For personal use only

The Company wishes to advise the following in relation to the impact of the new legislation on consumer lending. Certain provisions of the new Consumer Credit Legislation Amendment (Enhancements) Bill 2012, commenced on 1st March, 2013.

Cash Advance

What was previously a quick and convenient solution to a consumer's short term cash requirements is now a more complicated and time consuming process.

This has had a significant short term impact on the volume of loans written as both staff and customers become familiar with the new requirements:

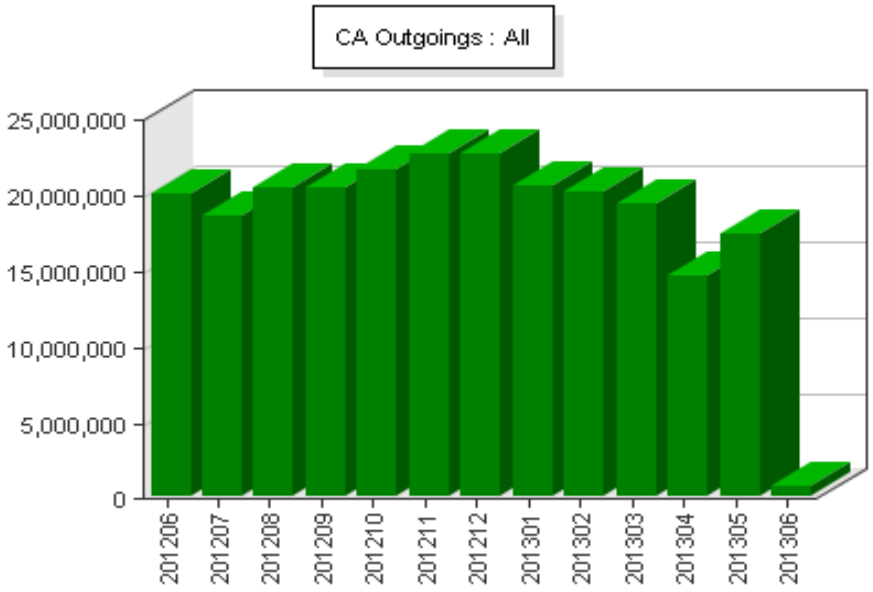
- A customer's only access to provide the current 90 days of bank statements is via internet banking. This has resulted in customers who are not registered for internet banking not qualifying for a loan until they are registered;
- Bank statements need to be analysed to ensure that there are no current SAAC loans with another lender;
- An Income and Expenditure form needs to be completed for each loan application and then an assessment made of the customers capacity to repay the loan.

The short term impact has reduced outgoings against the 9 monthly average of $19.89 million by:

- March 2.36%
- April 26.3%
- May 12.56%

These reductions have a negative impact on the following income segments:

- Financial Services - Administration; and
- Store Operations



Note: June 2013 is only a part month

In contrast to the impact we are seeing on the Cash Advance product we are seeing an increase in the volume of Personal Loan products. The month of May was a record month for our Personal Loan product. We are seeing a number of Cash Advance customers move over to the Personal Loan product. With the Personal Loan product typically being a longer duration loan and higher amount we expect to see profitability to pick up over the next six months.

Cash Converters Managing Director, Peter Cumins said "The Regulatory change and the system adjustments Cash Converters has put in place was always going to result in a transition period for our customer base. We believe the demand for short term loans continues to grow and the impact we are experiencing in our Cash Advance product will not impact the overall demand for our financial products over the longer term. As a result our profitability has been impacted over the short term but the Company expects its net profit after tax for FY2013 to be slightly higher than the NPAT for FY2012".

Ralph Groom
Company Secretary
Cash Converters International Limited
6 June 2013

For personal use only