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
October 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 December 7, 1998, there were 8,138,346 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

	October 31, 1998	July 31, 1998
	(unaudited)	
	(in thousands, except share data)	
ASSETS		
Cash and cash equivalents..................	$ 3,508	$ 1,582
Service charges receivable.................	2,623	2,436
Receivables................................	18,295	17,054
Inventories................................	15,799	13,254
Income taxes receivable....................	1,471	1,471
Prepaid expenses and other current assets..	1,453	1,268
Total current assets..................	43,149	37,065
Property and equipment, net................	8,293	7,890

Intangible assets, net	47,885	45,873
Other	323	300
	$ 99,650	$ 91,128
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of long-term debt and notes payable	$ 1,642	$ 1,587
Accounts payable and accrued expenses	4,610	3,283
Income taxes payable	844	208
Total current liabilities	7,096	5,078
Revolving credit facility	30,450	25,450
Long-term debt and notes payable, net of current portion	6,289	6,367
Deferred income taxes	2,866	2,716
	46,701	39,611
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; 8,354,305 and 8,334,305 shares issued, respectively; 7,883,346 and 7,863,346 shares outstanding, respectively	84	83
Additional paid-in capital	42,504	42,412
Retained earnings	12,626	11,287
Common stock held in treasury, at cost, 470,959 shares	(2,265)	(2,265)
	52,949	51,517
	$ 99,650	$ 91,128

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

FIRST CASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended October 31,	
	1998	1997
	(unaudited)	(unaudited)
	(in thousands, except per share amounts)	
Revenues:		
Merchandise sales	$ 10,588	$ 8,473
Service charges	7,180	4,631
Check cashing fees	431	-
Other	250	75
	18,449	13,179
Cost of goods sold and expenses:		
Cost of goods sold	6,857	5,839
Operating expenses	6,993	4,239
Interest expense	669	546
Depreciation	270	196
Amortization	326	166
Administrative expenses	1,209	961
	16,324	11,947
Income before income taxes	2,125	1,232
Provision for income taxes	786	474
Net income	$ 1,339	$ 758
Basic earnings per share	$ .17	$ .17

Diluted earnings per share.................	$ .16	$ .13

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

FIRST CASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended October 31,	
	1998	1997
	(unaudited)	(unaudited)
	(in thousands)	
Cash flows from operating activities:		
Net income................................	$ 1,339	$ 758
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation and amortization........	596	362
Changes in operating assets and liabilities, net of effect of purchases of existing stores:		
Service charges receivable...............	(97)	(72)
Inventories..............................	(2,199)	(813)
Prepaid expenses and other assets........	(156)	(840)
Accounts payable and accrued expenses....	513	(244)
Current and deferred income taxes........	740	468
Net cash flows from operating activities...........................	736	(381)
Cash flows from investing activities:		
Net increase in loans....................	(711)	(549)
Purchases of property and equipment.......	(478)	(130)
Acquisition of existing stores............	(2,221)	(874)
Net cash flows from investing activities...........................	(3,410)	(1,553)
Cash flows from financing activities:		
Proceeds from debt........................	6,550	1,975
Repayments of debt........................	(2,043)	(200)
Proceeds from exercise of stock options...	93	22
Net cash flows from financing activities...........................	4,600	1,797
Increase (decrease) in cash and cash equivalents................................	1,926	(137)
Cash and cash equivalents at beginning of the period................................	1,582	1,139
Cash and cash equivalents at end of the period....................................	$ 3,508	$ 1,002
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest.............................	$ 661	$ 552
Income taxes.........................	$ -	$ 8

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. 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 1998 Annual Report to Stockholders. All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements as of October 31, 1998 and for the periods ended October 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 October 31, 1998 are not necessarily indicative of the results that may be expected for the full fiscal year.

Note 2 - Revolving Credit Facility

The Company currently maintains a $40,000,000 long-term line of credit with its senior commercial lender (the "Credit Facility"), which was increased from $35,000,000 in November 1998. At October 31, 1998, $30,450,000 was outstanding under this Credit Facility and an additional $4,699,000 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 three months of fiscal 1999 and as of December 7, 1998.

Note 3 - Business Acquisitions

During the quarter ended October 31, 1998, the Company acquired or opened eight pawnshops and four check cashing stores. Five of the pawnshops acquired were in El Paso, a new geographic market for the Company, while the remaining pawnshop and check cashing additions were in regions where the Company already operated. These acquisitions and openings brought the Company's total number of stores owned to 109 as of October 31, 1998.

In November 1998, the Company purchased twelve pawnshops in South Carolina, and in December 1998, First Cash acquired one check cashing store in San Francisco, California. These acquisitions brought the Company's store count to 122 units as of December 7, 1998. All acquisitions during and after the quarter were financed primarily with proceeds from the Company's Credit Facility, and seller-financed debt.

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 month period ended October 31, 1998 have been calculated in accordance with FAS 128. Earnings per share for the three month period ended October 31, 1997 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 October 31,	
	1998	1997
Numerator:		
Net income for calculating basic		

earnings per share	$ 1,339	$ 758
Plus interest expense, net of taxes, relating to convertible debenture	-	120
Net income for calculating diluted earnings per share	$ 1,339	$ 878
Denominator:		
Weighted-average common shares for calculating basic earnings per share	7,867	4,461
Effect of dilutive securities:		
Stock options and warrants	740	863
Convertible debentures	-	1,402
Weighted-average common shares for calculating diluted earnings per share	8,607	6,726
Basic earnings per share	$ .17	$ .17
Diluted earnings per share	$ .16	$ .13

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

GENERAL

The Company's pawnshop revenues are derived primarily from service charges on pawn loans, and the sale of unredeemed goods, or "merchandise sales". Pawn loans are made for a 30-day term with an automatic extension of 60 days in Texas, South Carolina and Missouri, 30 days in Oklahoma and 15 days in Maryland and Virginia. Pawn loans made in Washington, D.C. are made for a 30 day term with no automatic extension. All pawn loans are collateralized by tangible personal property placed in the custody of the Company. The annualized service charge rates on pawn loans are set by state laws and range between 12% and 240% in Texas and 36% and 240% in Oklahoma, depending on the size of the loan. Service charge rates are 144% to 240% on an annualized basis in Maryland, with a $6 monthly minimum charge. In Washington, D.C., loans up to $40 bear a flat $2 charge per month, while loans over $40 bear a 48% to 60% annualized rate. Missouri pawn loans bear service and storage charges totaling 240% per year, Virginia rates range from 120% to 180% annually, and South Carolina rates range from 60% to 300%. In its Texas stores, the Company recognizes service charges at the inception of the pawn loan at the lesser of the amount allowed by the state law for the initial 30-day term or $15, in accordance with state law. In Oklahoma, Maryland, Virginia, South Carolina, Missouri and Washington, D.C., 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, if applicable, 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 extension period until the loan is repaid or 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 the Company's publicly traded competitors. This policy, in the Company's opinion, 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.

Revenues at the Company's check cashing stores are derived primarily from check cashing fees, fees on payday advances, and fees from the sale of money orders and wire transfers. Payday advances have a term of thirty days or less, and carry a 15% service charge in both California and Washington. The Company recognizes service charge income on payday advances at the inception of the advance. Bad debts on payday advances are charged to operating expense in the month that the items are returned by the bank, and are credited to operating expense in the period the items are subsequently collected.

Although the Company has had significant increases in revenues due primarily to acquisitions and secondarily to new store openings, the Company has also incurred increases in operating expenses attributable to the additional stores and increases in administrative expenses attributable to building a management team and the support personnel required by 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, security and net returned checks. 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

Three months ended October 31, 1998 compared to the three months ended October 31, 1997

Total revenues increased 40% to $18,449,000 for the three month period ended October 31, 1998 ("the First Quarter of Fiscal 1999") as compared to $13,179,000 for the three month period ended October 31, 1997 ("the First Quarter of Fiscal 1998"). The increase resulted from $5,900,000 of additional revenues generated by the 51 stores which were opened or acquired on or subsequent to August 1, 1997, offset by a decrease of $630,000 for the 58 stores which were in operation during all of the First Quarter of Fiscal 1998 and the First Quarter of Fiscal 1999. The decrease in comparable-store revenues for the First Quarter of Fiscal 1999 was primarily a result of lower than expected retail sales during the quarter Of the $5,270,000 increase in total revenues, 40%, or $2,115,000 was attributable to increased merchandise sales, 48%, or $2,549,000 was attributable to increased service charges, 8%, or $431,000 was attributable to increased check cashing fees, and the remaining increase of $175,000 was attributable to an increase in other income. As a percentage of total revenues, merchandise sales decreased from 64% to 57%, service charges increased from 35% to 40%, check cashing fees increased from zero to 2%, and other income remained 1% during the First Quarter of Fiscal 1999 as compared to the First Quarter of Fiscal 1998. The gross profit as a percentage of merchandise sales increased to 35% during the First Quarter of Fiscal 1999 compared to 31% during the First Quarter of Fiscal 1998.

The aggregate receivables balance (pawn loans plus payday advances) increased 34% from $13,651,000 as of October 31, 1997 to $18,295,000 as of October 31, 1998. Of the $4,644,000 increase, $4,438,000 was attributable to the addition of 45 stores acquired subsequent to October 31, 1997. The remaining increase was attributable to increases in aggregate loan balances of $205,000 at the 64 stores in operation at both October 31, 1997 and October 31, 1998.

Operating expenses increased 65% to $6,993,000 during the First Quarter of Fiscal 1999 compared to $4,239,000 during the First Quarter of Fiscal 1998, primarily as a result of the addition of the 51 stores subsequent to August 1, 1997. Administrative expenses increased 26% to $1,209,000 during the First Quarter of Fiscal 1999 compared to $961,000 during the First Quarter of Fiscal 1998, primarily due to the addition of supervisory staff and other overhead related to the above-mentioned 51 stores acquired. Interest expense increased 23% from $546,000 in the First Quarter of Fiscal 1998 to $669,000 in the First Quarter of Fiscal 1999, primarily due to the overall higher level of debt relating to recent store acquisitions.

For the First Quarter of Fiscal 1999 and the First Quarter of Fiscal 1998, the Company's tax provisions of 37% and 38%, respectively, of income before income taxes differed from the statutory federal 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, and seller-financed indebtedness.

The Company currently maintains a $40,000,000 long-term line of credit with its senior commercial lender (the "Credit Facility"), which was increased from $35,000,000 in November 1998. At October 31, 1998, $30,450,000 was outstanding under this Credit Facility and an additional $4,699,000 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 three months of fiscal 1999 and as of December 7, 1998.

During the quarter ended October 31, 1998, the Company acquired or opened eight pawnshops and four check cashing stores. Five of the pawnshops acquired were in El Paso, a new geographic market for the Company, while the remaining pawnshop and check cashing additions were in regions where the Company already operated. These acquisitions and openings brought the Company's total number of stores owned to 109 as of October 31, 1998.

In November 1998, the Company purchased twelve pawnshops in South Carolina, and in December 1998, First Cash acquired one check cashing store in San Francisco, California. These acquisitions brought the Company's store count to 122 units as of December 7, 1998. All acquisitions during and after the quarter were financed primarily with proceeds from the Company's Credit Facility, and seller-financed debt.

As of October 31, 1998, the Company's primary sources of liquidity were $3,508,000 in cash and cash equivalents, $2,623,000 in service charges receivable, $18,295,000 in receivables, $15,799,000 in inventories and $4,699,000 of available and unused funds under the Company's Credit Facility. The Company had working capital as of October 31, 1998 of $36,053,000 and a total liabilities to equity ratio of 0.9 to 1. During the First Quarter of Fiscal 1999, the Company received proceeds of $93,000 from the issuance of 20,000 shares of common stock relating to the exercise of outstanding common stock warrants and options.

Net cash provided by operating activities for the Company during the First Quarter of Fiscal 1999 was $736,000 as compared with $381,000 used for operating activities during the First Quarter of Fiscal 1998. Net cash used for investing activities during the First Quarter of Fiscal 1999 was $3,410,000 as compared with $1,553,000 used for investing activities during the First Quarter of Fiscal 1998. Net cash provided by financing activities of $4,600,000 during the First Quarter of Fiscal 1999 compares to net cash provided by financing activities of $1,797,000 during the First Quarter of Fiscal 1998.

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 December 7, 1998, except for the Company's letter of intent to acquire eleven check cashing stores in Chicago, Illinois. The Company currently anticipates that the sole consideration given in the Chicago acquisition will be the issuance of the Company's common stock. 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, 1998 and December 7, 1998, the Company has acquired 25 stores in various regions. These acquisitions were financed with proceeds from the Company's Credit Facility, with seller-financed debt, and with the issuance of the Company's common stock.

YEAR 2000 ISSUE

The "Year 2000 Issue" is the result of computer programs that use two digits instead of four to record the applicable year. Computer programs that have date-sensitive software might recognize a date using "00" as the Year 1900 instead of the Year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including among other events, a temporary inability to process transactions or engage in similar normal business activities. The Year 2000 is a leap year, which may also lead to incorrect calculations, functions or system failure. The Company has established a committee to initiate the process of gathering, testing, and producing information about the Company's operations systems impacted by the Year 2000 transition. The Company intends to utilize both internal and external resources to identify, correct or reprogram, and test systems for Year 2000 compliance. The Company intends to contact its significant suppliers to determine the extent to which the Company may be vulnerable to those parties' failure to remediate their own Year 2000 issues. There can be no guarantee that the systems of other companies with which the Company's systems interface will be timely converted, or that a failure to convert by another company, or a conversion that is incompatible with the Company's systems would not require the Company to spend more time or money than anticipated, or even have a material adverse effect on the Company. Although the Year 2000 assessment has not been completed, management currently believes, based on available information, that resolving these matters will not have a material adverse impact on the Company's financial position or it's results of operations.

FORWARD LOOKING INFORMATION

This report contains certain statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "estimates," "will," "should," "plans," or "anticipates" or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy. Such statements include, but are not limited to, the discussions of the Company's operations, liquidity, and capital resources. Forward-looking statements are included in the "Liquidity and Capital Resources" section of this annual report. Although the Company believes that the expectations reflected in forward-looking statements are reasonable, there can be no assurances that such expectations will prove to be accurate. Generally, these statements relate to business plans, strategies, anticipated strategies, levels of capital expenditures, liquidity and anticipated capital funding needed to effect the business plan. All phases of the Company's operations are subject to a number of uncertainties, risks and other influences, many of which are outside the control of the Company and cannot be predicted with any degree of accuracy. Factors such as changes in regional or national economic conditions, changes in governmental regulations, 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. In light of the significant uncertainties inherent in the forward-looking statements made in this report, the inclusion of such statements should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved. Security holders are cautioned that such forward-looking statements involve risks and uncertainties. The forward-looking statements contained this report speak only as of the date of this report and the Company expressly disclaims any obligation or undertaking to release any updates or revisions to any such statement to reflect any change in the Company's expectations or any change in events, conditions or circumstance on which any such statement is based.

PART II. OTHER INFORMATION

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

ITEM 6. Exhibits and reports on Form 8-K

a. Exhibits

27.0 Financial Data Schedules (Edgar version only).

b. In September 1998, the Company filed a Form 8-K to report the acquisition of Miraglia, Inc.

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: December 7, 1998

FIRST CASH, INC.

(Registrant)

/s/ Phillip E. Powell

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

/s/ Rick L. Wessel

Rick L. Wessel
Chief Accounting Officer

5

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-31-1999
OCT-31-1998
3,508
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22,389
0
15,799
43,149
8,293
0
99,650
7,096
0
0
0
84
52,865
99,650
10,588
18,449
6,857
6,857
8,798
0
669
2,125
786
1,339
0
0
0
1,339
0.17
0.16