FIRST CASH FINANCIAL SERVICES INC
Form 10-Q
May 09, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to ___________

Commission file number 0-19133

FIRST CASH FINANCIAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	75-2237318
(state or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
690 East Lamar Blvd., Suite 400	
Arlington, Texas	**76011**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:
(817) 460-3947

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

o Large accelerated filer
x Accelerated filer
o Non-accelerated filer (Do not check if a smaller reporting company)
o Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes x No

As of May 7, 2008, there were 29,229,335 shares of common stock outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRST CASH FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31,		December 31,
	2008	2007	2007
	(unaudited)		
		(in thousands)	
ASSETS			
Cash and cash equivalents	$ 13,689	$ 12,178	$ 14,175
Finance and service charges receivable	7,082	5,103	7,867
Customer receivables, net of allowances of $8,409, $6,146 and $9,903, respectively	74,462	59,278	74,532
Inventories	35,346	30,048	35,612
Prepaid expenses and other current assets	6,095	6,374	9,103
Discontinued operations	320	2,293	1,509
Total current assets	136,994	115,274	142,798
Customer receivables with long-term maturities, net of allowance of $9,198, $5,888 and $10,878, respectively	30,918	20,709	31,218
Property and equipment, net	47,418	32,821	43,762
Goodwill, net	66,874	66,874	66,874
Intangible assets, net	5,407	5,644	5,466
Other	1,421	1,229	1,430
Total assets	$ 289,032	$ 242,551	$ 291,548
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of notes payable	$ 2,250	$ 2,250	$ 2,250
Accounts payable	6,357	2,037	1,732
Accrued liabilities	16,918	18,554	17,066
Discontinued operations	91	-	-
Total current liabilities	25,616	22,841	21,048
Revolving credit facility	54,900	4,900	55,000
Notes payable, net of current portion	3,375	6,625	3,938

Deferred income taxes payable	10,053	8,218	10,353
Total liabilities	93,944	42,584	90,339
Stockholders' equity:			
Preferred stock	-	-	-
Common stock	361	354	359
Additional paid-in capital	112,241	103,040	111,410
Retained earnings	176,550	144,846	169,855
Common stock held in treasury	(94,064)	(48,273)	(80,415)
Total stockholders' equity	195,088	199,967	201,209
Total liabilities and stockholders' equity	$ 289,032	$ 242,551	$ 291,548

The accompanying notes are an integral part
of these condensed consolidated financial statements.

FIRST CASH FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31,	
	2008	2007
	(unaudited) (in thousands, except per share amounts)	
Revenues:		
Merchandise sales	$ 66,699	$ 57,234
Finance and service charges	34,783	29,717
Other	1,259	1,170
	102,741	88,121
Cost of revenues:		
Cost of goods sold	36,444	30,166
Credit loss provision	15,856	9,031
Other	108	108
	52,408	39,305
Net revenues	50,333	48,816
Expenses and other income:		
Store operating expenses	28,801	23,750
Administrative expenses	7,521	7,457

Depreciation	2,926	2,410
Amortization	59	26
Interest expense	912	342
Interest income	(18)	(20)
	40,201	33,965
Income from continuing operations before income taxes	10,132	14,851
Provision for income taxes	3,735	5,445
Income from continuing operations	6,397	9,406
Income from discontinued operations, net of tax of $174 and $500, respectively	298	873
Net income	$ 6,695	$ 10,279
Basic income per share:		
Income from continuing operations	$ 0.21	$ 0.30
Income from discontinued operations	0.01	0.02
Net income per basic share	$ 0.22	$ 0.32
Diluted income per share:		
Income from continuing operations	$ 0.21	$ 0.28
Income from discontinued operations	0.01	0.03
Net income per diluted share	$ 0.22	$ 0.31

The accompanying notes are an integral part
of these condensed consolidated financial statements.

FIRST CASH FINANCIAL SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2008	2007
	(unaudited, in thousands)	
Cash flows from operating activities:		
Net income	$ 6,695	$ 10,279
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	3,134	2,452
Share-based compensation expense	38	40
Non-cash portion of credit loss provision	12,858	7,458
Changes in operating assets and liabilities:		

Buy-here/pay-here automotive customer receivables	(12,607)	(14,564)
Finance and service fees receivable	785	(137)
Inventories	788	(1,867)
Prepaid expenses and other assets	2,759	(723)
Accounts payable and accrued liabilities	2,917	(3,258)
Current and deferred income taxes	1,609	4,508
Net cash flows from operating activities	18,976	4,188
Cash flows from investing activities:		
Pawn customer receivables	193	(602)
Short-term loan customer receivables	593	272
Purchases of property and equipment	(6,731)	(4,604)
Distribution to minority interest in Cash & Go, Ltd. joint venture	(194)	(63)
Net cash flows from investing activities	(6,139)	(4,997)
Cash flows from financing activities:		
Proceeds from debt	11,000	18,700
Payments of debt	(11,663)	(22,363)
Purchases of treasury stock	(13,649)	-
Proceeds from exercise of stock options and warrants	677	676
Stock option and warrant income tax benefit	312	439
Net cash flows from financing activities	(13,323)	(2,548)
Change in cash and cash equivalents	(486)	(3,357)
Cash and cash equivalents at beginning of the period	14,175	15,535
Cash and cash equivalents at end of the period	$ 13,689	$ 12,178
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 941	$ 354
Income taxes	$ 2,307	$ 1,001
Supplemental disclosure of non-cash operating activity:		
Inventory acquired in repossession	$ 570	$ 290
Supplemental disclosure of non-cash investing activity:		
Non-cash transactions in connection with pawn receivables settled through forfeitures of collateral transferred to inventories	$ 16,283	$ 12,031

The accompanying notes are an integral part
of these condensed consolidated financial statements.

FIRST CASH FINANCIAL SERVICES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements, including the notes thereto, include the accounts of First Cash Financial Services, Inc. (the "Company"), and its wholly-owned subsidiaries. In addition, the accompanying consolidated financial statements include the accounts of Cash & Go, Ltd., a Texas limited partnership that operates financial services kiosks inside convenience stores, in which the Company has a 50% ownership interest. All significant intercompany accounts and transactions have been eliminated.

Such unaudited consolidated financial statements are condensed and do not include all disclosures and footnotes required by generally accepted accounting principles in the United States of America for complete financial statements. Such interim period financial statements should be read in conjunction with the Company's consolidated financial statements, which are included in the Company's December 31, 2007 Annual Report on Form 10-K. The condensed consolidated financial statements as of March 31, 2008 and for the three month periods ended March 31, 2008 and 2007 are unaudited, but in management's opinion, include all adjustments (consisting of only normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flows for such interim periods. Operating results for the period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the full fiscal year.

Certain amounts in prior year comparative presentations have been reclassified in order to conform to the 2008 presentation.

Note 2 - Discontinued Operations

Effective December 2007, the Company discontinued its short-term loan operations in the District of Columbia ("D.C."). This was a result of legislation enacted in 2007, which reduced the maximum annual percentage rate charged on short-term loans to 24%, making the Company's short-term loan product financially unviable. All revenues, expenses and income reported herein have been adjusted to reflect reclassification of the discontinued D.C. operations.

Note 3 - Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	Three Months Ended March 31,	
	2008	2007
Numerator:		
Income from continuing operations for calculating basic earnings per share	$ 6,397	$ 9,406
Interest on convertible note, net of taxes	-	11
Income from continuing operations for calculating diluted		

earnings per share	6,397	9,417
Income from discontinued operations	298	873
Net income for calculating diluted earnings per share	$ 6,695	$ 10,290
Denominator:		
Weighted-average common shares for calculating basic earnings per share	30,588	31,721
Effect of dilutive securities:		
Convertible note payable	-	56
Stock options and warrants	529	1,402
Weighted-average common shares for calculating diluted earnings per share	31,117	33,179
Basic earnings per share:		
Income from continuing operations	$ 0.21	$ 0.30
Income from discontinued operations	0.01	0.02
Net income per basic share	$ 0.22	$ 0.32
Diluted earnings per share:		
Income from continuing operations	$ 0.21	$ 0.28
Income from discontinued operations	0.01	0.03
Net income per diluted share	$ 0.22	$ 0.31

Note 4 - Guarantees

First Cash Credit, Ltd. ("FCC"), a wholly-owned subsidiary of the Company, offers a fee-based credit services program ("CSO program") to assist consumers in obtaining credit. Under the CSO program, FCC assists customers in applying for a short-term loan from an independent, non-bank, consumer lending company (the "Independent Lender") and issues the Independent Lender a letter of credit to guarantee the repayment of the loan. The loans made by the Independent Lender to credit services customers of FCC range in amount from $50 to $1,500, have terms of 7 to 180 days and bear interest at a rate of less than 10% on an annualized basis.

These letters of credit constitute a guarantee for which the Company is required to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken by issuing the letters of credit. The Independent Lender may present the letter of credit to FCC for payment if the customer fails to repay the full amount of the loan and accrued interest after the due date of the loan. Each letter of credit expires approximately 30 days after the due date of the loan. FCC's maximum loss exposure under all of the outstanding letters of credit issued on behalf of its customers to the Independent Lender as of March 31, 2008 was $12,185,000 compared to $10,676,000 at March 31, 2007. According to the letters of credit, if the borrower defaults on the loan, the Company will pay the Independent Lender the principal, accrued interest, insufficient funds fee, and late fees, all of which the Company records as a component of its credit loss provision. FCC is entitled to seek recovery, directly from its customers, of the amounts it pays the Independent Lender in performing under the letters of credit. The Company records the estimated fair value of the liability under the letters of credit as a component of accrued liabilities.

Note 5 - Operating Segment Information

The Company manages its business on the basis of two reportable segments: the pawn and short-term loan segment and the buy-here/pay-here automotive segment. There are no intersegmental sales and each segment is managed separately. The following tables detail selected balance sheet information regarding the operating segments as of March 31, 2008 and March 31, 2007 (in thousands):

	Pawn and Short-Term Loan	Buy-Here/ Pay-Here Automotive	Consolidated
March 31, 2008			
Customer receivables, with short- and long-term maturities:			
Pawn	$ 41,454	$ -	$ 41,454
Short-term loan	5,488	-	5,488
Buy-here/pay-here	-	76,045	76,045
	46,942	76,045	122,987
CSO short-term loans held by independent third-party (1)	10,906	-	10,906
Allowances for doubtful accounts	(758)	(17,436)	(18,194)
	$ 57,090	$ 58,609	$ 115,699
Service fees receivable	$ 6,796	$ 286	$ 7,082
Inventories	26,797	8,549	35,346
Total assets	209,439	79,593	289,032
March 31, 2007			
Customer receivables, with short- and long-term maturities:			
Pawn	$ 33,931	$ -	$ 33,931
Short-term loan	4,314	-	4,314
Buy-here/pay-here	-	53,776	53,776
	38,245	53,776	92,021
CSO short-term loans held by independent third-party (1)	9,532	-	9,532
Allowances for doubtful accounts	(555)	(11,906)	(12,461)
	$ 47,222	$ 41,870	$ 89,092
Service fees receivable	$ 4,946	$ 157	$ 5,103
Inventories	23,675	6,373	30,048
Total assets	193,269	49,282	242,551

(1) CSO short-term loans outstanding are from an independent third-party lender and are not included on the Company's balance sheet.

The following tables detail results of continuing operations by operating segment for the three months ended March 31, 2008 and March 31, 2007 (in thousands):

Pawn and Buy-Here/

Short-Term Loan	Pay-Here Automotive	Consolidated

Three Months Ended March 31, 2008

Revenues:

Retail merchandise sales

$

28,814

$

22,280

$

51,094

Wholesale merchandise sales

15,189

416

15,605

Pawn service charges

16,453

-

16,453

Short-term loan and credit services fees

16,279

-

16,279

Buy-here/pay-here finance charges

-

2,051

	2,051
Other	
	1,106
	153
	1,259
	77,841
	24,900
	102,741
Cost of revenues:	
Cost of goods sold - retail	
	15,802
	11,180
	26,982
Cost of goods sold - wholesale	
	8,942
	520
	9,462
Credit loss provision	
	3,725
	12,131
	15,856
Other	
	108

	-
	108
	28,577
	23,831
	52,408
Net revenues	
	49,264
	1,069
	50,333
Expenses and other income:	
Store operating expenses	
	24,417
	4,384
	28,801
Store depreciation and amortization	
	2,456
	110
	2,566
	26,873
	4,494

31,367

Net store contribution (loss)

$

22,391

$

(3,425)

$

18,966

Three Months Ended March 31, 2007

Revenues:

Retail merchandise sales

$

26,194

$

22,372

$

48,566

Wholesale merchandise sales

8,251

417

8,668

Pawn service charges

13,318

-

13,318

Short-term loan and credit services fees	
	15,025
	-
	15,025
Buy-here/pay-here finance charges	
	-
	1,374
	1,374
Other	
	1,125
	45
	1,170
	63,913
	24,208
	88,121
Cost of revenues:	
Cost of goods sold - retail	
	14,668
	9,388
	24,056
Cost of goods sold - wholesale	
	5,490
	620

	6,110
Credit loss provision	
	2,332
	6,699
	9,031
Other	
	108
	-
	108
	22,598
	16,707
	39,305
Net revenues	
	41,315
	7,501
	48,816
Expenses and other income:	
Store operating expenses	
	21,357
	2,393
	23,750

Store depreciation and amortization

2,157

14

2,171

23,514

2,407

25,921

Net store contribution (loss)

$

17,801

$

5,094

$

22,895

The following table reconciles net store contribution, as presented above, to income from continuing operations before income taxes for each period presented (in thousands):

	Three Months Ended March 31,	
	2008	2007
Total net store contribution for reportable segments	$ 18,966	$

	22,895	
Administrative depreciation and amortization	(419)	(265)
Administrative expenses (1)	(7,521)	(7,457)
Interest expense	(912)	(342)
Interest income	18	20
Income from continuing operations before income taxes	$ 10,132	$ 14,851

(1) Administrative expenses are comprised of all operating expenses, except for interest, depreciation and amortization, incurred by the Company that are not allocable to specific stores. It is the Company's policy not to allocate such administrative expenses to specific stores or operating segments.

Expenditures for property and equipment for the first quarter of 2008 total $6,731,000. Of this amount, $2,310,000 was related to the pawn and short-term loan segment and $3,847,000 was related to the buy-here/pay-here automotive segment. Expenditures for property and equipment for the first quarter of 2007 total $4,604,000. Of this amount, $3,566,000 was related to the pawn and short-term loan segment and $371,000 was related to the buy-here/pay-here automotive segment.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company generates revenue from four primary products and services, which are (i) pawn revenues, (ii) short-term loan revenues, (iii) credit services fees, and (iv) buy-here/pay-here automotive revenues.

The Company's pawn revenue is derived primarily from service fees on pawns and merchandise sales of forfeited pawn collateral and used goods purchased directly from the general public. The Company accrues pawn service charge revenue on a constant-yield basis over the life of the pawn for all pawns that the Company deems collection to be probable based on historical pawn redemption statistics. If a pawn is not repaid prior to the expiration of the automatic extension period, if applicable, the property is forfeited to the Company and transferred to inventory at a value equal to the principal amount of the loan, exclusive of accrued interest.

The Company's short-term loan revenue is derived primarily from fees on short-term loans and credit services fees. The Company recognizes service fee income on short-term loans on a constant-yield basis over the life of the short-term loan, which is generally thirty-one days or less. The net defaults on short-term loans and changes in the short-term loan valuation reserve are charged to the short-term loan loss provision. The credit loss provision is based primarily upon historical credit loss experience, with consideration given to recent credit loss trends, delinquency rates, economic conditions and management's expectations of future credit losses.

First Cash Credit, Ltd., ("FCC") a wholly-owned subsidiary of the Company, offers a fee-based credit services organization program ("CSO program") to assist customers in all of the Company's Texas locations in obtaining credit. Under the CSO program, FCC assists customers in applying for a short-term loan from an independent, non-bank, consumer lending company and issues the Independent Lender a letter of credit to guarantee the repayment of the loan. The Company recognizes credit services fees ratably over the life of the loan made by the Independent Lender. The loans made by the Independent Lender to credit services customers of FCC have terms of 7 to 180 days. The Company records a liability for the estimated fair value of the liability under the letters of credit.

The Company's buy-here/pay-here automotive revenues are derived primarily from the sale of used vehicles and the finance charges from related vehicle financing contracts. Revenues from the sale of used vehicles are recognized when the sales contract and related finance agreement are signed and the customer has taken possession of the vehicle. Interest income is recognized on all active finance receivable accounts on a constant-yield basis. Late payment fees are recognized when collected and are included in revenue. The Company maintains an allowance for credit losses, on an aggregate basis, at a level it considers sufficient to cover estimated losses in the collection of its customer receivables. The credit loss provision is based primarily upon historical credit loss experience, with consideration given to recent credit loss trends, delinquency rates, economic conditions and management's expectations of future credit losses.

OPERATIONS AND LOCATIONS

As of March 31, 2008, the Company had 480 locations in thirteen U.S. states and twelve states in Mexico, which represents a 13% increase over the 424 locations open at March 31, 2007. A total of nine new retail locations were opened during the first quarter of 2008. The openings were a combination of pawn stores, short-term loan stores and Auto Master buy-here/pay-here dealerships. The following table details store counts for the three month period ended March 31, 2008:

	U.S. Locations	Mexico Locations
	Short-Term	

	Pawn Stores	Loan/ Check Cashing Stores	Buy-Here/ Pay-Here Automotive Dealerships	Pawn/ Short-Term Loan Stores	Total Locations
Three Months Ended March 31, 2008					
Total locations, beginning of period	96	157	15	207	475
New locations opened	-	2	1	6	9
Locations closed or consolidated	(1)	(1)	-	(2)	(4)
Total locations, end of period	95	158	16	211	480

For the three month period ended March 31, 2008, the Company's 50% owned joint venture, Cash & Go, Ltd., operated a total of 39 kiosks located inside convenience stores in the state of Texas, which are not included in the above table. During the three months ended March 31, 2008, the Company did not open or close any Cash & Go, Ltd. kiosks.

While the Company has had significant increases in revenues due to new store openings in 2008 and 2007, the Company has also incurred increases in operating expenses attributable to the additional locations. Operating expenses consist of all items directly related to the operation of the Company's stores and dealerships, including salaries and related payroll costs, rent, utilities, equipment, advertising, property taxes, licenses, supplies and security. Administrative expenses consist of items relating to the operation of the corporate office, including the compensation and benefit costs of corporate management, area supervisors and other operations management personnel, collections operations and personnel, accounting and administrative costs, information technology costs, liability and casualty insurance, outside legal and accounting fees and stockholder-related expenses.

Stores included in the same-store revenue calculations are those stores that were opened prior to the beginning of the prior year comparative fiscal period and are still open. Also included are stores that were relocated during the year within a specified distance serving the same market, where there is not a significant change in store size and where there is not a significant overlap or gap in timing between the opening of the new store and the closing of the existing store. During the first quarter of 2007, the Company relocated one store that involved a significant change in the size of its retail showroom, and accordingly, the expanded store has been excluded from the same-store calculations. Non-retail sales of scrap jewelry and automobiles are included in same-store revenue calculations.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related revenues and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. Such estimates and assumptions are subject to a number of risks and uncertainties, which may cause actual results to differ materially from the Company's estimates. Both the significant accounting policies that management believes are the most critical to aid in fully understanding and evaluating the reported financial results and the effects of recent accounting pronouncements have been reported in the Company's 2007 Annual Report on Form 10-K.

Recent Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and emphasizes that fair value is a market-based measurement, not an entity-specific measurement. It establishes a fair value hierarchy and expands disclosures about fair value measurements in both interim and annual periods. SFAS 157 was effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. In February 2008, FASB issued FASB Staff Position ("FSP") FAS 157-2, "Effective Date of FASB Statement No. 157", which delays the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed in the financial statements on a nonrecurring basis. The FSP partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP. The adoption of SFAS 157 and FSP FAS 157-2 did not have a material effect on the Company's financial position or results of operations. The Company has not applied the provisions of SFAS 157 to its nonfinancial assets and nonfinancial liabilities in accordance with FSP FAS 157-2.

The Company will apply the provisions of SFAS 157 to these assets and liabilities beginning January 1, 2009 as required by FSP FAS 157-2.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 permits entities to choose, at specified election dates, to measure eligible items at fair value (the "fair value option") and requires an entity to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. SFAS 159 was effective for fiscal years beginning after November 15, 2007. The adoption of SFAS 159 did not have a material effect on the Company's consolidated financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141, "Business Combinations - Revised" ("SFAS 141(R)"). SFAS 141(R) establishes principles and requirements for how an acquirer in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase price; and, determines what information to disclose to enable users of the consolidated financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. In the past, the Company has completed significant acquisitions. The application of SFAS 141(R) will cause management to evaluate future transaction returns under different conditions, particularly the near-term and long-term economic impact of expensing transaction costs up front.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51" ("SFAS 160"). This statement will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The Company does not expect SFAS 160 to have a material effect on the Company's financial position or results of operations.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 requires enhanced disclosures concerning (1) the manner in which an entity uses derivatives (and the reasons it uses them), (2) the manner in which derivatives and related hedged items are accounted for under SFAS No. 133 and interpretations thereof, and (3) the effects that derivatives and related hedged items have on an entity's financial position, financial performance, and cash flows. The standard is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not expect SFAS 161 to have a material effect on the Company's financial position or results of operations.

RESULTS OF CONTINUING OPERATIONS

Three months ended March 31, 2008, compared to the three months ended March 31, 2007

The following table (in thousands) details the components of revenues for the three months ended March 31, 2008, as compared to the three months ended March 31, 2007:

	Three Months Ended March 31,			
	2008	2007	Increase/(Decrease)	
Domestic revenues:				
Pawn retail merchandise sales	$ 16,724	$ 16,390	$ 334	2%
Pawn scrap jewelry sales	6,608	3,850	2,758	72%
Pawn service charges	8,773	7,756	1,017	13%
Short-term loan and credit services fees	15,803	14,958	845	6%
Buy-here/pay-here retail automobile sales	22,280	22,372	(92)	0%
Buy-here/pay-here wholesale automobile sales	416	417	(1)	0%
Buy-here/pay-here finance charges	2,051	1,374	677	49%
Other	1,259	1,170	89	8%
	$ 73,914	$ 68,287	$ 5,627	8%
Foreign revenues:				
Pawn retail merchandise sales	$ 12,090	$ 9,804	$ 2,286	23%
Pawn scrap jewelry sales	8,581	4,401	4,180	95%
Pawn service charges	7,680	5,562	2,118	38%
Short-term loan and credit services fees	476	67	409	610%
	$ 28,827	$ 19,834	$ 8,993	45%
Total revenues:				
Pawn retail merchandise sales	$ 28,814	$ 26,194	$ 2,620	10%
Pawn scrap jewelry sales	15,189	8,251	6,938	84%
Pawn service charges	16,453	13,318	3,135	24%
Short-term loan and credit services fees	16,279	15,025	1,254	8%
Buy-here/pay-here retail automobile sales	22,280	22,372	(92)	0%
Buy-here/pay-here wholesale automobile sales	416	417	(1)	0%
Buy-here/pay-here finance charges	2,051	1,374	677	49%
Other	1,259	1,170	89	8%