FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended January 31, 1998

Commission File Number: 0-19133

FIRST CASH, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

75-2237318
(IRS Employers Identification Number

690 East Lamar, Suite 400
Arlington, Texas
(Address of principal executive offices)

76011
(Zip Code)

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

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.

Yes x No ___

As of March 12, 1998, there were 4,466,792 shares of Company common stock, par value $.01 per share ("Common Stock"), issued and outstanding.

Part I. Financial Information
Item 1. Financial Statements

FIRST CASH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	January 31, 1998 (unaudited)	July 31, 1997
	(in thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 1,294	$ 1,139
Service charges receivable	2,012	1,949
Loans	13,455	12,877
Inventories	11,375	10,035
Prepaid expenses and other current assets	2,853	1,122
Total current assets	30,989	27,122
Property and equipment, net	6,635	6,554
Intangible assets, net	22,626	22,256
Other	695	745
	$ 60,945	$ 56,677

LIABILITIES AND STOCKHOLDERS' EQUITY

Current portion of long-term debt and notes payable	$ 365	$ 942
Accounts payable and accrued expenses	1,943	2,437
Income taxes payable	480	127
Total current liabilities	2,788	3,506
Revolving credit facility	19,425	15,575
Long-term debt and notes payable, net of current portion	1,770	2,735
Debentures Due 1999	6,022	6,022
Debentures Due 2004	500	500
Deferred income taxes	2,301	2,060
	32,806	30,398
Stockholders' equity:		
Preferred stock; $.01 par value; 10,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock; $.01 par value; 20,000,000 shares authorized; 4,937,751 and 4,931,376 shares issued, respectively; 4,466,792 and 4,460,417 shares outstanding, respectively	50	50
Additional paid-in capital	21,032	21,005
Retained earnings	9,322	7,489
Common stock held in treasury, at cost, 470,959 shares	(2,265)	(2,265)
	28,139	26,279
	$ 60,945	$ 56,677

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

FIRST CASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended January 31, 1998	Three Months Ended January 31, 1997	Six Months Ended January 31, 1998	Six Months Ended January 31, 1997
	(unaudited, in thousands, except per share amounts)			
Revenues:				
Merchandise sales	$ 9,713	$ 9,262	$ 18,186	$ 16,009
Pawn service charges	4,803	4,204	9,434	8,266
Other	96	71	171	142
	14,612	13,537	27,791	24,417
Cost of goods sold and expenses:				
Cost of goods sold	6,585	6,423	12,424	11,051
Operating expenses	4,504	3,975	8,743	7,585
Interest expense	533	637	1,079	1,201
Depreciation	213	180	409	342
Amortization	168	159	334	315
Administrative expenses	897	971	1,858	1,843
	12,900	12,345	24,847	22,337
Income before income taxes	1,712	1,192	2,944	2,080
Provision for income taxes	637	396	1,111	731
Net income	$ 1,075	$ 796	$ 1,833	$ 1,349
Basic earnings per share	$ .24	$ .21	$ .41	$ .36
Diluted earnings per share	$ .18	$ .15	$ .31	$ .27

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

FIRST CASH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six-Month Period Ended January 31, 1998	1997
	(unaudited, amounts in thousands)	
Cash flows from operating activities:		
Net income	$ 1,833	$ 1,349
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	743	657
(Increase) decrease in:		
Service charges receivable	5	48
Inventories	(1,200)	(1,343)
Prepaid expenses and other assets	(1,681)	(729)
Increase (decrease) in:		
Accounts payable and accrued expenses	(500)	(76)
Income taxes payable	594	(21)
Net cash flows from operating activities	(206)	(115)
Cash flows from investing activities:		
Net (increase) decrease in loans	(132)	34
Purchases of property and equipment	(378)	(434)
Acquisition of existing stores	(1,464)	(1,965)
Net cash flows from investing activities	(1,974)	(2,365)
Cash flows from financing activities:		
Proceeds from debt	3,179	11,373
Repayments of debt	(871)	(8,147)
Proceeds from exercise of stock options	27	117
Net cash flows from financing activities	2,335	3,343
Increase in cash and cash equivalents	155	863
Cash and cash equivalents at beginning of the period	1,139	680
Cash and cash equivalents at end of the period	$ 1,294	$ 1,543
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 1,087	$ 1,139
Income taxes	$ 510	$ 765

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

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

Note 1 - Basis of Presentation

The accompanying unaudited consolidated financial statements, including the notes thereto, include the accounts of First Cash, Inc. and its wholly-owned subsidiaries, American Loan & Jewelry, Inc., Famous Pawn, Inc., Capital Pawnbrokers, Inc. and Silver Hill Pawn, Inc. Such unaudited consolidated financial statements are condensed and do not include all disclosures and footnotes required by generally accepted accounting principles 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 1997 Annual Report to Stockholders. All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements as of January 31, 1998 and for the periods ended January 31, 1998 and 1997 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 January 31, 1998 are not necessarily indicative of the results that may be expected for the full fiscal year.

Note 2 - Revolving Credit Facility

Effective November 1, 1997, the Company increased its long-term line of credit with its senior commercial lender to $35,000,000 (the "Credit Facility"). At January 31, 1998, $19,425,000 was outstanding under this Credit Facility and an additional $7,069,000 was available to the Company pursuant to the available borrowing base. The Credit Facility bears interest at the prevailing LIBOR rate plus one percent, and matures on November 1, 2000. Amounts available under the Credit Facility are limited to 325% of the Company's earnings before income taxes, interest, depreciation and amortization for the trailing twelve months. Under the terms of the Credit Facility, the Company is required to maintain certain financial ratios and comply with certain technical covenants. The Company was in compliance with these requirements and covenants during the first six months of fiscal 1998 and as of March 12, 1998.

Note 3 - Business Acquisitions

In August, September, and October 1997, the Company acquired the assets of seven individual stores in various regions where the Company operates. In December 1997, the Company acquired 100% of the common stock of Silver Hill Pawn, Inc. and Capital Pawnbrokers, Inc., which operate one store each. In February and March 1998, the Company acquired the assets of two individual stores, bringing the Company's total number of stores owned to sixty-eight. These acquisitions were financed with proceeds from the Company's Credit Facility.

Note 4 - Earnings Per Share

In February 1997, the Financial Accounting Standards Board issued Financial Accounting Standard No. 128, "Earnings Per Share" ("FAS 128"), which became effective for periods ending after December 15, 1997. FAS 128 establishes standards for computing and presenting earnings per share for entities with publicly held common stock or potential common stock. Basic and diluted earnings per share for the three and six month periods ended January 31, 1998 have been calculated in accordance with FAS 128. Earnings per share for prior periods have been restated to conform with FAS 128.

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

	Three Months Ended		Six Months Ended	
	January 31, 1998	January 31, 1997	January 31, 1998	January 31, 1997
Numerator:				
Net income for calculating basic earnings per share	$ 1,075	$ 796	$ 1,833	$ 1,349
Plus interest expense, net of taxes, relating to convertible debentures	120	171	240	344
Net income for calculating diluted earnings per share	$ 1,195	$ 967	$ 2,073	$ 1,693
Denominator:				
Weighted-average common shares for calculating basic earnings per share	4,466	3,730	4,464	3,716

Effect of dilutive securities:				
Stock options and warrants	935	594	898	496
Convertible debentures	1,402	2,100	1,402	2,109
Weighted-average common shares for calculating diluted earnings per share	6,803	6,424	6,764	6,321
Basic earnings per share	$ .24	$ .21	$ .41	$ .36
Diluted earnings per share	$ .18	$ .15	$ .31	$ .27

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

GENERAL

The Company's revenues are derived primarily from service charges on pawn loans and the sale of unredeemed goods, or "merchandise sales". Loans are made for a 30-day term with an automatic extension of 60 days in Texas, 30 days in Oklahoma and 15 to 45 days in Maryland and Washington, DC. All loans are collateralized by tangible personal property placed in the custody of the Company. The annualized service charge rates on the loans are set by state laws and range between 12% and 240% in Texas and 36% and 240% in Oklahoma, depending on the amount of the loan. In Maryland, annualized service charge rates range from 144% to 240%, with a $6 monthly minimum. In Washington, DC, loans up to $40 bear a flat $2 charge per month, while loans over $40 bear a 60% annualized rate. In its Texas stores, the Company recognizes service charges at the inception of the loan at the lesser of the statutory amount for the initial 30-day term or $15, in accordance with state law. In Oklahoma, Maryland and Washington, DC the Company recognizes service charges at the inception of the loan at the amount allowed by law for the first 30 days. Pawn service charge income applicable to the remaining term and/or extension period is not recognized until the loan is repaid or renewed. If a loan is not repaid prior to the expiration of the automatic extension period, the property is forfeited to the Company and held for resale.

As a result of the Company's policy of accruing pawn service charges only for the initial 30-day term, unredeemed merchandise is transferred to inventory at a value equal to the loan principal plus one-month's accrued interest. The Company's accounting policy defers recognition of an amount of income equal to the amount of pawn service charges relating to the remaining term and/or extension period until the loan is repaid, renewed, or until the merchandise is resold. As a result of this policy, the Company's annualized loan yield is lower than certain of its publicly traded competitors. Conversely, this revenue recognition policy results in inventory being recorded at a lower value, which results in realization of a larger gross profit margin on merchandise sales than would be realized by certain of its publicly traded competitors, which lessens the risk that the inventory's cost will exceed its realizable value when sold. However, if the pawn loan is repaid or renewed, or if the forfeited merchandise is resold, the amount of income which would be recognized by the Company or certain of its publicly traded competitors would be the same over time.

Although the Company has had significant increases in revenues due to acquisitions and store openings, the Company has also incurred increases in operating expenses attributable to the additional stores and increases in administrative expenses attributable to establishing a management team and supporting personnel associated with the Company's growth. Operating expenses consist of all items directly related to the operation of the Company's stores, including salaries and related payroll costs, rent, utilities, equipment depreciation, advertising, property taxes, licenses, supplies and security. Administrative expenses consist of items relating to the operation of the corporate office, including the salaries of corporate officers, area supervisors and other management, accounting and administrative costs, liability and casualty insurance, outside legal and accounting fees and stockholder-related expenses.

RESULTS OF OPERATIONS

Six months ended January 31, 1998 compared to six months ended January 31, 1997

Total revenues increased 14% to $27,791,000 for the six months ended January 31, 1998 (the "Six-Month 1998 Period") as compared to $24,417,000 for the six months ended January 31, 1997 (the "Six-Month 1997 Period"). Of the

$3,374,000 increase in total revenues, $1,132,000 relates to the 50 stores which were in operation throughout both the Six-Month 1997 Period and the Six-Month 1998 Period. The remaining increase of $2,242,000 resulted from revenues generated by 16 stores which were acquired or opened subsequent to August 1, 1996. In addition, 64% of the increase in total revenues, or $2,177,000, was attributable to increased merchandise sales, 35%, or $1,168,000, was attributable to increased pawn service charges, and the remaining increase of $29,000 was attributable to the increase in other income, including management fee revenue. As a percentage of total revenues, merchandise sales were 65%, pawn service charges were 34%, and other income was 1% during both the Six-Month 1998 Period and the Six-Month 1997 Period. The gross profit as a percentage of merchandise sales increased from 31% during the Six-Month 1997 Period to 32% during the Six-Month 1998 Period.

The aggregate loan balance increased 11% from $12,138,000 at January 31, 1997 to $13,455,000 at January 31, 1998. Of the $1,317,000 increase, $658,000 was attributable to the addition of 11 stores since January 31, 1997. The remaining increase of $659,000 was due to the 5% increase in same-store loan balances at the 55 stores in operation at both January 31, 1997 and January 31, 1998. The annualized yield on the average aggregate loan balance increased to 143% during the Six-Month 1998 Period compared to 139% during the Six-Month 1997 Period.

Operating expenses increased 15% to $8,743,000 during the Six-Month 1998 Period compared to $7,585,000 during the Six-Month 1997 Period, primarily as a result of the addition of 16 stores subsequent to August 1, 1996, as well as overall higher revenues at the Company's existing stores. Administrative expenses increased 1% to $1,858,000 during the Six-Month 1998 Period compared to $1,843,000 during the Six-Month 1997 Period. Interest expense decreased to $1,079,000 in the Six-Month 1998 Period compared to $1,201,000 in the Six-Month 1997 Period as a result of lower interest rates on the Company's borrowings, and due to the conversion into common stock of certain convertible debentures during fiscal 1997.

For the Six-Month 1998 and 1997 Periods, the Company's tax provisions of 38% and 35%, respectively, of income before income taxes differed from the statutory rate of 34% primarily due to state income taxes, net of the federal tax benefit.

Three months ended January 31, 1998 compared to three months ended January 31, 1997
- --

Total revenues increased 8% to $14,612,000 for the three month period ended January 31, 1998 ("the Second Quarter of Fiscal 1998") as compared to $13,537,000 for the three month period ended January 31, 1997 ("the Second Quarter of Fiscal 1997"). Of the $1,075,000 increase in total revenues, $164,000 relates to the 54 stores which were in operation throughout both the Second Quarter of Fiscal 1998 and the Second Quarter of Fiscal 1997. The remaining increase of $911,000 resulted from revenues generated by 12 stores which were opened subsequent to November 1, 1996. In addition, 42% or $451,000 of the increase in total revenues was attributable to increased merchandise sales, 56% or $599,000 was attributable to increased pawn service charges, and the remaining increase of $25,000 was attributable to the increase in other income. As a percentage of total revenues, merchandise sales decreased from 68% to 66%, and pawn service charges increased from 31% to 33%, during the Second Quarter of Fiscal 1998 as compared to the Second Quarter of Fiscal 1997. The gross profit as a percentage of merchandise sales increased from 31% during the Second Quarter of Fiscal 1997 to 32% during the Second Quarter of Fiscal 1998.

The aggregate loan balance increased 11% from $12,138,000 at January 31, 1997 to $13,455,000 at January 31, 1998. Of the $1,317,000 increase, $658,000 was attributable to the addition of 11 stores since January 31, 1997. The remaining increase of $659,000 was due to the 5% increase in same-store loan balances at the 55 stores in operation at both January 31, 1997 and January 31, 1998. The annualized yield on the average aggregate loan balance increased to 142% during the Second Quarter of Fiscal 1998 compared to 137% during the Second Quarter of Fiscal 1997.

Operating expenses increased 13% to $4,504,000 during the Second Quarter of Fiscal 1998 compared to $3,975,000 during the Second Quarter of Fiscal 1997, primarily as a result of the 12 stores added subsequent to November 1, 1996, and higher overall revenues at the Company's existing stores. Administrative expenses decreased 8% to $897,000 during the Second Quarter of Fiscal 1998 compared to $971,000 during the Second Quarter of Fiscal 1997. Interest expense decreased to $533,000 in the Second Quarter of Fiscal 1998 compared to $637,000 in the Second Quarter of Fiscal 1997 as a result of lower interest rates on the Company's borrowings, and due to the conversion into common stock of certain convertible debentures during fiscal 1997.

For the Second Quarters of Fiscal 1998 and Fiscal 1997, the Company's tax provisions of 37% and 33%, respectively, of income before income taxes differed from the statutory rate of 34% primarily due to state income taxes, net of the federal tax benefit.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations and acquisitions have been financed with funds generated from operations, bank borrowings, seller-financed indebtedness, the private placement of convertible debentures.

Effective November 1, 1997, the Company increased its long-term line of credit with its senior commercial lender to $35,000,000 (the "Credit Facility"). At January 31, 1998, $19,425,000 was outstanding under this Credit Facility and an additional $7,069,000 was available to the Company pursuant to the available borrowing base. The Credit Facility bears interest at the prevailing LIBOR rate plus one percent, and matures on November 1, 2000. Amounts available under the Credit Facility are limited to 325% of the Company's earnings before income taxes, interest, depreciation and amortization for the trailing twelve months. Under the terms of the Credit Facility, the Company is required to maintain certain financial ratios and comply with certain technical covenants. The Company was in compliance with these requirements and covenants during the first six months of fiscal 1998 and as of March 12, 1998.

In August, September, and October 1997, the Company acquired the assets of seven individual stores in various regions where the Company operates. In December 1997, the Company acquired 100% of the common stock of Silver Hill Pawn, Inc. and Capital Pawnbrokers, Inc., which operate one store each. In February and March 1998, the Company acquired the assets of two individual stores, bringing the Company's total number of stores owned to sixty-eight. These acquisitions were financed with proceeds from the Company's Credit Facility.

As of January 31, 1998, the Company's primary sources of liquidity were $1,294,000 in cash and cash equivalents, $2,012,000 in service charges receivable, $13,455,000 in loans, $11,375,000 in inventories and $7,069,000 of available and unused funds under the Company's Credit Facility. The Company had working capital as of January 31, 1998 of $28,201,000 and a total liabilities to equity ratio of 1.17 to 1.

Net cash used by operating activities for the Company during the Six-Month 1998 Period was $206,000 as compared with $115,000 during the Six-Month 1997 Period. Net cash used for investing activities during the Six-Month 1998 Period was $1,974,000 as compared with $2,365,000 during the Six-Month 1997 Period. Net cash provided by financing activities of $2,335,000 during the Six-Month 1998 Period relates primarily to net borrowings under the Company's Credit Facility, as compared to $3,343,000 during the Six-Month 1997 Period.

The profitability and liquidity of the Company are affected by the amount of loans outstanding, which is controlled in part by the Company's loan decisions. The Company is able to influence the frequency of forfeiture of collateral by increasing or decreasing the amount loaned in relation to the resale value of the pledged property. Tighter credit decisions generally result in smaller loans in relation to the estimated resale value of the pledged property and can thereby decrease the Company's aggregate loan balance and, consequently, decrease pawn service charges. Additionally, small loans in relation to the pledged property's estimated sale value tend to increase loan redemptions and improve the Company's liquidity. Conversely, providing larger loans in relation to the estimated sale value of the pledged property can result in an increase in the Company's pawn service charge income. Also larger average loan balances can result in an increase in loan forfeitures, which increases the quantity of goods on hand and, unless the Company increases inventory turnover, reduces the Company's liquidity. In each of the Company's last three fiscal years, at least 70% of the amounts loaned were either paid in full or renewed. The Company's renewal policy allows customers to renew pawn loans by repaying all accrued interest on such pawn loans. In addition to these factors, the Company's liquidity is affected by merchandise sales and the pace of store expansions.

Management believes that the Credit Facility, current assets and cash generated from operations will be sufficient to accommodate the Company's current operations for at least the next twelve months. The Company has no significant capital commitments as of March 12, 1998. The Company currently has no written commitments for additional borrowings or future acquisitions; however, the Company intends to continue to grow and will likely seek additional capital to facilitate expansion. The Company will evaluate acquisitions, if any, based upon opportunities, acceptable financing, purchase price, strategic fit and qualified management personnel.

The Company intends to continue to engage in a plan of expansion through existing store acquisitions and new store openings. While the Company continually looks for, and is presented with, potential acquisition candidates, the Company has no definitive plans or commitments for further acquisitions. If the Company encounters an attractive opportunity to acquire or open a new store in the near future, the Company will seek additional financing, the terms of which will be negotiated on a case-by-case basis. Between August 1, 1997 and March 12, 1998, the Company has acquired eleven individual stores in various regions where the Company operates. These acquisitions were financed with proceeds from the Company's Credit Facility.

FORWARD LOOKING INFORMATION

Statements, either written or oral, which express the Company's expectation for the future with respect to financial performance or operating strategies can be identified as "forward-looking statements." These statements are made to provide the public with management's assessment of the Company's business. The Company may or may not update information contained in previously released forward-looking statements and does not assume the duty to do so.

Certain portions of this report contain forward-looking statements, particularly the portion captioned "Liquidity and Capital Resources". Factors such as changes in regional or national economic or competitive conditions, changes in government regulations, changes in regulations governing pawn service charges, unforeseen litigation, changes in interest rates or tax rates, significant changes in the prevailing market price of gold, future business decisions and other uncertainties may cause results to differ materially from those anticipated by some of the statements made in this report. Such factors are difficult to predict and many are beyond the control of the Company.

PART II. OTHER INFORMATION

ITEM 4. Submission of matters to a vote of security holders

On December 16, 1997, the Company held its annual meeting of stockholders and its stockholders voted for (or ratified) the following proxy proposals as a result of a majority of the Company's outstanding capital stock voting in favor of the proposals. The proposals ratified at the December 16, 1997 annual stockholders' meeting are as follows:

1. The stockholders ratified the selection of Deloitte & Touche LLP as independent auditors of the Company for the fiscal year ending July 31, 1998.

ITEM 6. Exhibits and reports on Form 8-K

a. Exhibits
   27.0 Financial Data Schedules (Edgar version only)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: March 12, 1998

FIRST CASH, INC.
(Registrant)

Phillip E. Powell
Phillip E. Powell
Chairman of the Board and
Chief Executive Officer

Rick L. Wessel
Rick L. Wessel
Chief Accounting Officer

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This schedule contains summary financial information extracted from the condensed consolidated balance sheets and condensed consolidated statements of income found in the company's Form 10-Q for the year to date, and is qualified in its entirety by reference to such financial statements.

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JUL-31-1998
JAN-31-1998
1,294
0
15,467
0
11,375
30,989
6,635
0
60,945
2,788
0
0
0
50
28,089
60,945
18,186
27,791
12,424
12,424
11,344
0
1,079
2,944
1,111
1,833
0
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0
1,833
.41
.31