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 March 31, 2002	Commission File Number: 0-19133

FIRST CASH FINANCIAL SERVICES, 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 May 14, 2002, there were 8,818,187 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 FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2002 (unaudited)	December 31, 2001
	(in thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 12,002	$ 11,252
Service charges receivable	2,106	2,817
Receivables	19,020	23,556
Inventories	10,812	12,681
Prepaid expenses and other current assets	1,149	1,226
Income taxes receivable	-	434
Total current assets	45,089	51,966
Property and equipment, net	10,151	10,034
Intangible assets, net	53,194	53,194
Receivable from Cash & Go, Ltd	6,268	7,455
Other	217	157
	$114,919	$122,806
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of long-term debt and notes payable	$ 1,316	$ 1,385
Accounts payable and accrued expenses	8,872	10,041
Revolving credit facility	22,000	32,000

Income taxes payable	674	-
Total current liabilities	32,862	43,426
Long-term debt and notes payable, net of current portion	1,283	1,608
Deferred income taxes	3,910	3,669
	38,055	48,703
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; 9,417,868 and 9,417,868 shares issued, respectively; 8,763,687 and 8,763,687 shares outstanding, respectively	95	95
Additional paid-in capital	51,255	51,255
Retained earnings	33,613	30,819
Common stock receivables from officers	(5,084)	(5,051)
Common stock held in treasury, at cost, 654,181 and 654,181 shares, respectively.	(3,015)	(3,015)
	76,864	74,103
	$114,919	$122,806

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

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

	Three Months Ended March 31,	
	2002	2001
	(unaudited)	(unaudited)
	(in thousands, except per share amounts)	
Revenues:		
Merchandise sales	$ 14,755	$ 14,496
Service charges	12,745	12,699
Check cashing fees	731	625
Other	220	324
	28,451	28,144
Cost of goods sold and expenses:		
Cost of goods sold	8,910	9,395
Operating expenses	12,035	11,127
Interest expense	106	489
Depreciation	555	542
Amortization	-	382
Administrative expenses	2,480	2,836
	24,086	24,771
Income from continuing operations before income taxes	4,365	3,373
Provision for income taxes	1,571	1,214
Income from continuing operations	2,794	2,159
Loss from discontinued operations, net of taxes (1)	-	(33)
Net income	$ 2,794	$ 2,126
Net income per share:		
Basic		
Income from continuing operations	$ 0.32	$ 0.24
Loss from discontinued operations (1)	-	-
Net income	$ 0.32	$ 0.24
Diluted		
Income from continuing operations	$ 0.30	$ 0.24
Loss from discontinued operations (1)	-	-
Net income	$ 0.30	$ 0.24

(1) During the fourth quarter of fiscal 2001, the Company sold its check cashing software business and discontinued that particular facet of the software business unit. In accordance with Accounting Principles Board Opinion No. 30 "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("APB 30"), the above Selected Operating Information of the Company has been reclassified to reflect the disposal of the Company's check cashing software business unit. Accordingly, the sale proceeds, revenues, expenses and costs have been segregated in the above results and reported as "Loss From Discontinued Operations".

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

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

	Three Months Ended March 31, 2002 (unaudited)	2001 (unaudited)
	(in thousands)	
Cash flows from operating activities:		
Net income from continuing operations	$ 2,794	$ 2,159
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	555	924
Discontinued operations	-	229
Changes in operating assets and liabilities, net of effect of purchases of existing stores:		
Service charges receivable	711	264
Inventories	1,869	3,030
Prepaid expenses and other assets	451	22
Accounts payable and accrued expenses	(1,169)	1,346
Current and deferred income taxes	915	758
Net cash flows from operating activities	6,126	8,732
Cash flows from investing activities:		
Net decrease in receivables	4,536	2,270
Purchases of property and equipment	(672)	(293)
Receivable from Cash & Go, Ltd	1,187	(59)
Net cash flows from investing activities	5,051	1,918
Cash flows from financing activities:		
Proceeds from debt	-	600
Repayments of debt	(10,394)	(10,017)
Common stock receivables from officers	(33)	(90)
Purchase of treasury stock	-	(500)
Net cash flows used in financing activities	(10,427)	(10,007)
Increase in cash and cash equivalents	750	643
Cash and cash equivalents at beginning of the period	11,252	6,611
Cash and cash equivalents at end of the period	$ 12,002	$ 7,254
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 268	$ 833
Income taxes	$ 243	$ 438

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

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

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements, including the notes thereto, include the accounts of First Cash Financial Services, Inc. (the "Company") and its wholly-owned subsidiaries. Such unaudited consolidated financial statements are condensed and do not include all disclosures and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. Such interim period financial statements should be read in conjunction with the Company's consolidated financial statements which are included in the Company's December 31, 2001 Annual Report on Form 10-K. All significant inter-company accounts and transactions have been eliminated in consolidation. The consolidated financial statements as of March 31, 2002 and December 31, 2001 and for the periods ended March 31, 2002 and 2001 are unaudited, but in management's opinion, include all adjustments (consisting of only normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flows for such interim periods. Operating results for the period ended March 31, 2002 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 $50,000,000 line of credit with a group of commercial lenders (the "Credit Facility"). At March 31, 2002, $22,000,000 was outstanding under this Credit Facility and an additional $28,000,000 was available to the Company pursuant to the available borrowing base. The Credit Facility bears interest at the prevailing LIBOR rate (which was approximately 1.9% at March 31, 2002) plus one percent, and matures on September 1, 2002. 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 three months ended March 31, 2002 and as of May 14, 2002.

Note 3 - Costs in Excess of Net Assets Acquired

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets, effective July 1, 2001. Under SFAS No. 142, goodwill is no longer amortized but reviewed for impairment annually, or more frequently if certain indicators arise. The Company is required to complete the initial step of a transitional impairment test within six months of adoption of SFAS No. 142 and to complete the final step of the transitional impairment test by the end of the current fiscal year.

Any impairment loss resulting from the transitional impairment test would be recorded as a cumulative effect of a change in accounting principle attributable to the three-month period ended March 31, 2002. Subsequent impairment losses will be reflected in operating income in the consolidated statement of income for the period in which such loss is realized. Had the Company been accounting for its goodwill under SFAS No. 142 for both three-month periods presented, the Company's net income and basic and diluted net income per share would have been as follows:

	Three Months Ended	
	March 31, 2002	March 31, 2001
Reported net income	$ 2,794	$ 2,126
Add: amortization of costs in excess of net assets acquired, net of tax	-	245
Pro forma adjusted net income	$ 2,794	$ 2,371

Note 4 - Earnings Per Share

The following table sets forth the computation of the amounts used in calculating basic and diluted earnings per share:

	Three Months Ended	
	March 31, 2002	March 31, 2001
Numerator:		
Income from continuing operations for calculating basic and diluted earnings per share	$ 2,794	$ 2,126
Income (loss) from discontinued operations for calculating basic and diluted earnings per share	-	-
Net income for calculating basic and diluted earnings per share	$ 2,794	$ 2,126
Denominator:		
Weighted-average common shares for calculating basic earnings per share	8,764	8,736
Effect of dilutive securities:		
Stock options and warrants	693	235
Weighted-average common shares for calculating diluted earnings per share	9,457	8,971

Other outstanding options and warrants were not dilutive for periods presented.

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

GENERAL

First Cash Financial Services, Inc. (the "Company") is the nation's third largest publicly traded pawnshop operator and currently owns pawn stores in Texas, Oklahoma, Washington, D.C., Maryland, Missouri, South Carolina, Virginia and Mexico. The Company's pawn stores engage in both consumer finance and retail sales activities. The Company's pawn stores provide a convenient source for consumer advances, advancing money against pledged tangible personal property such as jewelry, electronic equipment, tools, sporting goods and musical equipment. These pawn stores also function as retailers of previously owned merchandise acquired in forfeited pawn transactions and over-the-counter purchases from customers. The Company's pawn stores also offer short-term, secured advances ("short-term advances").

The Company also currently owns check cashing and short-term advance stores in Texas, California, Washington, Oregon, Illinois, and Washington, D.C. These stores provide a broad range of consumer financial services, including check cashing, money order sales, wire transfers, bill payment services and short-term advances. In addition, the Company is a 50% partner in Cash & Go, Ltd., a Texas limited partnership, which currently owns and operates 59 financial services kiosks located inside convenience stores. For the quarter ended March 31, 2002 the Company's revenues were derived 52% from retail activities, 47% from lending activities, and 1% from other sources, including check-cashing fees. The Company's primary business plan is to significantly expand its short-term advance operations by opening new stores in Texas and other states, by accelerating the growth of its pawn operations in Mexico and by expanding its short-term advance operations in its existing pawn stores.

Although the Company has had significant increases in revenues due primarily to new store openings, and secondarily to acquisitions, 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 (net bad debts) for both check cashing and short term advances. 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 March 31, 2002 compared to the three months ended March 31, 2001

Total revenues increased 1% to $28,451,000 for the three months ended March 31, 2002 ("the First Quarter of 2002") as compared to revenues of $28,144,000 for the three months ended March 31, 2001 ("the First Quarter of 2001"). Of the $307,000 increase in total revenues, $259,000 was attributable to an increase in merchandise sales, $46,000 was attributable to increased service charges, $106,000 was attributable to increased check cashing fees, and the remaining decrease of $104,000, was attributable to other income. As a percentage of total revenues, merchandise sales remained at 52%, service charges remained at 45%, and check cashing fees and other income were 3% of total revenues during both the First Quarter of 2002 and the First Quarter of 2001. The gross profit margin as a percentage of merchandise sales increased to 40% during the First Quarter of 2002 compared to 35% during the First Quarter of 2001. The aggregate receivables balance (pawn loans plus short-term advances) decreased 4% from $19,773,000 as of March 31, 2001 to $19,020,000 as of March 31, 2002. Of the $753,000 decrease, $903,000 relates to a decrease in pawn receivables, while short-term advance receivables increased $150,000 during the First Quarter of 2002 compared to the First Quarter of 2001.

Operating expenses increased 8% to $12,035,000 during the First Quarter of 2002 compared to $11,127,000 during the First Quarter of 2001, primarily as a result of increased operating expenses related to additional stores that were open during the First Quarter of 2002 compared to the First

Quarter of 2001. Administrative expenses decreased 13% to $2,480,000 during the First Quarter of 2002 compared to $2,836,000 during the First Quarter of 2001, primarily due to lower legal expense incurred in the First Quarter of 2002. Interest expense decreased 78% from $489,000 in the First Quarter of 2001 to $106,000 in the First Quarter of 2002, primarily due to the significantly lower level of debt and lower interest rates during the First Quarter of 2002 compared to the First Quarter of 2001.

For the First Quarter of 2002 and the First Quarter of 2001, the Company's tax provisions of 36% and 36%, 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 and other borrowings, and the issuance of the Company's securities.

The Company currently maintains a $50,000,000 long-term line of credit with a group of commercial lenders (the "Credit Facility"). At March 31, 2002, $22,000,000 was outstanding under this Credit Facility and an additional $28,000,000 was available to the Company pursuant to the available borrowing base. The Credit Facility bears interest at the prevailing LIBOR rate (which was approximately 1.9% at March 31, 2002) plus one percent, and matures on September 1, 2002. 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 quarter ended March 31, 2002 and as of May 14, 2002. The Company is required to pay an annual commitment fee of 1/8 of 1% on the average daily, unused portion of the Credit Facility commitment. The Company is prohibited from paying dividends to its stockholders. Substantially all of the unencumbered assets of the Company have been pledged as collateral against indebtedness under the Credit Facility.

As of March 31, 2002, the Company's primary sources of liquidity were $12,002,000 in cash and cash equivalents, $2,106,000 in service charges receivable, $19,020,000 in receivables, $10,812,000 in inventories and $28,000,000 of available and unused funds under the Company's Credit Facility. The Company had working capital as of March 31, 2002 of $12,227,000 and a total liabilities to equity ratio of 0.50 to 1.

Net cash provided by operating activities for the Company during the First Quarter of 2002 was $6,126,000 as compared with $8,732,000 provided by operating activities during the First Quarter of 2001. Net cash provided by investing activities during the First Quarter of 2002 was $5,051,000 as compared with $1,918,000 provided by investing activities during the First Quarter of 2001. Net cash used for financing activities of $10,427,000 during the First Quarter of 2002 compares to net cash used for financing activities of $10,007,000 during the First Quarter of 2001.

The profitability and liquidity of the Company is affected by the amount of pawns outstanding, which is controlled in part by the Company's lending decisions. The Company is able to influence the frequency of pawn redemption by increasing or decreasing the amount pawned in relation to the resale value of the pledged property. Tighter credit decisions generally result in smaller pawns in relation to the estimated resale value of the pledged property and can thereby decrease the Company's aggregate pawn balance and, consequently, decrease pawn service charges. Additionally, small advances in relation to the pledged property's estimated resale value tend to increase pawn redemptions and improve the Company's liquidity. Conversely, providing larger pawns in relation to the estimated resale value of the pledged property can result in an increase in the Company's pawn service charge income. Also, larger average pawn balances can result in an increase in pawn forfeitures, which increases the quantity of goods on hand and, unless the Company increases inventory turnover, reduces the Company's liquidity. The Company's renewal policy allows customers to renew pawns by repaying all accrued interest on such pawns, effectively creating a new pawn transaction. In addition to these factors, merchandise sales and the pace of store expansions affect the Company's liquidity.

Management believes that the Credit Facility and cash generated from operations will be sufficient to accommodate the Company's current operations for fiscal 2002. The Company has no significant capital commitments. 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 currently intends to continue to engage in a plan of expansion primarily through new store openings. During the remainder of fiscal 2002, the Company currently plans to open approximately 20 check cashing/short-term advance locations, primarily located in Texas, Washington DC and Virginia, as well as 15 pawnshops in Mexico. Secondarily, the Company plans to increase its short-term advance operations in its existing pawn stores. This expansion will be funded through the Company's Credit Facility. 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.

FORWARD LOOKING INFORMATION

Factors impacting 2002 will include the continued success of the Company's short-term cash advance product, known as payday loans, and the continued growth in pawn loan demand. Management will continue to pursue marketing and development activities to enhance loan balances and promote payday loans in 2002. The continued impact in 2002 of still higher loan balances, improved bad debt collection efforts, improved margins on retail sales, lower interest rates on outstanding debt, new store openings and the further maturation of those already in place should lead to continued growth in the Company's earnings per share. Overall, expectations for fiscal 2002's net income from continuing operations should be positively impacted by the new accounting pronouncement dealing with the Company's treatment of the amortization of goodwill and intangibles; however, the precise impact of the Company's adoption, on January 1, 2002, of this new accounting pronouncement has not been determined at this time. Other factors that will determine the level of earnings in 2002 include the direction of loan balances, bad debt collections, retail sales, margins on retail sales, interest rates on the Company's outstanding debt and the number of new store openings. These factors lead management to an estimated range for earnings per share from continuing operations for fiscal 2002 of between $1.04 and $1.11 per share.

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," "expects," "may," "estimates," "will," "should," "plans," "intends," 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 earnings per share discussion above, the expectation of increased loan growth, the expectation for additional store openings, and the expectation of growth in the Company's payday advance products. 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 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. Certain factors may cause results to differ materially from those anticipated by some of the statements made in this report. Such factors are difficult to predict and many are beyond the control of the Company, but may include changes in regional or national economic conditions, the ability to integrate new stores, changes in governmental regulations, unforeseen litigation, changes in interest rates or tax rates, future business decisions and other uncertainties.

PART II. OTHER INFORMATION

ITEM 2. Changes in securities

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

ITEM 6. Exhibits and reports on Form 8-K

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: May 14, 2002	FIRST CASH FINANCIAL SERVICES, INC. (Registrant)
/s/ Phillip E. Powell	/s/ Rick L. Wessel
Phillip E. Powell Chairman of the Board and Chief Executive Officer	Rick L. Wessel Chief Accounting Officer