coi	mpany
	2006	2005	2006	2005
	\$	\$	\$	\$
10. TRADE AND OTHER PAYABLES				
Current	050.054	507.000		
Trade payables	952,854	597,628	-	-
Accruals	1,699,947	1,072,402	-	-
Unsecured notes	104,800	151,040	-	-
Dividend	-	730,803	-	730,803
Other -	25,000	25,000	-	-
=	2,782,601	2,576,873	-	703,803
The consolidated entity has financial risk manager credit period in order to avoid the payment of inter-			ables are paid wit	hin the allowed
credit period in order to avoid the payment of inter	ŭ		6	ė
Non-current	\$	\$	\$	\$
Unsecured notes (Amortised cost)	649,547	565,092	-	-
	Cons	solidated	Cor	mpany
	2006	2005	2006	2005
	\$	\$	\$	\$
11. BORROWINGS				
(all borrowings are secured)				
Current				
At amortised cost (2005: cost)	500.050	445.001		
Bank overdraft (i)	539,356	445,081	-	-
Loans (i)	400,000	600,000	-	-
Hire purchase and lease liabilities (note 18) (ii)	64,633	63,318	-	-
=	1,003,989	1,108,399		
Non-current				
At amortised cost (2005: cost)				
Loans (i)	800,000	1,000,000	-	-
Hire purchase and lease liabilities (note 18) (ii)	76,573	141,191	_	_
	876,573	1,141,191	_	-
<u> </u>				
Financing arrangements				
Unrestricted access was available at				
balance date to the following lines of credit:				
Credit standby arrangements				
Total facilities				
Bank overdrafts	671,396	522,689	-	-
Variable rate bill facility	1,200,000	1,600,000	-	-
-	1,871,396	2,122,689	-	-
Used at balance date				
Bank overdrafts	539,356	445,081	-	-
Variable rate bill facility	1,200,000	1,600,000	-	-
-	1,739,356	2,045,081	_	_
Unused at balance date	.,. 20,000	_,,		
Bank overdrafts	132,040	522,689	_	
	102,040	JZZ,UOÐ	-	-
Variable rate bill facility	100.040	- 500 600	-	
=	132,040	522,689	-	-

- (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.

Unsecured notes do not earn interest. They are payable at the end of the franchise term if a franchisee does not renew the franchise agreement, 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.

	Cor	solidated	Compa	any
	2006	2005	2006	2005
12. PROVISIONS				
Current				
Employee benefits	294,589	222,463	-	-
Fringe benefits tax	2,183	5,278	-	-
	296,772	227,741	-	-
13. INTANGIBLE ASSETS				
Trade names				
Gross carrying amount				
Balance at beginning of the financial year	13,002,835	13,002,835	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at end of the financial year	13,002,835	13,002,835	-	-
Accumulated amortisation and impairment				
Balance at beginning of the financial year	3,671,668	3,450,715	-	_
Amortisation expense (i)	99,358	220,953	-	-
Impairment losses for the year	-	-	-	-
Balance at the end of the financial year	3,771,026	3,671,668	-	
Net book value				
At the beginning of the financial year	9,331,167	9,552,120	-	-
At the end of the financial year	9,231,809	9,331,167	-	-
:				

(i) 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.

14. ISSUED CAPITAL

(a)

Company

2005 Shares

No

2006

Shares

No

Balance at beginning of financial year				
Dalarice at beginning of imaricial year			146,160,449	130,160,449
Share options exercised during the year			-	16,000,000
Balance at end of financial year			146,160,449	146,160,449
Fully paid ordinary shares carry one vote per share	and carry the right	to dividends.		
	Cons	solidated	С	ompany
	2006 \$	2005 \$	2006 \$	2005 \$
(b)				
Balance at the beginning of the year Acquisition costs	6,083,758 (60,000)	5,123,758	6,083,758 (60,000)	5,123,758 -
Share options exercised	-	960,000	-	960,000
Balance at the end of the financial year	6,023,758	6,083,758	6,023,758	6,083,758
15. RESERVES AND RETAINED EARN	INGS			
(a) Reserves	00.004	(40.004)		
Foreign currency translation reserve =	86,694	(49,234)	-	
Movements in reserves were:				
Movements in reserves were: Foreign currency translation reserve				
	(49,234)	-	-	-
Foreign currency translation reserve	(49,234) 135,928	- (49,234)	- -	-
Foreign currency translation reserve Balance at the beginning of the financial year		(49,234) (49,234)	- - -	- - -
Foreign currency translation reserve Balance at the beginning of the financial year Translation of foreign operations	135,928		- - -	-
Foreign currency translation reserve Balance at the beginning of the financial year Translation of foreign operations Balance at the end of the financial year Exchange differences relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation and the translation of self-sustaining foreign controlled entities are brought to account by entries made directly to the foreign currency	135,928		- - -	-
Foreign currency translation reserve Balance at the beginning of the financial year Translation of foreign operations Balance at the end of the financial year Exchange differences relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation and the translation of self-sustaining foreign controlled entities are brought to account by entries made directly to the foreign currency translation reserve.	135,928		-	-
Foreign currency translation reserve Balance at the beginning of the financial year Translation of foreign operations Balance at the end of the financial year Exchange differences relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation and the translation of self-sustaining foreign controlled entities are brought to account by entries made directly to the foreign currency translation reserve. (b) Retained earnings Balance at the beginning of the financial year	135,928 86,694	(49,234)	- - - 1,096,126	- - - 1,461,065
Foreign currency translation reserve Balance at the beginning of the financial year Translation of foreign operations Balance at the end of the financial year Exchange differences relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation and the translation of self-sustaining foreign controlled entities are brought to account by entries made directly to the foreign currency translation reserve. (b) Retained earnings Balance at the beginning of the financial year Net profit attributable to members	135,928 86,694 8,439,034	(49,234) 6,832,933	- - - 1,096,126 (1,096,126)	- - - 1,461,065 (1,461,065)

16. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The consolidated entity's treasury function provided services to the business co-ordinates access to domestic and international markets, and manages the financial risks relating to the operations of the consolidated entity. The consolidated entity does not enter into to 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 obtaining sufficient collateral or other securities from these franchisees.

(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:

	Weighted average	Floating	Fixe	d interest matur	ing in:		
2006	effective rate	interest rate \$	1 Year or less \$	over 1 to 5 years \$	more than 5 years \$	Non-interest bearing \$	t Total \$
Financial assets							
Cash and cash equivalents	5.40	7,748,790	-	-	-	-	7,748,790
Trade receivables	-	-	-	-	-	3,191,036	3,191,036
Instalment credit loans	12.00		746,890	2,206,471	-	-	2,953,361
		7,748,790	746,890	2,206,471	-	3,191,036	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 notes	-	-	-	-	-	754,347	754,347
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	-	4,181,626	6,062,188
Net financial							
assets/(liabilities)		6,009,434	682,257	2,129,898	-	(990,590)	7,830,999

16. FINANCIAL INSTRUMENTS (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:

	Weighted average	Floating	Fixed	d interest matur	ing in:		
2005	effective rate	interest rate	1 Year or less \$	over 1 to 5 years \$	more than 5 years \$	Non-interest bearing \$	Total \$
	,,	•	•	•	•	•	•
Financial assets							- 0.1- 000
Cash and cash equivalents	5.14	5,617,800	-	-	-	_	5,617,800
Trade receivables	-	-	-	-	-	2,211,519	2,211,519
Instalment credit loans	12.00		606,451	2,215,623	-	-	2,822,074
		5,617,800	606,451	2,215,623	-	2,211,519	10,651,393
Financial liabilities							
Bank overdraft	6.50	445,081	_	-	-	-	445,081
Loans	6.65	1.600.000	_	-	_	_	1,600,000
Trade and		,,					, ,
other creditors	-	-	-	-	-	1,695,030	1,695,030
Employee benefits	-	-	-	-	-	222,463	222,463
Unsecured notes	-	-	-	-	-	716,132	716,132
Current tax	-	-	-	-	-	326,550	326,550
Hire purchase and							
lease liability	9.25	-	63,318	141,191	_	-	204,509
		2,045,081	63,318	141,191	-	2,960,175	5,209,765
Net financial							
assets/(liabilities)		3,572,719	543,133	2,074,432	-	(748,656)	5,441,628

(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:

	200	6	200	Ō
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial instruments				
Financial liabilities				
Unsecured notes	754,347	619,237	716,132	587,151
	754,347	619,237	716,132	587,151

(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.

17. 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.

		Minimun	n future		Present value of			
		lease payments				ninimum future	e lease payme	nts
	Cons	Consolidated		Company		olidated	Company	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$
Finance lease liabilitie	s							
Finance lease and								
hire purchase								
expenditure contracted								
for at balance sheet								
date, payable:								
Within one year	71,510	76,867	_	_	71,510	76,867	_	_
Later than one,	7 1,010	10,001			71,010	10,001		
not later than								
	80,131	151,541			80,131	151 5/1		
five years				-		151,541		
	151,641	228,408	-	-	151,641	228,408	-	-
Less future								
finance charges	(10,435)	(23,899)	-	-	(10,435)	(23,899)	-	-
	141,206	204,509	-	-	141,206	204,509	-	-
Included in the								
financial								
statement as:								
Current borrowings								
(note 11)					64,633	63,318	-	-
Non-current borrowings								
(note 11)					76,573	141,191	-	-
				-	141,206	204,509	-	
				_				

(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.

17. LEASES (Continued)

	Cons	solidated	Company		
	2006	2005	2006	2005	
	\$	\$	\$	\$	
Non-cancellable operating lease					
commitments payable:					
Within one year	522,404	439,025	-	-	
Later than one, not later than five years	1,243,664	1,308,605	-	-	
Later than five years	622,121	520,156	-		
	2,388,189	2,267,786	-	-	

Operating lease commitments relate to head office premises in Australia, the regional offices in the UK and around Australia and the corporate store premises at Bolton, Burnley, Rochdale and Blackburn in the UK. Cash Converters hold an option to renew on the Australian premises.

(c) Commitment for capital expenditure

At 30 June 2006 capital expenditure commitments were nil (2005: nil)

18. 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)
- J. Yeudall (Non-executive)
- P. Cumins (Managing Director, Executive)
- A. Moffat (Non-executive) appointed 16 February 2006
- M. Cooke (Executive director), resigned 24 May 2006
- M. Lemmon (Director of Operations UK)
- I. Day (General Manager Australia)
- R. Groom (Company Secretary / Group Financial Controller)
- J. Spratley (Group Accountant UK)

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

	Cons	solidated	Company		
	2006 2005		2006	2005	
	\$	\$	\$	\$	
Short-term employee benefits	1,532,647	1,508,115	-	-	
Long-term employee benefits	3,578	3,181	-	-	
Post-employee benefits	101,227	106,454	-	-	
Total	1,637,452	1,617,750	-	-	

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;

	S	Short-term employee benefits Post-employment				nt	Total		
				Other		Other			
	Salary /	Motor		non-cash	Super-	long term			
	fees	Vehicle	Bonus	benefits	annuation	benefits			
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		

	Short-term employee benefits			F	Post-employment			
2005	Salary / fees \$	Motor Vehicle \$	Bonus \$	Other non-cash benefits \$	Super- annuation \$	Other long term benefits	\$	
B.Cumins	21,000	10,081	-	9,460	1,890	-	42,431	
R. Webb	56,000	-	-	-	-	-	56,000	
J. Yeudall	38,532	-	-	-	3,468	-	42,000	
P. Cumins	315,084	24,339	-	-	-	-	339,423	
M. Cooke	300,000	-	-	-	-	-	300,000	
M. Lemmon	148,327	15,005	18,793	-	21,782	-	203,907	
I. Day	154,333	17,705	30,000	-	11,585	-	213,623	
J. Spratley	159,948	19,506	-	-	31,479	-	210,933	
R. Groom	121,185	18,631	15,210	14,976	36,250	3,181	209,433	
Total	1,314,409	105,267	64,003	24,436	106,454	3,181	1,617,750	

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. Mr R.Groom received a bonus for achieving a reduction in actual costs for the Australian business. The actual bonuses earned are at the discretion of the Board. The bonuses were granted in July/August 2005 and January/February 2006.

18. RELATED PARTY TRANSACTIONS (Continued)

(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
Northcote Store (VIC) Pty Ltd	Northcote VIC	Brian Cumins
Prahran Store Pty Ltd	Prahran VIC	Brian Cumins
Preston Store Pty Ltd	Preston VIC	Brian Cumins
Collingwood Store Pty Ltd	Collingwood VIC	Brian Cumins
Parkdale Store Pty Ltd	Parkdale VIC	Brian Cumins
Fountain Gate Store Pty Ltd	Fountain Gate VIC	Brian Cumins
Werribee Store Pty Ltd	Werribee VIC	Brian Cumins
Croydon Store Pty Ltd	Croydon VIC	Brian Cumins

(c) Loan disclosure

2006	Balance at beginning \$	Interest Charged \$	Interest not charged \$	Write-off \$	Balance at end \$	Number in Group
Directors	280,913	33,544	-	-	266,022	1
Other key						
management personnel		-	-	-	-	
Total	280,913	33,544	-	-	266,022	1
2005	Balance at beginning \$	Interest Charged \$	Interest not charged \$	Write-off \$	Balance at end \$	Number in Group
Directors	267,544	51,071	-	-	528,193	2
Directors Other key	267,544	51,071	-	-	528,193	2
	267,544	51,071	-	-	528,193	2

Individuals with loans above \$100,000 in the year

	Balance		Interest		Balance	Highest
	at	Interest	not		at	in
	beginning	Charged	charged	Write-off	end	period
2006	\$	\$	\$	\$	\$	\$
P. Cumins						
[Blackport Pty Ltd]	280,913	33,544	-	-	266,022	300,000
Total	280,913	33,544	-	-	266,022	300,000
	Balance		Interest		Balance	Highest
	at	Interest	not		at .	in
2005	beginning	Charged	charged	Write-off	end	period
2005	\$	\$	\$	\$	\$	\$
P. Cumins						
[Blackport Pty Ltd]	135,685	23,221	-	-	280,913	280,913
B. Cumins						
[Northcote Store (VIC) Pty Ltd]	131,859	14,608	-	-	114,068	129,159
B. Cumins						
[Prahran Store Pty Ltd]		13,242	-	-	133,212	150,000
Total	267,544	51,071	-	-	528,193	547,087

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.

Loans from Directors and Director related entities

During the prior year, Riverwood Pty Ltd (a company owned and controlled by B Cumins) made a loan to Cash Converters Finance Corporation Ltd. The balance as at 1 July 2004 was \$157,993, with interest of \$12,415; the amount was repaid in full during the prior year. No similar loans were present in the current year.

(d) Directors' and specified key management personnel equity holdings

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	-

18. RELATED PARTY TRANSACTIONS (Continued)

Fully paid ordinary shares issued by Cash Converters International Limited

	Balance at 1 July 2004 No.	Granted as remuneration No.	Received on exercise of options No.	Acquisition/ (disposal) of shares No.	Balance at 30 June 2005 No.	Balance held indirectly No.
Directors						
B.Cumins	28,837,433	-	-	-	28,837,433	28,837,433
P. Cumins	2,043,701	-	5,000,000	(1,157,550)	5,886,151	-
R. Webb	100,000	-	1,000,000	-	1,100,000	-
A. Moffat	-	-	-	-	-	-
M. Cooke	-	-	5,000,000	-	5,000,000	5,000,000
J.Yeudall	-	-	-	-	-	-
Other key management personnel						
I. Day	1,016,919	-	1,500,000	-	2,516,919	-
R. Groom	1,246,618	-	1,500,000	(300,000)	2,446,618	-
J. Spratley	-	-	500,000	(500,000)	-	-
M. Lemmon		-	-	-	-	
	33,244,671	-	14,500,000	(1,957,550)	45,787,121	33,837,433

Executive share options issued by Cash Converters International Limited

	Balance at 1 July 2004 No.	Granted as remuneration No.	Exercised No.	Balance at 30 June 2005 No.	Balance at 30 June 2006 No.
Directors					
P. Cumins	5,000,000	-	(5,000,000)	-	-
M. Cooke	5,000,000	-	(5,000,000)	-	-
R. Webb	1,000,000	-	(1,000,000)	-	-
Other key management personnel					
I. Day	1,500,000	-	1,500,000)	-	-
R. Groom	1,500,000	-	(1,500,000)	-	-
J. Spratley	500,000	-	(500,000)	-	-
M. Lemmon	-	-	-	-	
	14,500,000	-	(14,500,000)	-	-

(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:

	2006	2005
	\$	\$
Franchise fees payable in advance on the 1st of each month	109,831	546,650
Total advertising levy payable monthly in advance	133,198	768,815
Total training levies paid monthly in advance	7,920	36,300
Total miscellaneous fees payable on 30 day account	5,525	34,517
Total wholesale invoices payable on 30 day account	4,742	25,927
Total recognised as revenue	261,216	1,412,209

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

19. 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 apart from the following:

The Company will hold a General Meeting on 29 September 2006 for Shareholders to approve the following acquisitions and a capital raising.

MON-E Pty Ltd

The Company has entered into a share purchase agreement to acquire the whole of the issued capital of MON-E Pty Ltd ('MON-E'). MON-E is the company which provides the software program and back office support for the Cash Converters chain of franchisees to make cash advances to their customers. Cash advances are a form of micro-lending where loans are repaid by direct debit from the customers' bank accounts. From previous announcements by the Company, investors will be aware that this business has grown rapidly over the past five years. MON-E has been paying the Company a commission for the licence to engage franchisees on its platform which has increased to approximately \$300,000 per month.

The Company has agreed to pay a price of \$15million for MON-E, payable as to 30% in cash and 70% in shares.

Safrock Companies

The Company has entered into a share purchase agreement to acquire the whole of the issued capital of the Safrock group of companies comprising Safrock Finance Corporation (Qld) Pty Ltd, Safrock Finance Corporation (WA) Pty Ltd, Safrock Finance Group Pty Ltd and Finance Administrators of Australia Pty Ltd ('Safrock Group'). The Safrock Group makes loans to customers of the Cash Converters franchise chain using franchisees as its agents. These loans comprise secured and unsecured loans between \$1,000 and \$10,000. The acquisition will include the Safrock Group loan book of approximately \$8 million and the Company will refinance the debt which supports that loan book of approximately \$4 million.

The Company has agreed to pay a price of \$14.1 million plus an earn-out of \$3.4 million over three years for the Safrock Group. The shares will be issued at 40 cents per share.

Capital Raising

The Company intends to raise the cash component of each acquisition and additional working capital totalling \$15 million by way of a share placement at 40 cents per share. This placement will comprise two steps: a placement by the Company of shares comprising not more than 15% of its issued capital followed by a further placement with shareholder approval. The first tranche under the 15% rule was placed on 31 July 2006 to sophisticated and professional investors. The shares under this plan were allocated to shareholders on 20 September 2006.

The Company has also raised \$3,310,500 as additional working capital by way of a Shareholder Share Purchase Plan. The shares under this plan were allocated to shareholders on 20 September 2006.

Post Acquisition

The Company believes that, after these two acquisitions and the capital raisings referred to, the Company will be strongly positioned for the future with substantially enhanced earnings per share on the fully diluted capital which will rise from the present issued capital of 146 million shares to approximately 250 million shares. The full details of both transactions including expert reports were sent to shareholders in late August, 2006 for a General Meeting on 29 September 2006.

20(a) SUBSIDIARIES

Name of autitus	Country of	Ownership 2006	interest 2005	Time of husiness
Name of entity Parent entity	incorporation	2006	2005	Type of business
Cash Converters International Limited Australia	Australia			Holding Company
Directly controlled by Cash Converters International Limited				
Cash Converters Pty Ltd	Australia	100%	100%	Franchisor
Cash Converters UK Holdings PLC	UK	100%	100%	Holding Company
Cash Converters USA Limited	Australia	58.87%	58.87%	Holding Company
Directly controlled by Cash Converters Pty Ltd				
Cash Converters Finance Corporation Limited	Australia	26.31%	33.40%	Finance Company
Directly controlled by Cash Converters				
USA Limited				
Cash Converters USA Inc	USA	100%	100%	Franchisor

(b) Outside equity interests in controlled entities

Outside equity interests hold 630,196 (2005: 570,196), 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.

	Cons	solidated
	2006 \$	2005 \$
Outside equity interests in controlled entities comprises:		
Contributed capital	3,309,134	3,252,622
Accumulated losses	(3,134,194)	(3,125,903)
	174,940	126,719

21. 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).

Cash Converters UK Limited (CCUK) has provided lease rental guarantees for franchisees of \$1,621,327.

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 2006 requiring disclosure in the financial statements.

22. EARNINGS PER SHARE Basic earnings per share (cents per share) Diluted earnings per share (cents per share)	2006 2.88	2005
Basic earnings per share (cents per share)	2.88	
	2.88	
Diluted earnings per share (cents per share)		2.26
	2.88	2.13
	\$	\$
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	4,212,721	3,067,706
	Number	Number
Weighted average number of ordinary shares		
for the purpose of basic earnings per share	146,160,449	135,727,133
Earnings used in the calculation of basic earnings per share reconciles		
to net profit in the income statements as follows:		
•	\$	\$
Net profit	4,212,721	3,067,706
Earnings used in the calculation of basic EPS	4,212,721	3,067,706
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 basic	146,160,449	135,727,133
Options	_	7,929,561
Weighted average number of ordinary shares diluted	146,160,449	143,656,694

The number of potential ordinary shares not included in the above calculation is Nil (2005: Nil).

	Como	olidated	00	Company		
	2006	2005	2006	mpany 2005		
	\$	\$	\$	\$		
23. CASH FLOW INFORMATION						
(a) Reconciliation of profit for the period to net cash flows for the operating activities						
Profit for the period Non-cash flows in operating profit:	4,260,941	3,078,296	1,096,126	1,461,065		
Amortisation	99,358	222,064	-	-		
Depreciation	446,084	354,323	-	-		
Bad debts written off	208,591	78,798	-	-		
Lease and hire purchase interest	13,546	18,400	-	-		
Profit on sale of plant and equipment	(5,669)	-	-	-		
Increase/(decrease) in income taxes payable	261,183	(311,927)	-	-		
Decrease in future income tax benefits	1,802	25,176	-	-		
Decrease in deferred tax	(82,297)	(45,455)	-	-		
Net exchange differences	(1,118)	(20,793)	-	-		
Realised foreign exchange (gain)/loss	(19,844)	65,216	-	-		
Change in assets and liabilities:						
Increase in inventories	(227,156)	(125,308)	-	-		
Decrease/(increase) in prepayments	221,384	(64,087)	-	-		
Decrease/(increase) in trade and term receivables	(919,755)	404,999	730,803	(730,803)		
(Decrease)/increase in trade payables and accruals	946,581	(719,969)	-	-		
Decrease in employee and other provisions	(282,881)	(72,268)	-	-		
Increase in fees receivable rolled into loans						
to other related entities	(136,393)	(558,899)	-	540		
Cash flows from operations	4,784,357	2,328,566	1,826,929	730,802		

(b) Reconciliation of cash and cash equivalents

For the purpose of this statement of cash flows, 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:

	Cons	solidated	Company		
	2006	2005	2006	2005	
	\$	\$	\$	\$	
Cash and cash equivalents	7,748,790	5,617,800	-	-	
Bank overdraft	(539,356)	(445,081)	-	-	
	7,209,434	5,172,719	-	-	

(c) Non-cash financing and investing activities

Plant and equipment

During the financial year, the consolidated entity purchased a vehicle with a fair value of \$Nil (2005: \$79,976) under a hire purchase agreement. This acquisition is not reflected in the statement of cash flows.

24. DIVIDENDS

The directors of the Company paid a fully franked interim dividend of 0.75 (three quarters) cent per share on 31 March 2006. The directors have also declared a final fully franked dividend of 1.0 (one) cent per share to be paid on 29 September 2006 to those shareholders on the register at the close of business on 15 September 2006.

The Company and consolidated entity has Australian franking credits available of \$4,616,996 on a tax paid basis (2005: \$3,583,395).

	:	2006		2005	
	Cents per share	Total \$	Cents per share	Total \$	
Fully paid ordinary shares					
Recognised amounts					
Interim dividend: Franked to 100% at 30%	0.075	1,096,127	0.050	730,802	
Final dividend: Franked to 100% at 30%	-	-	0.050	730,802	
Unrecognised amounts					
Final dividend: Franked to 100% at 30%	0.100	1,649,104	-	-	
	Cons	solidated	Con	npany	
	2006	2005	2006	2005	
	\$	\$	\$	\$	
25. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CUR Receivables	RENCIES				
Current - not hedged					
Pounds Sterling	2,699,800	1,940,801	-	-	
United States Dollars		-	-	-	
Payables					
Current – not hedged					
Pounds Sterling	1,883,603	1,199,919	-	-	

26. EMPLOYEE NUMBERS

United States Dollars

	No.	No.	No.	No.
Average number of employees during the financial year	65	53	-	-

5.219

5.137

27. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition, except for financial instruments, where the date of transition is 1 July 2005 (refer note 1(ab)).

An explanation of how the transition from superseded policies to A-IFRS has affected the company and consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

27.IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

		Note	AGAAP actual \$	Consolidated A-IFRS impact \$	A-IFRS \$	AGAAP actual \$	Company A-IFRS impact \$	A-IFRS \$
(a)	Effect of AIFRS on the balance sheet as at 1 July 2004							
	Current assets							
	Cash assets		4,632,582	-	4,632,582	_	_	-
	Trade and other receivables		3,514,012	-	3,514,012	-	_	-
	Inventories		136,084	-	136,084	-	-	-
	Prepayments		202,033	-	202,033	-	-	-
	Total current assets		8,484,711	-	8,484,711	-	-	
	Non-current assets							
	Trade and other receivables		2,349,295	_	2,349,295	4,686,167	_	4,686,167
	Investments		-	-	-	437,591	-	437,591
	Plant and equipment		809,368	-	809,368	-	-	-
	Intangibles		9,553,231	-	9,553,231	_	_	-
	Deferred tax assets		166,275	-	166,275	_	_	-
	Total non-current assets		12,878,169	-	12,878,169	5,123,758	-	5,123,758
	Total assets		21,362,880	-	21,362,880	5,123,758	-	5,123,758
	Current liabilities							
	Trade and other payables		2,978,412	_	2,978,412	_	_	_
	Interest bearing liabilities		1,434,540	_	1,434,540	_	_	_
	Current tax liabilities		612,714	_	612,714	_	_	_
	Provisions		198,752	_	198,752	_	_	_
	Total current liabilities		5,224,418	-	5,224,418	-	-	_
	Non-current liabilities							
	Trade and other payables		511,591	_	511,591	_	_	_
	Interest bearing liabilities		2,293,086	_	2,293,086	_	_	_
	Deferred tax liabilities		1,260,965	_	1,260,965	_	_	_
	Total non-current liabilities		4,065,642	_	4,065,642	_	_	
	Total liabilities		9,290,060	_	9,290,060	_	_	
	Net assets		12,072,820	-	12,072,820	5,123,758	-	5,123,758
	Equity							
	Issued capital		5,123,758	_	5,123,758	5,123,758	_	5,123,758
	Reserves	а	(449,006)	449,006	-	-	_	-
	Retained earnings	а	7,281,939	(449,006)	6,832,933	_	_	_
	Total parent equity interest		11,956,691	-	11,956,691	5,123,758		5,123,758
	Minority interest		116,129	-	116,129	-	-	-,,
	Total equity		12,072,820	_	12,072,820	5,123,758	-	5,123,758
	. ,		. /		. , ,			, .,

Effect of AIFRS			Note	AGAAP actual \$	Consolidated A-IFRS impact \$	A-IFRS \$	AGAAP actual \$	Company A-IFRS impact \$	A-IFRS \$
Cash assets 5,172,719 5,172,719 - - - Trade and other receivables 2,817,970 - 2,817,970 730,803 - 730,803 Inventories 241,855 - 241,855 - - - Prepayments 247,471 - 247,471 - - - Total current assets 8,480,015 - 8,480,015 730,803 - 730,803 Non-current assets - - - 437,591 - 6,027,522 - 6,027,522 Investments - <t< td=""><td>(b)</td><td>on the balance sheet</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	(b)	on the balance sheet							
Trade and other receivables Inventories 2,817,970 - 2,817,970 730,803 - 730,803 Inventories 241,855 - 241,855 - 241,855		Current assets							
Inventories		Cash assets		5,172,719	-	5,172,719	-	-	-
Prepayments 247,471 - 247,471		Trade and other receivables		2,817,970	-	2,817,970	730,803	-	730,803
Non-current assets		Inventories		241,855	-	241,855	-	-	-
Non-current assets Trade and other receivables 2,215,623 - 2,215,623 6,027,522 - 6,027,522 Investments 437,591 - 437,591 - 437,591 Plant and equipment 1,099,630 - 1,099,630		Prepayments		247,471	-	247,471	-	-	
Trade and other receivables 2,215,623 - 2,215,623 6,027,522 - 6,027,522 Investments 437,591 - 437,591 - 437,591 Plant and equipment 1,099,630 - 1,099,630		Total current assets		8,480,015	-	8,480,015	730,803	-	730,803
Investments		Non-current assets							
Plant and equipment 1,099,630 - 1,099,630		Trade and other receivables		2,215,623	-	2,215,623	6,027,522	_	6,027,522
Intangibles 9,331,167 - 9,331,167 - - - - -		Investments		-	-	-	437,591	_	437,591
Deferred tax assets		Plant and equipment		1,099,630	-	1,099,630	-	-	-
Total non-current assets 12,836,537 - 12,836,537 6,465,113 - 6,465,113 Total assets 21,316,552 - 21,316,552 7,195,916 - 7,195,916 Current liabilities 1,846,070 - 1,846,070		Intangibles		9,331,167	-	9,331,167	-	-	-
Total assets 21,316,552 - 21,316,552 7,195,916 - 7,195,916 Current liabilities Trade and other payables 1,846,070 - 1,846,070 - 2 - 3 Interest bearing liabilities 663,318 - 663,318 - 63,318 - 326,550 381,355 - 381,355 Provisions 958,544 - 958,544 730,803 - 730,803 Total current liabilities 3,794,482 - 3,794,482 1,112,158 - 1,112,158 Non-current liabilities 565,092 - 565,092		Deferred tax assets		190,117	-	190,117	-	-	-
Current liabilities Trade and other payables 1,846,070 - 1,846,070		Total non-current assets		12,836,537	-	12,836,537	6,465,113	-	6,465,113
Trade and other payables 1,846,070 - 1,846,070		Total assets		21,316,552	-	21,316,552	7,195,916	-	7,195,916
Interest bearing liabilities 663,318 - 663,318 381,355 Current tax liabilities 326,550 - 326,550 381,355 - 381,355 Provisions 958,544 - 958,544 730,803 - 730,803 Total current liabilities 3,794,482 - 3,794,482 1,112,158 - 1,112,158 Non-current liabilities Trade and other payables 565,092 - 565,092		Current liabilities							
Current tax liabilities 326,550 - 326,550 381,355 - 381,355 Provisions 958,544 - 958,544 730,803 - 730,803 Total current liabilities 3,794,482 - 3,794,482 1,112,158 - 1,112,158 Non-current liabilities 565,092 - 565,092		Trade and other payables		1,846,070	-	1,846,070	_	_	-
Provisions 958,544 - 958,544 730,803 - 730,803 Total current liabilities Non-current liabilities 565,092 - 565,092 - - - - Interest bearing liabilities 1,141,191 - 1,141,191 - - - - - Deferred tax liabilities 1,215,510 - 1,215,510 -		Interest bearing liabilities		663,318	-	663,318	_	_	-
Total current liabilities 3,794,482 - 3,794,482 1,112,158 - 1,112,158 Non-current liabilities Trade and other payables 565,092 - 565,092 Interest bearing liabilities 1,141,191 - 1,141,191 Deferred tax liabilities 1,215,510 - 1,215,510 Total non-current liabilities 2,921,793 - 2,921,793 Total liabilities 6,716,275 - 6,716,275 1,112,158 - 1,112,158 - 1,112,158 Net assets 14,600,277 - 14,600,277 6,083,758 - 6,083,758 - 6,083,758 Equity Issued capital 6,083,758 - 6,083,758 - 6,083,758 - 6,083,758 Reserves a (498,240) 449,006 (49,234)		Current tax liabilities		326,550	-	326,550	381,355	-	381,355
Non-current liabilities Trade and other payables 565,092 - 565,092 <td></td> <td>Provisions</td> <td></td> <td>958,544</td> <td>-</td> <td>958,544</td> <td>730,803</td> <td>-</td> <td>730,803</td>		Provisions		958,544	-	958,544	730,803	-	730,803
Trade and other payables 565,092 - 565,092 -		Total current liabilities		3,794,482	-	3,794,482	1,112,158	-	1,112,158
Interest bearing liabilities 1,141,191 - 1,141,191		Non-current liabilities							
Deferred tax liabilities 1,215,510 - 1,215,510 -		Trade and other payables		565,092	-	565,092	_	_	-
Total non-current liabilities 2,921,793 - 2,921,793 - </td <td></td> <td>Interest bearing liabilities</td> <td></td> <td>1,141,191</td> <td>-</td> <td>1,141,191</td> <td>_</td> <td>_</td> <td>-</td>		Interest bearing liabilities		1,141,191	-	1,141,191	_	_	-
Total liabilities 6,716,275 - 6,716,275 1,112,158 - 1,112,158 Net assets 14,600,277 - 14,600,277 6,083,758 - 6,083,758 Equity Issued capital 6,083,758 - 6,083,758 - 6,083,758 Reserves a (498,240) 449,006 (49,234)		Deferred tax liabilities		1,215,510	-	1,215,510	-	_	-
Net assets 14,600,277 - 14,600,277 6,083,758 - 6,083,758 Equity Issued capital 6,083,758 - 6,083,758 - 6,083,758 Reserves a (498,240) 449,006 (49,234)		Total non-current liabilities		2,921,793	-	2,921,793	-	-	_
Equity Issued capital 6,083,758 - 6,083,758 6,083,758 - 6,083,758 - 6,083,758 - 6,083,758 - 6,083,758 - 6,083,758 - 6,083,758 - 7 <td< td=""><td></td><td>Total liabilities</td><td></td><td>6,716,275</td><td>-</td><td>6,716,275</td><td>1,112,158</td><td>-</td><td>1,112,158</td></td<>		Total liabilities		6,716,275	-	6,716,275	1,112,158	-	1,112,158
Issued capital 6,083,758 - 6,083,758 6,083,758 - 6,083,758 - 6,083,758 Reserves a (498,240) 449,006 (49,234) Retained earnings a 8,888,040 (449,006) 8,439,034 Total parent equity interest 14,473,558 - 14,473,558 6,083,758 - 6,083,758 Minority interest 126,719 - 126,719		Net assets		14,600,277	-	14,600,277	6,083,758	-	6,083,758
Reserves a (498,240) 449,006 (49,234) - - - - Retained earnings a 8,888,040 (449,006) 8,439,034 - - - - Total parent equity interest 14,473,558 - 14,473,558 6,083,758 - 6,083,758 Minority interest 126,719 - 126,719 - - -		Equity							
Retained earnings a 8,888,040 (449,006) 8,439,034 - - - - Total parent equity interest 14,473,558 - 14,473,558 6,083,758 - 6,083,758 Minority interest 126,719 - 126,719 - - -		Issued capital		6,083,758	-	6,083,758	6,083,758	_	6,083,758
Total parent equity interest 14,473,558 - 14,473,558 6,083,758 - 6,083,758 Minority interest 126,719 - 126,719		Reserves	а	(498,240)	449,006	(49,234)	_	_	-
Minority interest 126,719 - 126,719		Retained earnings	а		(449,006)	8,439,034	_	-	-
Minority interest 126,719 - 126,719		Total parent equity interest		14,473,558	-	14,473,558	6,083,758	-	6,083,758
Total equity 14,600,277 - 14,600,277 6,083,758 - 6,083,758		Minority interest		126,719	-	126,719	-	-	-
		Total equity		14,600,277	-	14,600,277	6,083,758	-	6,083,758

Effect of A-IFRS on the Balance Sheet

a) This adjustment relates to the transfer of the foreign currency translation reserve as at 1 July 2004 to retained earnings.

27.IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

	Note	AGAAP actual \$	Consolidated A-IFRS impact \$	A-IFRS	AGAAP actual \$	Company A-IFRS impact \$	A-IFRS
(c)	Effect of AIFRS on the income statement for the financial year ended 30 June 2005						
	Revenue	18,608,542	-	18,608,542	2,290,396	-	2,290,396
	Employee benefits expenses Depreciation and	(3,953,578)	-	(3,953,578)	-	-	-
	amortisation expenses	(576,387)	-	(576,387)	-	-	-
	Finance costs	(199,771)	-	(199,771)	-	-	-
	Legal fees/legal settlements	(519,753)	-	(519,753)	-	-	-
	Raw materials/consumable items	(4,296,697)	-	(4,296,697)	-	-	-
	Area agents fees/commissions	(357,892)	-	(357,892)	-	-	-
	Rental expense on operating leases	(562,341)	-	(562,341)	-	-	-
	Motor vehicle/travel costs	(834,392)	-	(834,392)	-	-	-
	Management fees	-	-	-	(829,331)	-	(829,331)
	Bad debts	(78,798)	-	(78,798)	-	-	-
	Professional and registry costs	(252,496)	-	(252,496)	-	-	-
	Auditing and accounting services	(252,943)	-	(252,943)	-	-	-
	Bank charges	(301,839)	-	(301,839)	_	-	-
	Cost of sales – retail stores Other expenses from	(278,484)	-	(278,484)	-	-	-
	ordinary activities	(1,668,546)	-	(1,668,546)	-	-	
	Profit before income tax expense	4,474,625	-	4,474,625	1,461,065	-	1,461,065
	Income tax expense	(1,396,329)	-	(1,396,329)	-	-	-
	Profit from continuing operations	3,078,296	-	3,078,296	1,461,065	-	1,461,065
	Profit attributable to minority interest	(10,590)	-	(10,590)	-	-	-
	Profit attributable to members						
	of the parent entity	3,067,706	-	3,067,706	1,461,065	-	1,461,065

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

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

	Extern	al Sales	Inter-segment		Total	
	2006	2005	2006	2005	2006	2005
Segment revenues	\$	\$	\$	\$	\$	\$
Franchising	21,972,840	18,013,775	-	-	21,972,840	18,013,775
Financing	352,154	382,755	-	-	352,154	382,755
Total of all segments	22,324,994	18,396,530	-	-	22,324,994	18,396,530
Eliminations					-	-
Unallocated					303,928	212,012
Consolidated revenue					22,628,922	18,608,542
					Т	otal
					2006	2005
Segment results					\$	\$
Franchising					6,086,122	4,572,280
Financing					112,874	34,017
Total of all segments					6,198,996	4,606,297
Eliminations					_	_
Unallocated					(49,572)	(131,672)
Profit before income tax exp	pense				6,149,424	4,474,625
Income tax expense					(1,888,483)	(1,396,329)
Profit for the period					4,260,941	3,078,296

	Fran	chising	Financing		
	2006 \$	2005 \$	2006 \$	2005 \$	
Other segment information	Ψ	•	Ψ	•	
Acquisition of segment assets	600,752	710,294	-	-	
Depreciation and amortisation of segment assets	545,442	576,387	-	-	
Significant expenses:					
Bad debts	149,694	5,201	58,897	73,597	

Secondary reporting -geographical segments

	Revenue from external customers 2006 \$	Revenue from external customers 2005 \$	Segment assets 2006 \$	Segment assets 2005 \$	Acquisition of segment assets 2006 \$	Acquisition of segment assets 2005 \$
Geographical segments						
Australia	10,863,660	8,933,829	19,898,260	17,811,602	183,879	134,156
UK Division	11,435,703	9,261,687	5,170,788	3,489,710	416,873	576,138
US Division	23,856	55,460	15,352	15,240	-	-
Rest of the World	305,703	357,566	-	-	-	-
Consolidated	22,628,922	18,608,542	25,084,400	21,316,552	600,752	710,294

28. SEGMENTAL INFORMATION (Continued)

		Assets	Liabilities		
	2006	2005	2006	2005	
	\$	\$	\$	\$	
Segment assets & liabilities					
Franchising	21,828,146	17,970,727	4,216,148	3,551,195	
Financing	3,256,254	3,345,825	3,027,231	3,165,080	
Total of all segments	25,084,400	21,316,552	7,243,379	6,716,275	
Eliminations	-	-	-	-	
Unallocated	-	-	-		
Consolidated	25,084,400	21,316,552	7,243,379	6,716,275	

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

29. 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; and
- (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.
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001

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 26 September 2006

INDEPENDENT AUDIT REPORT

to the members of Cash Converters International Ltd

Deloitte.

Deloitte Touche Tohmatsu ABN 74 490 121 060

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SCOPE

THE FINANCIAL REPORT AND DIRECTORS' RESPONSIBILITY

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Cash Converters International Ltd (the company) and the consolidated entity, for the financial year ended 30 June 2006 as set out on pages 28 to page 67. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

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

AUDIT APPROACH

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

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

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

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

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

AUDIT OPINION

In our opinion, the financial report of Cash Converters International Ltd is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
- (b) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

DELOITTE TOUCHE TOHMATSU

Keith F Jones

Partner

Chartered Accountants

Perth, 26 September 2006

DECLARATION OF INDEPENDENCE

Deloitte.

Deloitte Touche Tohmatsu ABN 74 490 121 060

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The Board of Directors

Cash Converters International Ltd

Level 18

37 St Georges Tce

PERTH WA 6000

26 September 2006

Dear Board Members

CASH CONVERTERS INTERNATIONAL LTD

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 Ltd.

As lead audit partner for the audit of the financial statements of Cash Converters International Ltd for the financial year ended 30 June 2006, 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

Keith F Jones

Partner

Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 18 September 2006

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:

	Number	Percentage of	
	of		
	ordinary	issued	
Name	shares	shares	
Hosking Financial Group	28,662,433	17.38	
J P Morgan Nominees Australia Limited	20,067,153	12.17	
Westpac Custodian Nominees Limited	18,050,000	10.95	
RBC Global Services Australia Nominees Pty Ltd	9,821,404	5.96	
ANZ Nominees Limited	8,612,412	5.22	

DISTRIBUTION OF EQUITY

	Holders
Distribution schedule of holdings:	
1 - 1,000	131
1,001 - 5,000	352
5,001 - 10,000	252
10,001 - 100,000	985
100,001 and over	139
Total number of holders	1859
Number of holders of less than a marketable parcel	133

TWENTY LARGEST EQUITY SECURITY HOLDERS

	Number	Percentage
	of	of
	ordinary	Issued
Name	shares	shares
Hosking Financial Group	28,662,433	17.38
J P Morgan Nominees Australia Limited	20,067,153	12.17
Westpac Custodian Nominees Limited	18,050,000	10.95
RBC Global Services Australia Nominees Pty Ltd	9,821,404	5.96
ANZ Nominees Limited	8,612,412	5.22
Mrs Merle Cooke	5,150,000	3.12
Bydand Capital Pty Ltd	4,810,172	2.92
Mr Wayne Douglas and Mrs Heather Janet Hubbard	3,038,400	1.84
Australian Executor Trustees Limited	2,141,835	1.30
Mr Michael Edward Constable	1,333,801	0.81
Mrs Christine Dorey	1,300,231	0.79
Mr Mohammed H Al Mulla	1,283,166	0.78
Jagen Nominees Pty Ltd	1,250,000	0.76
Mellon Nominees (UK) Limited	1,068,766	0.65
Sally Day & Ian Day	1,016,919	0.62
Mr Reginald Paul Webb	1,000,000	0.61
Mr Peter Casey	946,250	0.57
Riolane Holdings Pty Ltd	886,151	0.54
Jagen Nominees Pty Ltd	761,500	0.46
Willagee Holdings Pty Ltd	753,460	0.46
	111,954,053	67.89

Shareholder Information Continued

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 2006.

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, 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 earnout 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.

