

CASH CONVERTERS

International Franchise Group

ANNOUNCEMENT

On 5 July, 2006 the Company requested a suspension of trading in its shares. This announcement is intended to ensure a properly informed market so that trading can commence on Monday 10 July, 2006.

The Company is pleased to announce two exciting acquisitions and a capital raising as follows:

Mon-e Pty Ltd

The Company has agreed in principle to enter into a share purchase agreement to acquire the whole of the issued capital of Mon-e Pty Ltd (“Mon-e”). Mon-e is the company which provides the software program and back office support for the Cash Converters chain of franchisees to make cash advances to their customers. Cash advances are a form of micro-lending where loans are repaid by direct debit from the customers’ bank accounts. From previous announcements by the Company, investors will be aware that this business has grown rapidly over the past five years. Mon-e has been paying the Company a royalty for the licence to engage franchisees on its platform which has increased to approximately \$300,000 per month. Mon-e itself produces net earnings before tax of approximately \$350,000 per month.

The Company has agreed to pay a price of \$15million for Mon-e, payable as to 30% in cash and 70% in shares. The shares will be issued at 40 cents per share. The price is subject to a performance clawback with respect to the shares. The clawback operates so that if in the two years post-completion, Mon-e produces total earnings of less than 160% of the Net After Tax Earnings for financial year 2006, a clawback of shares will occur. The clawback will mean that for every dollar shortfall, 11.75 shares will be cancelled (this applies a multiple of 4.7 to the shortfall and 40 cents to each share cancelled).

This acquisition is subject to execution of contracts, due diligence and shareholder approval.

Safrock Companies

The Company has agreed in principle to enter into a share purchase agreement to acquire the whole of the issued capital of the Safrock group of companies comprising Safrock Finance Corporation (Qld) Pty Ltd, Safrock Finance Corporation (WA) Pty Ltd, Safrock Finance Group Pty Ltd and Finance Administrators of Australia Pty Ltd (“Safrock Group”). The Safrock Group makes loans to customers of the Cash Converters franchise chain using franchisees as its agents. These loans comprise secured and unsecured loans between \$1,000 and \$10,000. The Safrock Group has Net After Tax Earnings for the 2006 financial year of approximately \$3.7 million. The acquisition will include the Safrock Group loan book of approximately \$9million and the Company will refinance the debt which supports that loan book of approximately \$4 million.

The Company has agreed to pay a price of \$17.5 million for the Safrock Group, payable as to 30% in cash and 70% in shares. The shares will be issued at 40 cents per share. The price is subject to a performance clawback with respect to the shares. The clawback operates so that if in the three years post-completion, Safrock Group produces a total of Net After Tax Earnings less than \$9million, a clawback of shares will occur. The clawback will mean that for every dollar shortfall, 11.75 shares will be cancelled (this applies a multiple of 4.7 to the shortfall and 40 cents to each share cancelled).

This acquisition is subject to execution of contracts, due diligence and shareholder approval.

Capital Raising

The Company intends to raise the cash component of each acquisition and additional working capital totalling \$15 million by way of a share placement at 40 cents per share. This placement will comprise two steps: a placement by the Company of shares comprising not more than 15% of its issued capital followed by a further placement with shareholder approval. Firm commitments have been received from sophisticated and professional investors being clients of Bell Potter with the first tranche under the 15% rule scheduled to be received on 31 July, 2006.

The timetable is to achieve shareholder approval by 20 September, 2006 and completion of the acquisitions by 30 September, 2006.

In addition to raising the cash component of each of the two acquisitions referred to, the Company intends to raise up to a maximum of \$3 million as additional working capital by way of a Shareholder Share Purchase Plan. The Shareholder Share Purchase Plan contemplates that each existing shareholder will be given the opportunity to acquire up to \$5,000 worth of shares at 40 cents per share.

Post Acquisition

The Company believes that, after these two acquisitions and the capital raisings referred to, the Company will be strongly positioned for the future with substantially enhanced earnings per share on the fully diluted capital which will rise from the present issued capital of 146 million shares to 250 million shares. The full details of both transactions including expert reports will be sent to shareholders by the middle of August, 2006 for an EGM to be held in September, 2006.

Results for Financial Year ended 30 June, 2006

Based on unaudited management accounts, the Company advises that its Net After Tax Earnings for the 2006 Financial Year will be not less than \$4,000,000 with its Earnings Before Interest and Tax being not less than \$5,750,000.