

Cash Converters Finance Corporation Ltd - A.C.N. 050 495 095

31 March 2008

REGULATORY GUIDE 69: “DEBENTURES – IMPROVING DISCLOSURE FOR RETAIL INVESTORS” – COMMUNICATING WITH YOUR INVESTORS.

Since the 1 December 2007, all debenture issuers are required to report against the eight (8) benchmarks outlined in the Regulatory Guide and to communicate their initial benchmark disclosure directly to investors (franchisees only).

The following “*Benchmark Disclosure Statement*” has been prepared to cover our obligations as per the Regulatory Guide with the same statement being included in our prospectus No.17 lodged with the Australian Securities and Investments Commission on the 5th February 2008.

BENCHMARK DISCLOSURE STATEMENT

This Disclosure Statement is included in Prospectus No.17 in compliance with Regulatory Guide 69 issued by the Australian Securities and Investment Commission

- Equity Capital:** Benchmark has been met. The Company does not make loans for any purpose other than to Franchisees in accordance with the details set out in 2.9 and 5.4 and definitely not in connection with property development. Accordingly, the Equity capital benchmark of a minimum of 8% equity applies under the Guidelines. The equity ratio for the Company calculated under the formula of “equity capital divided by the sum of total debt and equity capital” as at 31st December 2007 is 11.68%. The Trust Deed governing these debentures also has provisions concerning liquidity based upon maintaining a surplus of Total Tangible Assets such that Total External Liabilities does not exceed 90% of Total Tangible Assets. . The ratio has been tracked and reported on since the first prospectus in March 1993. The current ratio under this formula is 72.02%. Refer to paragraph 5.7 below.
- Liquidity :** Benchmark has been met. The Company complies with this benchmark by maintaining monthly cash flow estimates and ensuring that it has on hand cash sufficient to meet projected cash needs over the coming three months at all times. The Company monitors the likely rate at which debentures will need to be redeemed based upon those franchise agreements which fall due for renewal on a rolling basis for the quarterly periods and balances that against the cash outflows for loans to franchisees and the loan repayments being received. By monitoring these matters, the Company ensures that all debentures which fall due for redemption can be redeemed immediately. This is possible since debentures can only be redeemed at the end of the ten-year term of a franchise or upon the closure of a store. These events are not frequent and can be reasonably anticipated. For the period from 1st January 2008 to 31st March 2008, the expected receipts from loan repayments and note subscriptions and the expected payments are set out in the following table:

Cash Converters Finance Corporation Ltd Cashflow For the period stated 1 January 08 – 31 March 08	Jan 08	Feb 08	March 08	Jan 08 –March 08
Opening balance	484,552	441,952	357,542	484,552
EXPECTED INCOME				
Contracted Note subscriptions see paragraph 2.4 below	20,000	20,000	19,000	59,000
Loan repayments	75,000	76,000	76,000	227,000
Total Income Received	95,000	96,000	95,000	286,000
EXPECTED EXPENDITURE				
Loan advances	100,000	-	-	100,000
Unsecured notes redeemed	-	147,910	-	147,910
Reduction of inter company loan	-	-	100,000	100,000
Inter company – interest	12,500	12,500	12,600	37,700
CCFCL expenses	25,000	20,000	20,000	65,000
Total Expenditure	137,600	180,410	132,600	450,610
Net Cash Inflows/(Outflows)	(42,600)	(84,410)	(37,600)	(164,610)
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Closing Balance	441,952	357,542	319,942	319,942

3. **Rollovers** : Benchmark has been met. There are no rollovers of debenture investments under the scheme to which this Prospectus relates. All debentures are held until redemption. Accordingly, the Company does not take into account rollovers when assessing its funding.

4. **Credit Ratings** : Benchmark has NOT been met. The Company does not consider that a credit rating will serve any useful purpose since the debentures which are issued under this Prospectus are an integral part of an investment in a franchise business and the execution of a franchise agreement. The major investment decision facing a potential franchisee is not the subscription for these debentures but the investment in a business which involves extensive fit-out costs, stock, leasing commitments and the like and which investment is canvassed in detail in the Disclosure Document issued by the Franchisor to each intending Franchisee pursuant to the Franchising Code of Conduct. That Disclosure Document is always accompanied by this Prospectus so that the investor understands that the debentures are a form of saving for renewal fees under the Franchise Agreement and not a stand-alone investment. This is explained in clause 2 below. The debentures do not bear any interest and are not an investment which has merit apart from their role as part of the franchise system. As such, no credit rating agency will be able to assess their value or risk without considering the potential of a Cash Converters franchise store.

5. **Loan Portfolio** : Benchmark has been met. Details of the loan portfolio are disclosed in the financial statements included with this Prospectus. Current details of the loan portfolio are as follows:

- (a) Number of Loans: 23. Value of Loans: \$2,509,490
- (b) All loans are made only to franchisees and only within Australia; the geographical spread is as follows as at 31st December, 2007:

State	Number of loans	Total Amount lent	Percentage of value %
New South Wales	1	64,183	2.56
ACT	nil	-	-
Victoria	10	1,475,875	58.81
Tasmania	nil	-	-
South Australia	nil	-	-
Northern Territory	nil	-	-
Queensland	7	413,813	16.49
Western Australia	5	555,619	22.14
Value	23	2,509,490	100.00

- (c) No loans are in default or arrears;
- (d) Loans are made only to franchisees and only in connection with their franchise businesses. Loans are always secured by first fixed and floating charges over the assets and undertaking of the franchisee and by personal guarantees of the directors of the franchisee. A loan may not exceed 60% of the value of the security. Under current policy, loans cannot exceed \$250,000 per franchise store.
- (e) Proportion of loan monies lent to largest borrower : \$250,000 being 9.96%; Proportion of loan monies lent to 10 largest borrowers : \$1,300,000 being 51.80%.
6. **Related Party Transactions** : Benchmark has been met. All loans are made only to shareholders of the Company and therefore all loans are made to related parties. In one case, the franchisee company is also related to a director of the Company, see Note 13 of the Audited Accounts enclosed with this Prospectus. The loans comprise: 2 loans; total lent: \$264,526. The assessment and approval process for loans to all related parties are the same. For the case of directors, the only difference in the assessment and approval process is that a director cannot participate in the decision to approve or reject a loan to a party to which he is related.
7. **Valuations** : Benchmark does not apply. The Company does not lend any money for property-related activities and accordingly, this benchmark does not apply.
8. **Lending principles – loan-to-valuation ratios** : Benchmark does not apply. The Company does not lend any money for property-related activities and accordingly, this benchmark does not apply.