

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

Current Report Pursuant  
to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

October 18, 2005  
(Date of Report - Date of Earliest Event Reported)

FIRST CASH FINANCIAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

0-19133

75-2237318

(Commission File Number)

(IRS Employer Identification No.)

690 East Lamar Blvd., Suite 400, Arlington, Texas 76011

(Address of principal executive offices, including zip code)

(817) 460-3947

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

First Cash Financial Services, Inc. has issued a press release announcing its financial results for the three month and nine month periods ended September 30, 2005. The Company's press release dated October 18, 2005 announcing the results is attached hereto as Exhibit 99.1 and is incorporated by reference in its entirety into this Item 2.02.

The information provided in this Item 2.02 shall not be deemed "filed" for purposes of the Securities Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by the specific reference in such filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits:

- 99.1 Press Release date October 18, 2005 announcing the Company's financial results for the three month and nine month periods ended September 30, 2005.

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: October 18, 2005

FIRST CASH FINANCIAL SERVICES, INC.  
-----  
(Registrant)

/s/ R. DOUGLAS ORR  
-----  
R. Douglas Orr  
Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Document
----- 99.1	----- Press release dated October 18, 2005.

FIRST CASH REPORTS 19TH CONSECUTIVE QUARTER OF DOUBLE-DIGIT EPS GROWTH;  
THIRD QUARTER EPS INCREASES 26%

ARLINGTON, Texas, Oct. 18 /PRNewswire-FirstCall/ -- First Cash Financial Services, Inc. (Nasdaq: FCFS) today announced record-setting revenues, net income and earnings per share for the three months ended September 30, 2005. In addition, this marked the Company's 19th consecutive quarter of achieving double-digit earnings per share growth.

#### Earnings

- \* Third quarter 2005 diluted earnings per share were \$0.39, an increase of 26% compared to \$0.31 diluted earnings per share for the third quarter of 2004.
- \* For the nine months ending September 30, 2005, diluted earnings per share were \$1.06, an increase of 23% over \$0.86 earnings per share for the same period in 2004.
- \* Diluted earnings per share from continuing operations for the trailing twelve months ending September 30, 2005 were \$1.42, an increase of 26% over \$1.13 for the trailing twelve months ending September 30, 2004.
- \* Net income for the third quarter was \$6.4 million. This represents a 23% increase over third quarter 2004 net income of \$5.2 million.
- \* Year-to-date net income was \$17.7 million, compared to \$14.6 million for the first nine months of 2004, which represents an increase of 21%.

#### Revenues

- \* Total revenues for the third quarter were \$54.3 million, an increase of 17% compared to \$46.5 million for the third quarter of 2004. Year-to-date revenues were \$147.6 million, up from \$128.7 million in the comparative period last year, which represents a 15% increase.
- \* Pawn service fees increased 19% in the third quarter of 2005 compared to the prior year, while aggregate short-term advance and credit services fees increased by 18% over the third quarter of last year.
- \* Merchandise sales for the quarter increased by 16% compared to last year. A significant component of merchandise sales is non-retail sales of scrap jewelry, especially in the Company's newer pawn stores. Such scrap sales increased from \$5.4 million in the third quarter of 2004 to \$6.2 million in the third quarter of 2005.
- \* Same-store revenues for the third quarter of 2005 increased by 10% over the comparable prior-year period. Same-store revenue increases, which include merchandise sales, pawn service fees, and payday advance and credit services fees, were realized across all major revenue lines.

#### Growth and Expansion

- \* The Company has opened 34 new stores during the first nine months of the year, bringing the total store count to 313 units at September 30, 2005. In addition, the Company operates 40 financial services kiosks located inside convenience stores.
- \* Total pawn receivables increased 17%, from \$24.9 million at September 30, 2004, to \$29.2 million at September 30, 2005. Pawn receivables in the Company's Mexico stores increased by 31% over the past twelve months, while pawn receivables in its U.S. stores increased by 11% over the same period.
- \* During the third quarter the Company transitioned its short-term advance product in all Texas locations from a bank-funded model to its new credit services product. While outstanding short-term receivables as of September 30, 2005 in Texas decreased by \$7.7 million on a year-over-year basis, the Company's credit services customers had net new loans outstanding with an independent lender in the amount of \$10.0 million. Accordingly, the combined bank-funded and credit services-originated loan volumes in Texas at September 30, 2005 increased 29% compared to the prior year. Payday advance receivables in the Company's non-Texas locations increased from \$6.0 million at September 30, 2004 to \$6.3 million at September 30, 2005, an increase of 5%.

#### Operating Metrics

- \* The operating margin, calculated as income before taxes as a percentage of revenues, was 18.5% for the current quarter, compared to 17.7% for the

same period last year.

- \* Return on stockholders' equity for the trailing twelve months ended September 30, 2005, was 16.0%, compared to 15.2% for the comparable period last year.
- \* Inventory turns for the trailing twelve months improved to 3.2 times at the end of the current 2005 quarter, compared to 3.0 times for the trailing twelve months last year.
- \* The payday advance and credit services loss provision decreased from 28% of fees in the third quarter of 2004 to 25% in the third quarter of 2005. During the quarter, the Company received approximately \$900,000 from the sale of certain previously written-off payday advance receivables, which was recorded as a credit to the overall loss provision, as are all recoveries of previously written-off receivables. It is anticipated that such sales of selected written-off receivables, along with the implementation of other collection improvement initiatives, will continue into future periods for the purpose of ongoing reduction of the payday advance and credit services loss provision.
- \* Gross profit margins on total merchandise sales, both retail and non-retail, for the third quarter of 2005 were 39%, compared to 38% in the prior year. Retail merchandise margins, which do not include bulk jewelry scrap sales, were 45% for the third quarter of both 2005 and 2004.

#### Financial Position & Liquidity

- \* Earnings before interest, taxes, depreciation and amortization (EBITDA) for the trailing twelve month period ended September 30, 2005 totaled \$42.6 million, an increase of 23% compared to \$34.7 million to the trailing twelve month period ended September 30, 2004. This non-GAAP measure for 2005 is derived by adding back combined interest, provision for income taxes and depreciation expense of \$18.8 million to net income of \$23.8 million for the trailing twelve month period. For 2004, it is derived by adding back combined interest, provision for income taxes and depreciation expense of \$15.3 million to net income from continuing operations of \$19.4 million for the trailing twelve month period. The Company provides a more detailed reconciliation of this non-GAAP measure in its financial reporting.
- \* Cash balances as of September 30, 2005 totaled almost \$30 million, of which \$17 million was required for daily store and administrative operations; the remaining \$13 million represented excess cash reserves currently on-hand.
- \* With total assets of \$170 million and total liabilities of \$17 million as of September 30, 2005, the ratio of total assets to total liabilities was 10 to 1. The current ratio at the current quarter end was 9 to 1.

#### 2005 Outlook

- \* The Company previously forecast fiscal 2005 diluted earnings per share to be in a range of \$1.49 to \$1.53. Based on year-to-date results and projected operating trends for the fourth quarter, the Company has revised its 2005 earnings estimate to a range of \$1.50 to \$1.53 per share. For the fourth quarter of 2005, earnings are forecast to be in a range from \$0.44 to \$0.47 per share, an increase of 22% to 31% over the prior year quarter.

#### Commentary & Analysis

Mr. Alan Barron, Chief Executive Officer and Chief Operating Officer, commented on the third quarter highlights, "We are again pleased to report exceptionally strong operating results, highlighted by a 26% increase in earnings per share for the third quarter. Significant revenue and profit growth was realized in both our mature stores and in newer stores located in our expansion markets. In addition, we successfully launched a credit services product which has replaced the bank-funded payday advance product in our Texas locations; it is already accretive to both revenues and profits in these stores."

The Company continues to execute its expansion strategy, focusing primarily on new First Cash Pawn stores in Mexico and First Cash Advance locations in the U.S. Third quarter store openings were on target in Mexico, while new store openings in the U.S. were slightly behind target as the Company focused during the second and third quarters on the deployment of the new credit services product in the Company's Texas markets. The Company has approximately 30 new locations currently under lease, which it expects to open during the fourth quarter and early first quarter of 2006.

As previously noted, a key accomplishment during the third quarter of 2005 was the successful rollout of the credit services product in all of the Company's Texas locations. On July 1, First Cash began marketing a fee-based credit services package in Texas, which includes access to a short-term loan funded by an independent consumer lending company. First Cash Credit, Ltd. ("FCC"), a wholly owned subsidiary of the Company, is registered as a "Credit Services Organization" in order to provide, for a fee, credit services to help consumers in obtaining credit. As part of these services, FCC assists customers in applying for loans from an independent consumer lender. Effective September 30, the Company ceased processing new bank-funded payday loans in its Texas locations and now offers exclusively the credit services product to customers seeking short-term advances. The Company currently has 58 First Cash Pawn stores, 54 First Cash Advance stores and 40 Cash & Go, Ltd. kiosks located in Texas. First Cash continues to provide its payday advance product in seven other markets where the Company is the direct issuer of payday or short-term advances under existing state and/or local regulations. In none of these markets, in Texas or elsewhere, is the Company utilizing the bank-funded model.

In summarizing the Company's expectations for the balance of 2005 and beyond, Mr. Barron said, "First Cash is extremely well-positioned for sustained growth in earnings, revenues and new store locations. We have a profitable base of mature stores in proven markets and a significant number of new stores approaching maturity. We have consistently evidenced our ability to increase and sustain revenue growth even in our mature stores. Over the past four years we have also demonstrated our ability to execute an organic expansion strategy focused on new store openings in multiple, high-potential markets. Our balance sheet is strong, we are debt-free and our new store investments are funded entirely from operating cash flows. In short, we have high expectations for continued growth and confidence in First Cash's ability to build long-term value for our shareholders."

#### Forward-Looking Information

This release may contain forward-looking statements about the business, financial condition and prospects of First Cash Financial Services, Inc. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "projects," "expects," "may," "estimates," "should," "plans," "intends," "could," or "anticipates," or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy. Forward-looking statements in this release include, without limitation, the Company's diluted earnings per share forecast for the fiscal year and quarter ended December 31, 2005, its expectations for new store openings, and its expectations for continued growth of earnings, revenues and store counts. These statements are made to provide the public with management's assessment of the Company's business. 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. Security holders are cautioned that such forward-looking statements involve risks and uncertainties. The forward-looking statements contained in this release speak only as of the date of this statement, 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 circumstances on which any such statement is based. Certain factors may cause results to differ materially from those anticipated by some of the statements made in this release. Such factors are difficult to predict and many are beyond the control of the Company and may include changes in regional, national or international economic conditions, changes in consumer borrowing and repayment behaviors, changes or increases in competition, the ability to locate, open and integrate new stores, the ability to integrate and operate the credit services product in Texas, new legislative and governmental regulations or changes to existing regulations, unforeseen litigation, changes in interest rates, changes in tax rates or policies, changes in gold prices, changes in foreign currency exchange rates, future business decisions, and other uncertainties.

#### About First Cash

First Cash Financial Services, Inc. and its subsidiaries are engaged in the operation of pawn and consumer credit stores, which lend money on the collateral of pledged personal property, retail previously-owned merchandise acquired through loan forfeitures, provide payday advances, and offer other financial and credit services products. The Company currently owns and operates 314 stores in eleven U.S. states and six states in Mexico. First Cash is also an equal partner in Cash & Go, Ltd., a joint venture, which owns and operates 40 check-cashing and financial services kiosks located inside convenience stores.

First Cash has been recognized for four consecutive years by Forbes magazine as one of its "200 Best Small Companies." This annual ranking is based on a combination of profitability and growth performance measures over the most current one and five-year periods. First Cash was also recently ranked for the second consecutive year by Fortune Small Business magazine on the "FSB 100: America's Fastest-Growing Small Public Companies." First Cash's common stock is traded on the Nasdaq Stock Market under the ticker symbol "FCFS" and it is a component Company in the Russell 2000 Index.

FIRST CASH FINANCIAL SERVICES, INC.  
STORE COUNT INFORMATION

The following table details store openings and closings for the quarter and nine months ended September 30, 2005:

	Quarter Ended September 30, 2005			Nine Months Ended September 30, 2005		
	Pawn Stores	Payday Advance Stores	Total Stores	Pawn Stores	Payday Advance Stores	Total Stores
Beginning of period count	214	93	307	197	87	284
New stores opened	8	1	9	27	7	34
Stores closed or consolidated	(3)	---	(3)	(5)	---	(5)
End of period count	219	94	313	219	94	313

For the quarter and nine months ended September 30, 2005, the Company's 50% owned joint venture, Cash & Go, Ltd., operated a total of 40 kiosks located inside convenience stores in the state of Texas, which are not included in the above chart. No kiosks were opened or closed during the nine-month period ended September 30, 2005.

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

	Quarter Ended September 30,		Nine Months Ended September 30,	
	----- 2005 -----	2004 -----	----- 2005 -----	2004 -----
(unaudited, in thousands, except per share amounts)				
<b>Revenues:</b>				
Merchandise sales	\$ 25,441	\$ 22,006	\$ 72,222	\$ 61,103
Pawn service fees	10,732	8,998	29,255	25,176
Short-term advance and credit services fees	17,200	14,545	43,131	39,187
Check cashing fees	671	683	2,188	2,316
Other	263	312	838	930
	54,307	46,544	147,634	128,712
<b>Cost of revenues:</b>				
Cost of goods sold	15,635	13,603	43,605	36,330
Short-term advance and credit services loss provision	4,257	4,007	8,856	8,413
Check cashing returned items expense	72	50	206	179
	19,964	17,660	52,667	44,922
<b>Gross profit</b>	<b>34,343</b>	<b>28,884</b>	<b>94,967</b>	<b>83,790</b>
<b>Expenses:</b>				
Store operating expenses	17,574	15,353	49,499	44,723
Administrative expenses	5,251	4,208	13,676	12,870
Depreciation	1,533	1,073	4,195	2,982
Interest expense	---	17	---	60
Interest income	(46)	(10)	(217)	(42)
	24,312	20,641	67,153	60,593
<b>Income before income taxes</b>	<b>10,031</b>	<b>8,243</b>	<b>27,814</b>	<b>23,197</b>
<b>Provision for income taxes</b>	<b>3,661</b>	<b>3,053</b>	<b>10,152</b>	<b>8,583</b>
<b>Net income</b>	<b>\$ 6,370</b>	<b>\$ 5,190</b>	<b>\$ 17,662</b>	<b>\$ 14,614</b>
<b>Net income per share:</b>				
Basic	\$ 0.41	\$ 0.33	\$ 1.12	\$ 0.93
Diluted	\$ 0.39	\$ 0.31	\$ 1.06	\$ 0.86
<b>Weighted average common shares outstanding:</b>				
Basic	15,571	15,750	15,771	15,738
Diluted	16,433	16,830	16,621	17,068

FIRST CASH FINANCIAL SERVICES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30,	
	----- 2005	2004 -----
	(unaudited, in thousands)	
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 29,657	\$ 12,288
Service fees receivable	4,227	4,527
Pawn receivables	29,152	24,859
Short-term advance receivables	6,598	14,014
Inventories	21,461	18,074
Prepaid expenses and other current assets	1,812	1,303
Income taxes receivable	789	598
Total current assets	93,696	75,663
Property and equipment, net	22,396	16,767
Goodwill	53,237	53,237
Other	938	772
	<b>\$ 170,267</b>	<b>\$ 146,439</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Accounts payable	\$ 945	\$ 604
Accrued expenses	9,242	6,776
Total current liabilities	10,187	7,380
Revolving credit facility	---	2,000
Deferred income taxes payable	7,165	6,855
Total liabilities	17,352	16,235
Stockholders' equity	152,915	130,204
	<b>\$ 170,267</b>	<b>\$ 146,439</b>

SOURCE First Cash Financial Services, Inc.

-0- 10/18/2005

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