Appendix 4D

Company: Cash Converters International Limited
ABN: 39 069 141 546

Reporting period: Half-year ended 31 December 2007

"Results for announcement to the market"

- Revenues from ordinary activities up 90.7% to $35,940,828;
- Profit from ordinary activities after income tax expense up 68.4% to $7,264,237;
- Profit from ordinary activities, after tax, attributable to members, up 69.2% to $7,248,190;
- Basic earnings per share of 3.0 cents, up 36.4% on last years figure of 2.2 cents;
- The Directors of the Company recommend an interim, fully franked dividend, of 1.5 (one and a half) cents per share to be paid on 31 March 2008 to those shareholders on the register at close of business on 17 March 2008.

Appendix 4D *continued*

Net tangible assets per security

For the current period the net tangible assets per security are; 7.1 cents
For the corresponding period they were 8.4 cents.

Details over entities over which control has been gained or lost

Please refer to ***note 10*** in the attached Financial Report.

Dividends

The Directors of the Company recommend an interim, fully franked dividend, of 1.50 (one and a half) cents per share to be paid on 31 March 2008 to those shareholders on the register at close of business on 17 March 2008.

Details of associates and joint venture entities

The Company has no information to disclose in regard to associates and joint venture entities.

Audit review of accounts

The financial report accompanying appendix 4D has been subject to a review by our auditors. The review report to the members is attached to the financial report.

Appendix 4D *continued*

Financial Report

A consolidated income statement is included with the financial report lodged with appendix 4D;

A consolidated balance sheet is included with the financial report lodged with appendix 4D;

A consolidated statement of recognised income and expense is included with the financial report lodged with appendix 4D;

A consolidated cash flow statement is included with the financial report lodged with appendix 4D;

The segment results can be seen in ***note 2*** of the financial report.

Chairman's and Managing Director's review

For a commentary on the results for the period please refer to the Chairman's and Managing Director's review included with the financial report.
Also please refer to the directors' statement in the financial report.

Earnings per security

The basic earnings per share for this period are 3.0 cents per share;
The diluted earnings per share for this period are 2.9 cents per share;

The basic earnings per share for the previous corresponding period are 2.2 cents per share;
The diluted earnings per share for the previous corresponding period are 2.1 cents per share.

Ralph Groom
Company Secretary
25 February 2008

CASH CONVERTERS INTERNATIONAL LIMITED
A.B.N 39 069 141 546

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

The Company is pleased to report a record net profit of $7,264,237 for the period, representing an increase of 68.4% on last year's result. This strong half-year result has the Company well placed to deliver the full year profit forecast, previously advised, of $14.5 to $15.0 million.

In line with this record profit, the Board is pleased to announce the payment of an interim dividend of 1.5 cents per share, fully franked. The dividend will be paid on 31 March 2008 to those shareholders on the register at the close of business on 17 March 2008. As previously stated, the Board's intention is to continue to pay dividends and to reassess the quantum at the end of each reporting period.

Major highlights for the half-year include:

- Earnings before interest, tax, depreciation and amortization up 73.5% to $11,227,958
- Earnings per share up 36.4% to 3.0 cents per share
- Finance division operating profit up 81.5% to $8,223,758
- Store operations operating profit up 39.7% to $2,231,429
- The acquisition of five franchised stores in the UK, effective from 15 July 2007
- The acquisition of eight franchised stores in Victoria, effective 19 October 2007
- The opening of the first corporate store in NSW, effective 22 October 2007
- Company owned store numbers rise to 20 as the Company accelerates its corporate store growth strategy as outlined in the 2007 Annual Report.

In recent years the Company has reviewed its approach to franchising in an attempt to create other significant income streams to deliver profit and to dilute its reliance on franchise fees. The introduction of financial service products offered to customers through the retail store network in 1999 has been an outstanding success in regard to this diversification strategy.
Some key Finance Division statistics for the 12 month period ending 31 December 2007:

Cash Advance

- Number of loans increased by 7.4%
- Total principal loaned increased by 15.5%
- Average loan amount increased slightly to $263
- Total customer numbers increased by 26.1%

Personal Loans

- Total number of loans approved increased by 44.4%
- Total number of customers increased by 38.1%
- Loan Book increased by 29.1%

The Company owned store strategy is a further development of this income diversification approach. With the acquisition this half of the five franchised stores in the UK and the eight stores in Victoria, plus the opening of the first corporate store in NSW, our corporate store network has seen revenues grow by 341.5 % to $7,708,784.
With further growth planned in the opening of new company owned stores in the UK and Australia as well as further acquisitions of franchised stores in 2008, we will see the contribution from the corporate store division grow rapidly. The Company sees the acquisition of franchised stores as a real opportunity to transform the Company into a significant operating entity.

There are several other benefits that are delivered with the growth in the number of Company owned stores, aside from increased earnings:

- The Company will have greater control of the Brand, not only in terms of store presentation but the intrinsic values such as customer service, pricing and policy
- The opportunity to develop new products and services 'in-house'
- The Company can control the implementation of these new products and services with adequate resources, both human and capital

As has been the case historically, the Australian network has been a strong contributor with the business contributing an operating profit before tax of $1,768,056 up 27.9% on the previous half. Store numbers grew by 3 to 134.

The UK business has continued the improved performance shown in recent years and contributed a profit before tax of $472,589 up 110.5% on the previous half-year. This is a very pleasing result with a stronger second half performance expected. Store numbers grew by 4 to 128.

There are a number of other projects that have moved along in the past six months. We are well into the implementation of the new brand identity launched last year for our Australian stores. New store fascias have been installed in approximately 90% of stores, 100% of stores now have the new in-store displays. All new stores opened over the past 18 months have the new fit-out and approximately 30% of existing stores have had a complete refit.

During the course of the half-year, a new software system was developed by MON-E to improve the efficiency of Cash Advance transactions. This was successfully implemented in October 2007 to cope with the massive growth experienced in transactional volumes associated with the back office support to our franchised network.

The new system will also allow MON-E to provide more relevant and timely reporting to the franchise network and the Company.

Our on-line business (www.cashconverters.com.au) continues to progress with the soft launch in December by a small number of stores of 'Cash Converters Webshop' the Australian online shop. This system is fully integrated with our in-store operating system CCWIN and will allow franchisees to upload commercial volumes of product for sale. Once a period of 'bedding down' has occurred, then the system will be available to the entire network and will be promoted to the wider community.

The UK on-line system has continued to see increases in both visitors and sales volumes. There were over 110,000 unique visitors to the site in December alone and, for the first time, over 2 million page views in a calendar month.

In Queensland, a legislative review gave rise to a Government announcement of its intention to introduce a cap on total interest, fees and charges for micro-lending products. No change has yet been introduced and we are continuing to work with the Government and other stakeholders in the industry in the hope of achieving an outcome which allows the Company to continue to fully meet the needs of customers.

The first half of the year has been a busy and challenging period with the successful acquisition and integration of 13 franchised stores into our corporate store division. The staff and management involved in this project are to be congratulated. It gives the Board a great deal of confidence that an accelerated store acquisition programme can be achieved.

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

Reg Webb
Chairman

Peter Cumins
Managing Director

Perth, Western Australia
25 February 2008

Directors' report

In respect of the half-year ended 31 December 2007 the Directors of Cash Converters International Limited, the Company and parent entity, submit the following report made out in order to comply with the provisions of the Corporations Act 2001.

Directors

The following persons held office as Directors of the Company during or since the end of the half-year:

Mr Reginald Webb (Chairman)
Mr Peter Cumins (Managing Director)
Mr John Yeudall (Non-executive Director)
Mr Andrew Moffat (Non-executive Director)
Mr Cameron Hetherington (Non-executive Director) (appointed July 2007)

Dividends

The Directors of the Company recommend that an interim dividend of 1.5 (one and a half) cents per share be paid on 31 March 2008 to those shareholders on the register at the close of business on 17 March 2008.

Review of operations

A summary of consolidated revenues and results by significant industry segments is set out below:

	Segment revenues Half year ended		**Segment results Half year ended**	
	31 Dec 2007	**31 Dec 2006**	**31 Dec 2007**	**31 Dec 2006**
Store operations	20,617,220	12,559,845	2,231,429	1,597,090
Finance segment	15,323,608	6,282,999	8,223,758	4,531,683
	35,940,828	18,842,844	10,455,187	6,128,773
Less: Unallocated expenses			(24,786)	(24,786)
Operating profit			10,430,401	6,103,987
Income tax attributable to operating profit			(3,166,164)	(1,791,282)
Operating profit after income tax			7,264,237	4,312,705
Less: Profit attributable to outside equity interests			(16,047)	(28,743)
Profit attributable to members of Cash Converters International Limited			7,248,190	4,283,962

Store operations

Australia

The net profit before tax for the Australian operations (including international franchise revenue) was $1,768,056 (2006: $1,382,006) for the six month period ending December 2007.

During the period under review one traditional store and two buys and loans centres were opened taking store numbers to 134. Included in the store numbers opened was a company owned store which opened in Burwood, Sydney in mid October.

In October the company also acquired eight franchised stores in Victoria to form the foundation of its corporate store growth strategy. These stores brought to the company an experienced management team which has made the integration of the business almost seamless. We now have a head office in Victoria which will be our base for future corporate store expansion throughout the country.

We are well into the implementation of the new brand identity launched last year for our Australian stores. New store fascias have been installed in approximately 90% of stores, 100% of stores now have the new in-store displays, all new stores opened over the past 18 months have the new fit out and approximately 30% of existing stores have had a complete refit.

The new contemporary look and feel of the stores is also captured in our TV marketing campaigns which have been very successful in supporting our change to a more up to date brand which offers a range of product to a wide ranging customer base.

A major customer profiling project was completed in October. Customer data bases from around the country were used to profile characteristics of our finance customers. We now have a system of customer profiling that assigns products to customer groups according to five income quintiles. This information allows us to grow our customer base and encourage brand adoption.

Our on-line business continues to progress with the soft launch in December by a small number of stores of "Webshop" the Australian on-line shop. This system is fully integrated with our in store operating system CCWIN and will allow franchisees to upload commercial volumes of product for sale.

Once a period of 'bedding down' has occurred then the system will be made available to the entire network and promoted to the wider community. Encouragingly, we had for the first two weeks of February, 16,720 visitors and 320,669 page views without any marketing support.

As reported previously, the Queensland Government announced that they intend to implement an annual interest rate cap including fees and charges in the New Year. Final submissions for comment have been called for and the closing date is 15 February 2008. The company's submission includes a considerable amount of research conducted both internationally and within Australia from an independent research company which demonstrates the negative consequences that this kind of capping has on low income earners. The company remains hopeful that a solution that protects consumers and allows ethical lenders to continue to provide credit to those who desire 'choice' and who might be financially excluded by mainstream credit providers, is the result of the final review.

United Kingdom

The net profit before tax for the period under review was $472,589 (2006: $224,516).

Total store numbers in the UK stand at 128. A further three stores are planned to open in the period to March 2008. A high level of franchise enquiries are still being received so we anticipate further strong growth in store openings. UK franchisees have enjoyed strong business growth in all key income streams and this has given further encouragement for existing franchisees to also increase their store numbers.

The corporate store division now has 11 stores trading following the recent acquisition, in July, of five stores in the Leeds region. These stores have been purchased from an existing franchisee for a total consideration of £1.6 million ($3.8 million) including assets. The stores are expected to produce EBIT of approximately £350,000 ($840,000) over a full financial year. The addition of these stores to the existing corporate store chain will create economies of scale and efficiencies and enable CCUK to accelerate the growth of the corporate store chain. Please refer to note 10 for further information on this acquisition.

The UK auction site continues to grow in income contribution as the product numbers and sales increase. More than half of the network have a presence on the site and enjoying the marketing benefits.

Additional services such as a prepaid gold debit card and ATMs have recently been added to the peripheral business opportunities for the UK franchise network. These are expected to enhance income streams without detracting from the core services that the stores offer.

In summary, excellent progress has been made in achieving the UK business plan and improving the profitability of the UK business. Further store and fee growth plus the acquisition of the Leeds group of stores and financial services income should provide for strong growth in the next half of the financial year.

USA

The directors are confident that the USA offers considerable scope for franchise development in the future. The net loss for this period was $9,216 (2006: $9,432 loss)

Finance segment

This segment incorporates MON-E Pty Ltd which was acquired by Cash Converters International on 13 October 2006, Safrock Finance Group, acquired on 29 September 2006 and Cash Converters Finance Corporation Limited.

MON-E operates the internet platform and the software for Cash Converters franchisees who ultimately provide cash advances to their customers. The total commissions received by MON-E increased by 13.1% over the corresponding period last year. Currently 99 stores use the MON-E software and a further three stores will be using the software in the period to June 2008. The stores in South Australia operate under the "Quickdraw" software – Cash Converters receive a commission from this software package also. During the period under review the MON-E net profit before tax was $4,283,244 – this includes the commissions that would have previously been credited to the store operations segement.

Safrock provides loans to customers through the Australian Cash Converters Network. Franchisees act as agents for Safrock and receive commissions for all personal loans transacted through Safrock. During the period under review the loan book grew by 10.6% to just over $14.0 million. During the period under review the Safrock net profit before tax was $3,918,737.

Cash Converters Finance Corporation Limited (CCFCL) provides working capital loans to the Australian franchise network only. The average loan is for $150,000 and an interest rate of 12% is charged. The loan is secured against the assets of the franchised store. During the period CCFCL made a net profit before tax of $21,777 (2006: $47,779).

Independent declaration by Auditor

The Auditor's independence declaration is included on page 17 of the half-year financial report.

On behalf of the Board. Signed in accordance with a resolution of directors pursuant to s306(3) of the Corporations Act 2001.

Peter Cumins
Managing Director

Perth, Western Australia
Date 25 February 2008

Condensed consolidated income statement *for the half-year ended 31 December 2007*

	Notes	Consolidated Half-year ended 31 December 2007 $	Half-year ended 31 December 2006 $
Revenue	2/3	35,940,828	18,842,844
Employee benefit expense		5,671,553	3,367,071
Depreciation and amortisation expenses		444,694	272,749
Finance costs		352,863	95,985
Legal fees / legal settlements		237,509	205,267
Changes in inventories		9,083,102	4,003,882
Area agents fees / commissions		3,156,605	1,090,175
Rental expense on operating lease		940,333	413,973
Motor vehicle / travel costs		512,073	413,044
Bad debts/bad debt provision		1,862,110	868,974
Professional and registry costs		395,619	396,692
Auditing and accounting services		128,542	98,699
Bank charges		572,376	372,460
Other expenses from ordinary activities		2,153,048	1,139,886
Profit before tax		10,430,401	6,103,987
Income tax expense		(3,166,164)	(1,791,282)
Profit for the period		7,264,237	4,312,705
Attributable to:			
Equity holders of the parent		7,248,190	4,283,962
Minority interest		16,047	28,743
		7,264,237	4,312,705

Earnings per share

Basic (cents per share)	3.0	2.2
Diluted (cents per share)	2.9	2.1

The accompanying notes form an integral part of the condensed consolidated income statement.

Condensed consolidated balance sheet as at 31 December 2007

	Consolidated	
	31 December 2007 $	**30 June 2007 $**
Current assets		
Cash and cash equivalents	12,276,948	14,750,065
Trade and other receivables	8,254,144	5,422,489
Personal loans receivable	12,187,956	10,926,945
Inventories	2,733,622	772,190
Other assets	152,417	50,389
Total current assets	35,605,087	31,922,078
Non-current assets		
Trade and other receivables	1,932,351	1,934,291
Plant and equipment	2,880,434	1,313,310
Deferred tax assets	1,843,958	1,589,344
Goodwill	43,432,375	34,073,651
Other intangible assets	9,769,278	9,900,449
Total non-current assets	59,858,396	48,811,045
Total assets	95,463,483	80,733,123
Current liabilities		
Trade and other payables	5,169,843	4,473,598
Borrowings	11,392,090	1,049,147
Current tax payables	2,702,603	3,810,556
Deferred establishment fees	1,532,400	1,305,894
Provisions	731,303	453,995
Total current liabilities	21,528,239	11,093,190
Non-current liabilities		
Borrowings	1,360,102	530,018
Deferred tax liabilities	1,194,086	1,152,560
Total non-current liabilities	2,554,188	1,682,578
Total liabilities	24,082,427	12,775,768
Net assets	71,381,056	67,957,355
Equity		
Issued capital	47,670,204	46,536,871
Reserves	1,943,324	3,312,554
Retained earnings	21,503,238	17,859,687
Parent entity interest	71,116,766	67,709,112
Minority interest	264,290	248,243
Total equity	71,381,056	67,957,355

The accompanying notes form an integral part of the condensed consolidated balance sheet.

Condensed consolidated statement of recognised income and expense
for the half-year ended 31 December 2007

	Consolidated	
	Half-year ended 31 December 2007 $	**Half-year ended 31 December 2006 $**
Exchange differences arising on translation of foreign operations	(235,897)	(20,622)
Net expense recognised directly in equity	(235,897)	(20,622)
Profit for the period	7,264,237	4,312,705
Total recognised income and expenses for the period	7,028,340	4,292,083
Attributable to:		
Equity holders of the parent	7,012,293	4,263,340
Minority interest	16,047	28,743
	7,028,340	4,292,083

The accompanying notes form an integral part of the condensed consolidated statement of recognised income and expense.

Condensed consolidated cash flow statement *for the half-year ended 31 December 2007*

	Consolidated	
	Half-year ended 31 December 2007 $	**Half-year ended 31 December 2006 $**
Cash flows from operating activities		
Receipts from customers	31,542,980	16,217,974
Payments to suppliers and employees	(24,437,851)	(11,940,635)
Interest received	465,166	390,526
Interest received from personal loans	5,098,307	1,871,543
Interest and costs of finance paid	(354,738)	(84,190)
Income tax paid	(4,275,586)	(1,222,412)
Net cash flows provided by operating activities	8,038,278	5,232,806
Cash flows from investing activities		
Net cash paid for acquisitions of controlled entities	(15,680,173)	(8,370,588)
Purchase of plant and equipment	(507,767)	(469,752)
Loan repayments from non related entities	11,992,840	4,016,080
Loans made to non-related entities	(14,518,340)	(6,089,199)
Instalment credit loans made to franchisees	(439,204)	(468,392)
Instalment credit loans repaid by franchisees	688,969	340,184
Net cash flows used in investing activities	(18,463,675)	(11,041,667)
Cash flows from financing activities		
Dividends paid – members of parent entity	(3,604,644)	(1,649,104)
Proceeds from borrowings	12,425,837	-
Repayment of borrowings	(800,000)	(4,635,000)
Capital element of finance lease and hire purchase payments	(62,346)	(44,873)
Costs of share issue	-	(1,544,771)
Issue of shares by controlling entity	-	18,310,500
Redemption of unsecured notes by controlled entity	-	(43,600)
Issue of unsecured notes by controlled entity	63,334	145,910
Net cash provided by financing activities	8,022,181	10,539,062
Net (decrease)/increase in cash and cash equivalents	(2,403,216)	4,730,201
Cash and cash equivalents at the beginning of the period	14,171,122	7,209,075
Effects of exchange rate changes on the balance of cash held in foreign currencies	21,611	(49,746)
Cash and cash equivalents at the end of the period	11,789,517	11,889,530

The accompanying notes form an integral part of the condensed consolidated cash flow statement.

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have 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. All amounts presented in Australian dollars unless otherwise noted.
The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

2. Segmental information

The following is an analysis of the revenue and results for the period analysed by business segment, the Group's primary basis of segmentation:

Primary reporting – business segments

Segment revenues	External Sales Half year ended 31 December 2007 $	External Sales Half year ended 31 December 2006 $	Inter-segment Half year ended 31 December 2007 $	Inter-segment Half year ended 31 December 2006 $	Total Half year ended 31 December 2007 $	Total Half year ended 31 December 2006 $
Store operations	20,324,725	12,213,069	-	-	20,324,725	12,213,069
Financing	15,252,015	6,252,341	-	-	15,252,015	6,252,341
Total of all segments	35,576,740	18,465,410	-	-	35,576,740	18,465,410
Unallocated					364,088	377,434
Consolidated revenue					35,940,828	18,842,844

Segment results	Total 2007 $	Total 2006 $
Store operations	2,231,429	1,597,090
Financing	8,223,758	4,531,683
Total of all segments	10,455,187	6,128,773
Unallocated	(24,786)	(24,786)
Profit income before tax expense	10,430,401	6,103,987
Income tax expense	(3,166,164)	(1,791,282)
Profit for the period	7,264,237	4,312,705

2. Segmental information *continued*

1. The economic entity operates predominantly in the following industries:

   Store operations - This involves the sale of franchises for the retail sale of second hand goods, and sales of master licences for the development of franchises in countries around the world and the corporate stores in the UK and Australia.
   Finance - The finance division was originally established to provide loans to existing franchisees within Australia, for the development of their businesses. Since October 2007 this division also incorporates the MON-E cash advance business and the Safrock personal loans business.

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

3. Profit from operations

Revenue for the period consisted of the following items:

	Half-year ended 31 December 2007 $	Half-year ended 31 December 2006 $
Sales revenue		
Weekly franchisee fees	3,824,070	3,741,655
Initial fees	279,771	137,482
Licence fees	39,185	78,959
Ten-year renewals	54,545	54,091
Ten-year renewals – renewed at six years	-	27,273
Sub-franchisor licence sales	-	16,592
Advertising levy	179,950	165,700
Instalment credit loan interest on franchisees loans	166,258	180,094
Wholesale/retail sales	4,250,609	2,844,917
Cheque cashing commission	609,122	716,480
Corporate store revenue	7,708,784	1,745,918
Computer levy	791,943	706,057
Training levy	483,228	511,837
Financial services commission	140,034	147,107
Rent received	36,361	38,969
Interest revenue - bank	364,088	377,434
Interest – other	6,624,541	1,871,543
Commissions - cash advance	5,770,593	3,511,909
Establishment fees and cost recoveries	4,547,969	1,828,075
Other income		
Other revenue	69,777	140,752
	35,940,828	18,842,844

4. Issuances of equity securities

During the half-year reporting period Cash Converters International Limited issued 2,833,333 ordinary shares as earn-out shares (see note 8 below).

These issues took the total ordinary share capital in issue to 243,145,032 as at 31 December 2007.

5. Subsequent events

The Directors recommend an interim dividend of 1.5 cents per share. This dividend will be 100% franked and will be paid on 31 March 2008. The financial effect has not been reported in this financial report.
Apart from the above the Directors are not aware of any matter or circumstance that has significantly affected or may significantly affect the operations of the economic entity or the state of affairs of the economic entity in subsequent financial periods.
Refer to note 9 for further details of the share buy-back commenced post period end.

6 Contingent liabilities

Since the 30 June 2007 Cash Converters UK Limited has secured a loan facility with Barclays Bank PLC for £800,000 and Cash Converters International Limited (CCIL) provided a guarantee in favour of Barclays Bank PLC.
Cash Converters International Limited has secured a facility with Westpac Banking Corporation for $10,700,000 with CCIL providing an interlocking guarantee.
The facility with the National Australia Bank was paid out and as a result the guarantee provided to this bank was removed.

7. Dividends

	2007		2006	
	Cents per share	**Total $**	**Cents per share**	**Total $**
Recognised amounts				
Fully paid ordinary shares				
Interim dividend:	1.50	3,604,675	0.75	1,096,127
Final dividend:	1.50	3,604,644	1.00	1,649,104
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend:	1.50	3,647,175	1.50	3,604,675

8. Earn-out shares

Under the terms of the acquisition in regard to the Safrock Group 8,500,000 earn-out shares may be issued in tranches as soon as practicable after the end of the relevant financial year subject to meeting certain earnings targets. The end of the first relevant financial period was 30 June 2007 with the earnings targets being met resulting in 2,833,333 earn-out shares being issued. This leaves a balance of 5,666,667 earn-out shares to be issued if the future financial targets are met.
The acquisition earn-out reserve is used to record a reasonable estimate of the likely equity to be issued in relation to earn-out targets pertaining to the acquisition of Safrock. An equity reserve is used to record this amount due to a fixed number of equity instruments to be issued.

9. Share buy-back

On 23 November 2007 Cash Converters International Limited advised the Market that it would commence a share buy-back of its shares commencing on 10 December 2007. The buy-back will be open for a 12 month timeframe with a maximum number of shares to be purchased being 24,300,000. No shares were acquired during the period with the actual buy-back commencing 8 January 2008. As at the date of this report 1,457,496 shares had been acquired for the total consideration of $499,999.

10. Acquisitions and disposals

Acquisition of trade and assets: Melbourne stores

On 19 October 2007, the Group acquired the trade and assets related to eight franchise stores in Melbourne for cash consideration of $11,981,194.

This transaction has been accounted for using the acquisition method of accounting.
The net assets acquired in the business combination, and the goodwill arising, are as follows:

	Acquiree's carrying amount before business combination $	Fair value adjustments $	Fair value $
Net assets acquired:			
Cash and cash equivalents	97,600	-	97,600
Trade and other receivables	2,620,130	-	2,620,130
Inventory	1,528,868	-	1,528,868
Property, plant and equipment	1,149,194	-	1,149,194
Trade and other payables	(268,980)	-	(268,980)
Deferred tax liabilities	-	-	-
Contingent liabilities	-	-	-
Fair value of net identifiable assets acquired	5,126,812	-	5,126,812
Consideration			
Consideration satisfied by cash			11,959,594
Costs directly associated with the acquisition			34,864
Total consideration			11,994,458
Goodwill arising on acquisition			6,867,646

The initial accounting for the acquisition of the Melbourne stores has only been provisionally determined at the reporting date. The trade and assets were acquired by newly incorporated companies which were 100% owned by CCIL and have joined the company's tax-consolidation group. For tax purposes, the tax values of the assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire the business. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.
Included in the net profit for the period is $186,054 attributable to the additional business generated. Had the business combinations been effected at 1 July 2007, the revenue of the Group would be $45,922,938 and net profit $7,790,690.

The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison future periods.
In determining the 'pro-forma' revenue and profit of the Group had the business been acquired at the beginning of the current reporting period, the directors have:

- calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements
- based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination.
- utilised the audited 30 June 2007 financial information of the acquired business.

10. Acquisitions and disposals *continued*

Acquisition of trade and assets: Five stores in the United Kingdom

On 16 July 2007, Cash Converters (UK) Ltd acquired the trade and assets of five stores in and around Leeds in the UK for cash consideration of $3,806,879.

This transaction has been accounted for using the acquisition method of accounting.
The net assets acquired in the business combination, and the goodwill arising, are as follows:

	Acquiree's carrying amount before business combination $	Fair value adjustments $	Fair value $
Net assets acquired:			
Cash and cash equivalents	34,552	-	34,552
Trade and other receivables	535,083	-	535,083
Inventories	382,895	-	382,895
Property plant and equipment	272,367	-	272,367
Deferred tax assets	-	-	-
Other financial assets	-	-	-
Trade and other payables	(32,993)	-	(32,993)
Fair value of net identifiable assets acquired	1,191,904	-	1,191,904
Consideration			
Consideration satisfied by cash			3,806,879
Costs directly associated with the acquisition			10,988
Total consideration			3,817,867
Goodwill arising on acquisition			2,625,963

The initial accounting for the acquisition of the five stores has only been provisionally determined at reporting date.
For tax purposes the tax values of the assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.
Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire the five stores. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the five stores. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Included in the net profit for the period is $161,498 attributable to the additional business generated by the five stores.
Had the business combinations been effected at 1 July 2007, the revenue of the Group would be $36,165,910 and net profit $7,279,863. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison future periods.
In determining the 'pro-forma' revenue and profit of the Group had the five stores been acquired at the beginning of the current reporting period, the directors have:

- calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements
- based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination
- utilised the un-audited 30 June 2007 financial information of the five stores.

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company 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 consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Peter Cumins
Managing Director

Perth, Western Australia
Date 25 February 2008

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

The Board of Directors
Cash Converters International Limited
Level 18 Citibank House
37 St Georges Terrace
PERTH WA 6000

25 February 2007

Dear Board Members

Cash Converters International Limited

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 Limited.

As lead audit partner for the review of the financial statements of Cash Converters International Limited for the half-year ended 31 December 2007, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Gover

Mark Gover
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

Independent Auditor's Review Report to the members of Cash Converters International Limited

We have reviewed the accompanying half-year financial report of Cash Converters International Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 16.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cash Converters International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cash Converters International Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Gover

Mark Gover
Partner
Chartered Accountants
Perth, 25 February 2008