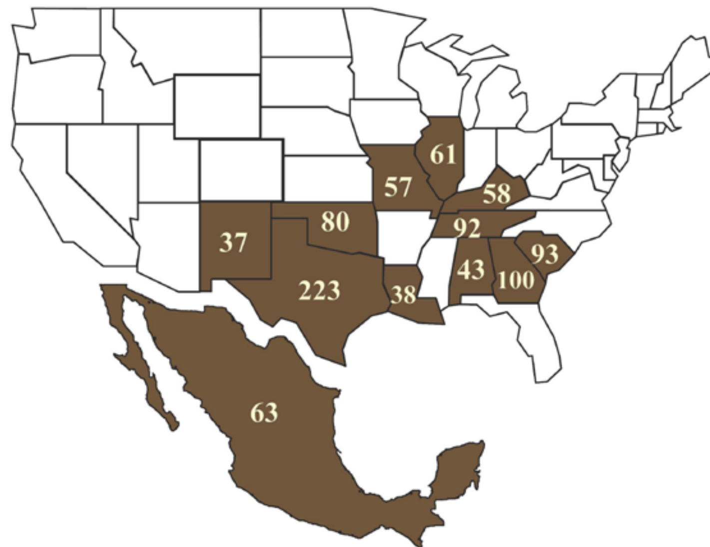
COMPANY PROFILE

WORLD ACCEPTANCE CORPORATION, founded in 1962, is one of the largest small-loan consumer finance companies in the United States and Mexico. It offers short-term small loans, medium-term larger loans, related credit insurance products, ancillary products and services to individuals who have limited access to other sources of consumer credit. It also offers income tax return preparation services and access to refund anticipation loans (through a third party bank) to its customer base and to others.

World emphasizes quality customer service and the building of strong personal relationships with its customers. As a result, a substantial portion of the Company's business is repeat business from the renewal of loans to existing customers and the origination of new loans to former customers. During fiscal 2009, the Company loaned $1.9 billion in the aggregate in 1.9 million transactions. At March 31, 2009, World had approximately 732,000 customers. The Company's loans generally are under $3,000 and have maturities of less than 24 months. World's average gross loan made in fiscal 2009 was $1,011, and the average contractual maturity was approximately eleven months.

The Company also markets computer software and related services to financial services companies through its ParaData Financial Systems subsidiary. The ParaData system is currently used in approximately 1,465 consumer loan offices, including the Company's branch offices, and ParaData services over 107 customers.

As of June 17, 2009, World operated 945 offices in South Carolina, Georgia, Texas, Oklahoma, Louisiana, Tennessee, Missouri, Illinois, New Mexico, Kentucky, Alabama and Mexico.



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FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

	Years Ended March 31,		
Selected Statement of Operations Data:	**2009**	2008	Change
Total revenues	$ **393,705**	346,047	13.8%
Net income	**60,703**	52,996	14.5%
Diluted earnings per share	**3.69**	3.05	21.0%
Selected Balance Sheet Data:			
Gross loans receivable	$ **671,176**	599,509	12.0%
Total assets	**531,254**	486,110	9.3%
Total debt	**208,310**	214,900	(3.1%)
Total shareholders' equity	**290,386**	234,305	23.9%
Selected Ratios:			
Return on average assets	**11.6%**	11.4%	1.8%
Return on average shareholders' equity	**23.5%**	23.6%	(0.4%)
Shareholders' equity to assets	**54.6%**	48.2%	13.3%
Statistical Data:			
Number of customers at period end	**732,109**	683,635	7.1%
Number of loans made	**1,914,269**	1,808,161	5.9%
Number of offices	**944**	838	12.6%

Comparison of Cumulative Total Return Between World Acceptance Corporation, NASDAQ Composite Index and NASDAQ Financial Index

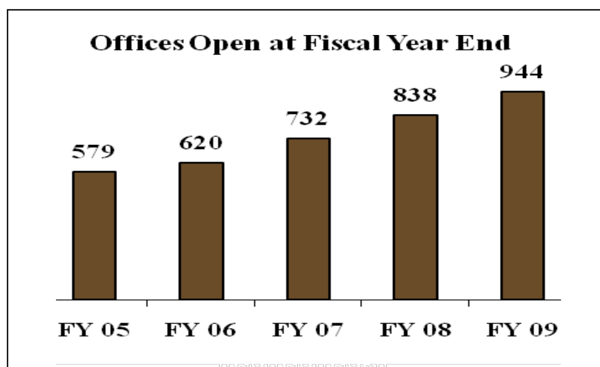
	3/31/04	3/31/05	3/31/06	3/31/07	3/31/08	3/31/09
World Acceptance Corporation	100.00	130.14	139.72	203.72	162.42	87.20
NASDAQ Composite Index	100.00	100.68	118.72	123.15	114.86	62.23
NASDAQ Financial Index	100.00	104.02	122.20	127.91	107.98	68.37

To Our Shareholders

Fiscal 2009 was an extremely challenging year for your Company, as it was for most companies both in the financial services sector and in many other sectors of our economy. In spite of the very difficult economic environment, your Company made excellent gains in numerous areas and ended the year with a strong financial performance. As the chart below indicates, several key areas continued to show strong positive trends over the trailing five years with, in most cases, reasonably good growth rates during the most recent fiscal year:

Key Indicators	Value at Fiscal Year End or For Fiscal 2009 (dollars in thousands, except per share data)	Five Year Annual Compounded Growth Rate	Fiscal 2009 Growth Rate
Total Revenues	$393,705	17.1%	13.8%
Net Earnings	$60,703	16.1%	14.5%
Earnings Per Share (diluted)	$3.69	19.9%	21.0%
Gross Loans	$671,176	16.7%	12.0%
Number of Offices	944	12.4%	12.6%
Stock Price Per Share	$17.10	(2.7%)	(46.3%)

The performance of our stock price, however, has not paralleled our other successes during the year. While there was substantial improvement in our share price after our fourth quarter earnings release, a series of negative (and in many instances misleading) reports were published on the internet by a controversial analyst known for similar attacks on other companies, which led to further declines in our market value. We chose not to engage in any needless debate with this analyst, as we have never felt that arguing with the media was a valuable exercise. We believe that our continued strong financial performance is the best response we can make to our critics, and as we have done throughout our history, we plan to let those results speak for themselves.

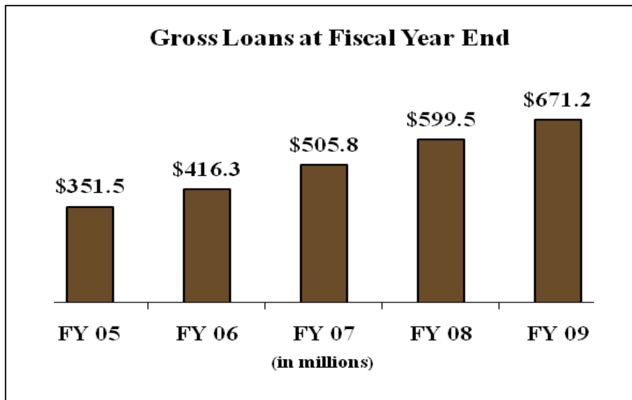


As previously stated, at the beginning of fiscal 2007 we made a strategic decision to accelerate our branch office openings. As a result, we expanded our office network by 106 net new offices in fiscal 2009 through new office openings and acquisitions. This followed an expansion of 106 offices in fiscal 2008 and 112 offices in fiscal 2007. We believe that this more aggressive office expansion was necessary to maintain the growth in loans required to provide sustainable shareholder returns. We had opened an average of 40 offices per year over the previous five years, including acquisitions. This included 41 new offices in fiscal 2006. Although the accelerated office expansion did achieve the desired growth in loans, as expected, the additional expenses associated with these new offices also had a negative drag on earnings during the short term. Nonetheless, as these new offices reach a mature size, we believe our accelerated branch openings will greatly enhance our earnings potential in the future. While our long term growth strategy remains substantially unchanged, we plan to reduce our office openings during Fiscal 2010 to 30 offices in the United States and 15 offices in Mexico, plus acquisitions as the opportunities arise. This more modest office expansion for the current year will allow the Company to focus on improving charge-off ratios and reducing the number of nonperforming offices in the United States and to concentrate on training and management development in Mexico.

We opened our first office in Mexico in September 2005 and have been very pleased with our progress in that market. While we expected to become profitable in Mexico in Fiscal 2009, we realized a small overall loss for the year due to the expenses incurred in the 28 new offices opened during the period. At the end of the fiscal year, we had 63 offices with 55,031 accounts and approximately $20.0 million in gross loans outstanding. Our delinquencies and net charge-off ratios remain better than those in the United States and we expect that trend to continue. We think Mexico offers tremendous potential, but we will slow our office expansion to 15 new

locations in fiscal 2010 to further train potential supervisors and other upper management personnel. There are numerous reasons that it is neither economical nor practical to move employees from the United States to Mexico; therefore, almost all of the 480 employees in Mexico are native to that country, and have a maximum experience level with the Company of less than four years. The average experience level is generally less than two years.

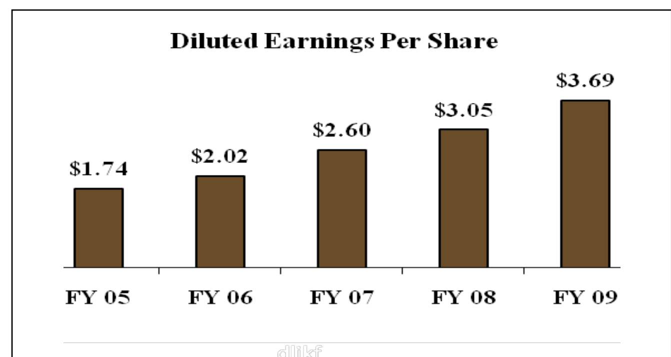
Gross loans receivable, the Company's primary earning asset, increased to $671.2 million at March 31, 2009, up 12.0% over the $599.5 million outstanding at the end of fiscal 2008. While our loan growth in the current fiscal year was substantially less than during the prior fiscal year, we are very pleased with this result in light of the increase in charge-offs during the year that resulted from the economic turmoil that all of us have been experiencing. At the end of the current fiscal year, the Company had open loan relationships with approximately 732,000 customers. This is compared to 684,000 customers at March 31, 2008.



We are also pleased that the majority of our loan growth continues to be generated through the opening of new accounts, as opposed to an increase in our average balance per account. During fiscal 2009, the 12.0% growth in gross loans consisted of a 7.3% increase in accounts and a 4.7% increase in average balances. We believe that our expanding customer base provides an excellent opportunity for additional growth in the coming year. We also believe that because our loan portfolio is our primary earning asset, loan growth is a good indicator of future trends in revenue and earnings for World Acceptance.

Acquisitions also continue to be a very important part of our overall growth strategy; however, growth through acquisitions is inherently less predictable due to the timing of the availability of attractive purchase opportunities. We are very pleased that we achieved reasonable loan growth with relatively fewer acquisitions. During the most recent fiscal year, we completed the purchase of 22 offices in 14 separate transactions. Of these, 11 offices were merged into existing Company offices and 11 became new office locations. These acquisitions contributed approximately 9,000 accounts and $10.8 million in gross loan balances. Over the previous five years, we acquired an average of $17.1 million in gross loans and an average of 23,500 accounts per year. We continue to review potential acquisition candidates in existing and contiguous markets for future growth opportunities.

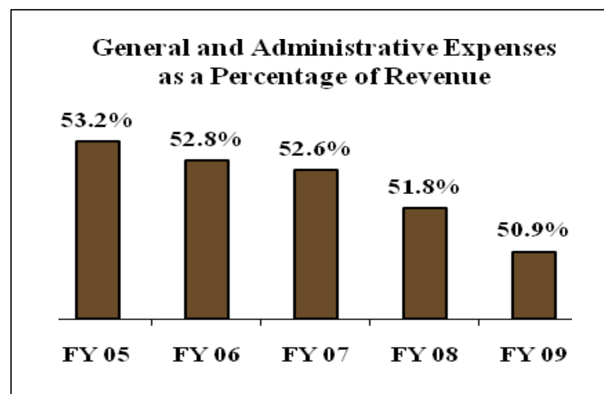
Net earnings for the year rose to $60.7 million, or $3.69 per diluted share, compared with $53.0 million, or $3.05 per diluted share, during fiscal 2008. Earnings grew 14.5% and earnings per share rose 21.0% compared with the prior year. Both net earnings and earnings per share benefited from gains recognized on the early retirement of a portion of our convertible notes at a substantial discount. These gains amounted to approximately $5.5 million pretax. Without these gains, net income and earnings per share would have been $3.4 million and $0.21 less, respectively.



The higher growth rate in per share earnings during the current fiscal year is due to fewer shares outstanding as compared to the prior fiscal year. During the year, we repurchased 288,700 shares under our share repurchase program for an aggregate cost of $7.8 million. This decrease in shares was partially offset by shares issued under stock option exercises and grants of restricted stock. We were less aggressive in repurchases during fiscal 2009 due to the opportunity to retire debt at a substantial discount; however, we believe our stock continues to represent an excellent investment and expect our stock repurchase program to be an important part of the Company's overall strategy to build shareholder value in the future. During the last 14 years, the Company has repurchased 8.8 million shares of its common stock for an aggregate purchase price of $165.7 million.

The biggest impact to our operations from the current economic environment was reflected in our credit quality and loan losses. This is probably the most important component of our business, and is continuously monitored by management at all levels. Our charge-offs as a percent of average net loans has been very stable in recent years and amounted to 14.5%, 13.3%, 14.8%, 14.6% and 14.7% for fiscal years 2008, 2007, 2006, 2005 and 2004, respectively. This important ratio rose to 16.7% in fiscal 2009, which had a negative effect on both loan growth and net earnings. We believe that the inflationary pressure from rising energy and other commodity prices had a more negative effect than other economic factors. As a result, we believe that our fourth quarter results indicate that we should expect a leveling of charge-off ratios as we enter fiscal 2010. We must be very careful in adjusting our underwriting procedures in an effort to balance returns and losses. If our underwriting becomes too strict, we may reduce our losses, but at the same time, deny credit to qualified individuals.

Control over our operating expenses has continued to contribute to our earnings growth. Expenses, like charge-offs, are closely monitored at all levels of management. We have reduced general and administrative expenses as a percentage of total revenue in each of the past nine years. In fiscal 2009, they decreased to 50.9% from 51.8% during fiscal 2008. The Company also benefited from lower interest rates in fiscal 2009 as our interest expense as a percent of revenue decreased from 3.3% in fiscal 2008 to 2.6% in the current year. We anticipate a rise in interest rates in fiscal 2010.



During fiscal 2009, your Company was faced with a new challenge that differed from the challenges of a difficult economic environment and the inflationary pressures on energy and other commodities that we have weathered in the past. We have repeatedly stated that the primary risk factor facing our Company has been that of a regulatory and legislative nature. Historically, this risk has been limited to a state basis, where primary oversight for consumer finance companies has resided. We have successfully managed this risk through our excellent relationships with both regulators and legislators and through our active participation in trade associations in all of the states where the Company operates. In fiscal 2009, this risk also surfaced at the federal level as several bills were introduced in both the House and Senate proposing arbitrary interest rate caps on consumer credit transactions. These laws, if passed, would make many of the products we offer unprofitable, resulting in a significant negative impact on our borrowers' access to the credit that they need and on our operations and profitability. Your Company and I are working very closely with the American Financial Services Association and the National Installment Lenders Association to demonstrate to legislators the value of the loan products we offer to our customers and the repercussions of eliminating the availability of credit to such a large segment of the population that would result from artificially low rate caps. We believe that there is not currently enough support in Congress to pass any of these bills as currently proposed and we will continue to do all that we can to protect this industry and the services it provides to a large number of deserving individuals.

Overall, we are very pleased with our operating performance in fiscal 2009, which was a challenge on all fronts, and we are very optimistic with our prospects in fiscal 2010. On behalf of the directors, management and all of our more than 3,400 dedicated and loyal employees, many of whom are shareholders, we thank you for your support and continued interest in World Acceptance Corporation.

Sincerely,

A. A. McLean III
Chairman and
Chief Executive Officer

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

(Dollars in thousands, except per share amounts)

	Years Ended March 31,				
	2009	2008	2007	2006	2005
Statement of Operations Data:					
Interest and fee income	**$ 331,454**	$ 292,457	$ 247,007	$ 204,450	$ 177,582
Insurance commissions and other income	**62,251**	53,590	45,311	38,822	33,176
Total revenues	**393,705**	346,047	292,318	243,272	210,758
Provision for loan losses	**85,476**	67,542	51,925	46,026	40,037
General and administrative expenses	**200,216**	179,219	153,627	128,514	112,223
Interest expense	**10,389**	11,569	9,596	7,137	4,640
Total expenses	**296,081**	258,330	215,148	181,677	156,900
Income before income taxes	**97,624**	87,717	77,170	61,595	53,858
Income taxes	**36,921**	34,721	29,274	23,080	19,868
Net income	**60,703**	$ 52,996	$ 47,896	$ 38,515	$ 33,990
Net income per common share (diluted)	**$ 3.69**	$ 3.05	$ 2.60	$ 2.02	$ 1.74
Diluted weighted average shares	**16,464**	17,375	18,394	19,098	19,558
Balance Sheet Data (end of period):					
Loans receivable, net of unearned and deferred fees	**$ 498,433**	$ 445,091	$378,038	$ 312,746	$ 267,024
Allowance for loan losses	**(38,021)**	(33,526)	(27,840)	(22,717)	(20,673)
Loans receivable, net	**460,412**	411,565	350,198	290,029	246,351
Total assets	**531,254**	486,110	411,116	332,784	293,507
Total debt	**208,310**	214,900	171,200	100,600	83,900
Shareholders' equity	**290,386**	234,305	215,493	210,430	189,711
Other Operating Data:					
As a percentage of average loans receivable:					
Provision for loan losses	**17.6%**	15.8%	14.5%	15.4%	15.3%
Net charge-offs	**16.7%**	14.5%	13.3%	14.8%	14.6%
Number of offices open at year-end	**944**	838	732	620	579

General

The Company's financial performance continues to be dependent in large part upon the growth in its outstanding loans receivable, the ongoing introduction of new products and services for marketing to its customer base, the maintenance of loan quality and acceptable levels of operating expenses. Since March 31, 2004, gross loans receivable have increased at a 16.7% annual compounded rate from $310.1 million to $671.2 million at March 31, 2009. The increase reflects both the higher volume of loans generated through the Company's existing offices and the contribution of loans generated from new offices opened or acquired over the period. During this same five-year period, the Company has grown from 470 offices to 944 offices as of March 31, 2009. During fiscal 2010, the Company plans to open or acquire approximately 30 new offices in the United States and 15 new offices in Mexico.

The Company attempts to identify new products and services for marketing to its customer base. In addition to new insurance-related products, which have been introduced in selected states over the last several years, the Company sells and finances electronic items and appliances to its existing customer base in many states where it operates. This program is called the "World Class Buying Club." Total loan volume under this program was $13.0 million during fiscal 2009, compared to $16.2 million in fiscal 2008. World Class Buying Club represents less than 2% of the Company's total loan volume.

The Company's ParaData Financial Systems subsidiary provides data processing systems to 107 separate finance companies, including the Company, and currently supports approximately 1,465 individual branch offices in 44 states and Mexico. ParaData's revenue is highly dependent upon its ability to attract new customers, which often requires substantial lead time, and as a result its revenue may fluctuate greatly from year to year. Its net revenues from system sales and support amounted to $2.0 million, $2.2 million and $2.5 million in fiscal 2009, 2008 and 2007, respectively. ParaData's net revenue to the Company will continue to fluctuate on a year to year basis. ParaData continues to provide state-of-the-art data processing support for the Company's in-house integrated computer system at a substantially reduced cost to the Company.

The Company also includes in its product line larger balance, lower risk, and lower yielding individual consumer loans. These loans typically average $1,000 to $3,000, with terms of generally 18 to 24 months, compared to smaller loans, which average $300 to $1,000, with terms of generally 8 to 12 months. The Company offers the larger loans in all states except Texas, where they are not profitable under our lending criteria and strategy. Additionally, the Company has purchased over the years numerous larger loan offices and has made several bulk purchases of larger loans receivable. As of March 31, 2009, the larger loan category accounted for approximately $191.4 million of gross loans receivable, a 22.7% increase over the balance outstanding at March 31, 2008. At the end of the current fiscal year, this portfolio was 28.5% of the total loan balances, a slight increase from the previous year mix of 26.0%. Management believes that these loans provide lower expense and loss ratios, and thus provide positive contributions.

The Company offers an income tax return preparation and access to refund anticipation loan program in all but a few of its offices. Based on the results of this test, the Company expanded this program in fiscal 2000 into substantially all of its offices. The Company prepared approximately 63,000, 65,000 and 60,000 returns in each of the fiscal years 2009, 2008 and 2007, respectively. Net revenue generated by the Company from this program during fiscal 2009 amounted to approximately $9.9 million. The Company believes that this profitable business provides a beneficial service to its existing customer base and plans to continue to promote and expand the program in the future.

The following table sets forth certain information derived from the Company's consolidated statements of operations and balance sheets, as well as operating data and ratios, for the periods indicated:

	Years Ended March 31,		
	2009	2008	2007
	(Dollars in thousands)		
Average gross loans receivable (1)	**$ 658,587**	576,050	480,120
Average net loans receivable (2)	**486,776**	426,524	358,047
Expenses as a percentage of total revenue:			
Provision for loan losses	**21.7%**	19.5%	17.8%
General and administrative	**50.9%**	51.8%	52.6%
Total interest expense	**2.6%**	3.3%	3.3%
Operating margin (3)	**27.4%**	28.7%	29.7%
Return on average assets	**11.6%**	11.3%	12.5%
Offices opened and acquired, net	**106**	106	112
Total offices (at period end)	**944**	838	732

(1) Average gross loans receivable have been determined by averaging month-end gross loans receivable over the indicated period.
(2) Average loans receivable have been determined by averaging month-end gross loans receivable less unearned interest and deferred fees over the indicated period.
(3) Operating margin is computed as total revenues less provision for loan losses and general and administrative expenses as a percentage of total revenues.

As described below under "– Recently Issued Accounting Pronouncements – Convertible Debt Instruments," in the first quarter of fiscal 2010, we will be required to adopt FASB Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"), and apply it retrospectively to all periods presented with a cumulative effect adjustment being made as of the earliest period presented. Adoption of FSP APB 14-1 will affect our fiscal 2009 and fiscal 2008 consolidated statements of operations and balance sheets as reported in future periods to the extent described in Note 1, Summary of Significant Accounting Policies in Part II, Item 8 of this report.

Comparison of Fiscal 2009 Versus Fiscal 2008

Net income was $60.7 million during fiscal 2009, a 14.5% increase over the $53.0 million earned during fiscal 2008. This increase resulted from an increase in operating income (revenues less provision for loan losses and general and administrative expenses) of $8.7 million, or 8.8%, a reduction in the income tax effective rate and a reduction in interest expense.

Total revenues increased to $393.7 million in fiscal 2009, a $47.7 million, or 13.8%, increase over the $346.0 million in fiscal 2008. Revenues from the 727 offices open throughout both fiscal years increased by 7.7%. At March 31, 2009, the Company had 944 offices in operation, an increase of 106 offices from March 31, 2008.

Interest and fee income during fiscal 2009 increased by $39.0 million, or 13.3%, over fiscal 2008. This increase resulted from an increase of $60.3 million, or 14.1%, in average net loans receivable between the two fiscal years. The increase in average loans receivable was attributable to the Company acquiring approximately $9.1 million in net loans and internal growth. During fiscal 2009, internal growth increased because the Company opened 98 new offices and the average loan balance increased from $877 to $917.

Insurance commissions and other income increased by $8.7 million, or 16.2%, over the two fiscal years. Insurance commissions increased by $2.0 million, or 6.7%, as a result of the increase in loan volume in states where credit insurance is sold. Other income increased by $6.6 million, or 28.6%, over the two years, primarily due to a $1.5 million gain on the sale of the foreign currency option and a $5.5 million gain on the extinguishment of $15 million par value of the Convertible Notes. See Note 8 for further discussion regarding this extinguishment of debt. This increase was partially offset by approximately a $0.8 million loss related to our interest rate swap.

The provision for loan losses during fiscal 2009 increased by $17.9 million, or 26.6%, from the previous year. This increase resulted from a combination of increases in both the allowance for loan losses and the amount of loans charged off. Net charge-offs for fiscal 2009 amounted to $81.1 million, a 30.9% increase over the $62.0 million charged off during fiscal 2008. Net charge-offs as a percentage of average loans increased from 14.5% to 16.7% when comparing the two annual periods. We believe the 2.2 percentage point increase resulted from the difficult economic environment and higher energy cost that our customers faced. Delinquencies on a recency basis increased from 2.6% to 2.7% and on a contractual basis increased from 4.0% to 4.2% at March 31, 2008 and March 31, 2009, respectively.

General and administrative expenses during fiscal 2009 increased by $21.0 million, or 11.7%, over the previous fiscal year. This increase was due primarily to costs associated with the new offices opened or acquired during the fiscal year. General and administrative expenses, when divided by average open offices, remained flat when comparing the two fiscal years and, overall, general and administrative expenses as a percent of total revenues decreased from 51.8% in fiscal 2008 to 50.9% during fiscal 2009. This decrease resulted from management's ongoing monitoring and control of expenses.

Interest expense decreased by $1.2 million, or 10.2%, during fiscal 2009, as compared to the previous fiscal year as a result of a decrease in interest rates, partially offset by an increase in average debt outstanding of 12.1%. Average interest rates decreased from 5.4% in fiscal 2008 to 4.4% in fiscal 2009.

Income tax expense increased $2.2 million, or 6.3%, primarily from an increase in pre-tax income. The decrease in the effective rate from 39.6% to 37.8% was a result of the prior year tax examination discussed in Note 13 to our Consolidated Financial Statements. At this time, it is too early to predict the outcome on this tax issue and any future recoverability of this charge. Until the tax issue is resolved, the Company expects to accrue approximately $40,000 per quarter for interest and penalties.

Comparison of Fiscal 2008 Versus Fiscal 2007

Net income was $53.0 million during fiscal 2008, a 10.6% increase over the $47.9 million earned during fiscal 2007. This increase resulted from an increase in operating income of $12.5 million, or 14.4%, partially offset by an increase in interest expense and income taxes.

Total revenues increased to $346.0 million in fiscal 2008, a $53.7 million, or 18.4%, increase over the $292.3 million in fiscal 2007. Revenues from the 645 offices open throughout both fiscal years increased by 8.9%. At March 31, 2008, the Company had 838 offices in operation, an increase of 106 offices from March 31, 2007.

Interest and fee income during fiscal 2008 increased by $45.5 million, or 18.4%, over fiscal 2007. This increase resulted from an increase of $68.5 million, or 19.1%, in average net loans receivable between the two fiscal years. The increase in average loans receivable was attributable to the Company acquiring approximately $3.1 million in net loans and internal growth. During fiscal 2008, internal growth increased because the Company opened 95 new offices and the average loan balance increased from $837 to $877.

Insurance commissions and other income increased by $8.3 million, or 18.3%, over the two fiscal years. Insurance commissions increased by $6.0 million, or 24.5%, as a result of the increase in loan volume in states where credit insurance is sold. Other income increased by $2.3 million, or 11.0%, over the two years, primarily due to an increase in fees received from income tax return preparation of $1.5 million, an increase in motor club product sales of $1.1 million and an $0.8 million increase in World Class Buying Club sales. This increase was partially offset by a $1.8 million loss related to our interest rate swap.

The provision for loan losses during fiscal 2008 increased by $15.6 million, or 30.1%, from the previous year. This increase resulted from a combination of increases in both the allowance for loan losses and the amount of loans charged off. Net charge-offs for fiscal 2008 amounted to $62.0 million, a 29.8% increase over the $47.7 million charged off during fiscal 2007. Net charge-offs as a percentage of average loans increased from 13.3% to 14.5% when comparing the two annual periods. This increase was mainly attributed to a change in the bankruptcy laws which decreased the number of bankruptcy filings in fiscal 2007. However, in fiscal 2008 the bankruptcy charge-offs returned to more historical levels. This resulted in the fiscal 2008 net charge-offs being more in line with historical losses of 14.8% in 2006, 14.6% in 2005, 14.7% in 2004 and 14.6% in 2003. Delinquencies on a recency basis increased from 2.2% to 2.6% and on a contractual basis increased from 3.6% to 4.0% at March 31, 2007 and March 31, 2008, respectively.

General and administrative expenses during fiscal 2008 increased by $25.6 million, or 16.7%, over the previous fiscal year. This increase was due primarily to costs associated with the new offices opened or acquired during the fiscal year. General and administrative expenses, when divided by average open offices, decreased by 0.6% when comparing the two fiscal years and, overall, general and administrative expenses as a percent of total revenues decreased from 52.6% in fiscal 2007 to 51.8% during fiscal 2008.

Interest expense increased by $2.0 million, or 20.6%, during fiscal 2008, as compared to the previous fiscal year as a result of an increase in average debt outstanding of 40.2%. This increase was offset by a decrease in average interest rates from 6.3% in fiscal 2007 to 5.4% in fiscal 2008.

Income tax expense increased $5.4 million, or 18.6%, primarily from an increase in pre-tax income and a charge of $1.5 million related to a tax examination. A state jurisdiction has completed its examinations and issued a proposed assessment for tax years 2001 through 2006. In consideration of the proposed assessment, net income for fiscal 2008 was reduced by a charge of $1.5 million and the total gross unrecognized tax benefits was increased by $2.3 million in fiscal 2008 as a result of this examination. As a result, the Company's effective income tax rate increased to 39.6% for the year ended March 31, 2008 from 37.9% for the year ended March 31, 2007.

Critical Accounting Policies

The Company's accounting and reporting policies are in accordance with U.S. generally accepted accounting principles and conform to general practices within the finance company industry. The significant accounting policies used in the preparation of the consolidated financial statements are discussed in Note 1 to the consolidated financial statements. Certain critical accounting policies involve significant judgment by the Company's management, including the use of estimates and assumptions which affect the reported amounts of assets, liabilities, revenues, and expenses. As a result, changes in these estimates and assumptions could significantly affect the Company's financial position and results of operations. The Company considers its policies regarding the allowance for loan losses and share-based compensation, to be its most critical accounting policies due to the significant degree of management judgment involved.

Allowance for Loan Losses

The Company has developed policies and procedures for assessing the adequacy of the allowance for loan losses that take into consideration various assumptions and estimates with respect to the loan portfolio. The Company's assumptions and estimates may be affected in the future by changes in economic conditions, among other factors. For additional discussion concerning the allowance for loan losses, see "Credit Quality" below.

Share-Based Compensation

The Company measures compensation cost for share-based awards at fair value and recognizes compensation over the service period for awards expected to vest. The fair value of restricted stock is based on the number of shares granted and the quoted price of our common stock, and the fair value of stock options is determined using the Black-Scholes valuation model. The Black-Scholes model requires the input of highly subjective assumptions, including expected volatility, risk-free interest rate and expected life, changes to which can materially affect the fair value estimate. In addition, the estimation of share-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience. Actual results, and future changes in estimates, may differ substantially from our current estimates.

Credit Quality

The Company's delinquency and net charge-off ratios reflect, among other factors, changes in the mix of loans in the portfolio, the quality of receivables, the success of collection efforts, bankruptcy trends and general economic conditions.

Delinquency is computed on the basis of the date of the last full contractual payment on a loan (known as the recency method) and on the basis of the amount past due in accordance with original payment terms of a loan (known as the contractual method). Management closely monitors portfolio delinquency using both methods to measure the quality of the Company's loan portfolio and the probability of credit losses.

The following table classifies the gross loans receivable of the Company that were delinquent on a recency and contractual basis for at least 61 days at March 31, 2009, 2008, and 2007:

	At March 31,			
		2009	2008	2007
	(Dollars in thousands)			
Recency basis:				
61-90 days past due	$	**11,304**	10,414	7,732
91 days or more past due		**6,661**	5,003	3,495
Total	$	**17,965**	15,417	11,227
Percentage of period-end gross loans receivable		**2.7%**	2.6%	2.2%
Contractual basis:				
61-90 days past due	$	**14,223**	12,838	9,684
91 days or more past due		**13,673**	11,123	8,209
Total	$	**27,896**	23,961	17,893
Percentage of period-end gross loans receivable		**4.2%**	4.0%	3.5%

Loans are charged off at the earlier of when such loans are deemed to be uncollectible or when six months have elapsed since the date of the last full contractual payment. The Company's charge-off policy has been consistently applied and no significant changes have been made to the policy during the periods reported. Management considers the charge-off policy when evaluating the appropriateness of the allowance for loan losses.

The Company experienced an increase in contractual delinquency from 4.0% at March 31, 2008 to 4.2% at March 31, 2009. The delinquency rate on a recency basis also increased from 2.6% at the end of fiscal 2008 to 2.7% at the end of the current fiscal year. Charge-offs as a percent of average loans increased from 14.5% in fiscal 2008 to 16.7% in fiscal 2009.

In fiscal 2009, approximately 84.0% of the Company's loans were generated through refinancings of outstanding loans and the origination of new loans to previous customers. A refinancing represents a new loan transaction with a present customer in which a portion of the new loan proceeds is used to repay the balance of an existing loan and the remaining portion is advanced to the customer. For fiscal 2009, 2008, and 2007, the percentages of the Company's loan originations that were refinancings of existing loans were 75.0%, 73.3% and 74.3%, respectively. The Company's refinancing policies, while limited by state regulations, in all cases consider our customer's payment history and require that our customer have made at least two payments on the loan being considered for refinancing. A refinancing is considered a current refinancing if the customer is no more than 45 days delinquent on a contractual basis. Delinquent refinancings may be extended to customers that are more than 45 days past due on a contractual basis if the customer completes a new application and the manager believes that the customer's ability and intent to repay has improved. It is the Company's policy to not refinance delinquent loans in amounts greater than the original amounts financed. In all cases, a customer must complete a new application every two years. During fiscal 2009, delinquent refinancings represented 2.1% of the Company's total loan volume compared to 1.9% in fiscal 2008.

Charge-offs, as a percentage of loans made by category, are greatest on loans made to new borrowers and less on loans made to former borrowers and refinancings. This is as expected due to the payment history experience available on repeat borrowers. However, as a percentage of total loans charged off, refinancings represent the greatest percentage due to the volume of loans made in this category. The following table depicts the charge-offs as a percent of loans made by category and as a percent of total charge-offs during fiscal 2009:

	Loan Volume by Category	Percent of Total Charge-offs	Percent of Total Loans Made by Category
Refinancing	75.0%	73.0%	5.4%
Former borrowers	9.0%	5.9%	4.0%
New borrowers	16.0%	21.1%	11.7%
	100.0%	100.0%	

The Company maintains an allowance for loan losses in an amount that, in management's opinion, is adequate to cover losses inherent in the existing loan portfolio. The Company charges against current earnings, as a provision for loan losses, amounts added to the allowance to maintain it at levels expected to cover probable losses of principal. When establishing the allowance for loan losses, the Company takes into consideration the growth of the loan portfolio, the mix of the loan portfolio, current levels of charge-offs, current levels of delinquencies, and current economic factors. In accordance with Statement of Accounting Standards No. 5 "Accounting for Contingencies" (SFAS No. 5), the Company accrues an estimated loss if it is probable and can be reasonably estimated. It is probable that there are losses in the existing portfolio. To estimate the losses, the Company uses historical information for net charge-offs and average loan life. This method is based on the fact that many customers refinance their loans prior to the contractual maturity. Average contractual loan terms are approximately nine months and the average loan life is approximately four months. Based on this method, the Company had an allowance for loan losses that approximated six months of average net charge-offs at March 31, 2009, 2008, and 2007. Therefore, at each year end the Company had an allowance for loan losses that covered estimated losses for its existing loans based on historical charge-offs and average lives. In addition, the entire loan portfolio turns over approximately 3 times during a typical twelve-month period. Therefore, a large percentage of loans that are charged off during any fiscal year are not on the Company's books at the beginning of the fiscal year. The Company believes that it is not appropriate to provide for losses on loans that have not been originated, that twelve months of net charge-offs are not needed in the allowance, and that the method employed is in accordance with generally accepted accounting principles.

The Company records acquired loans at fair value based on current interest rates, less an allowance for uncollectibility and collection costs.

Statement of Position No. 03-3 (SOP 03-3), "Accounting for Certain Loans or Debt Securities Acquired in a Transfer," was adopted by the Company on April 1, 2005. SOP 03-3 prohibits carryover or creation of valuation allowances in the initial accounting of all loans acquired in a transfer that are within the scope of the SOP. Management believes that a loan has shown deterioration if it is over 60 days delinquent. The Company believes that loans acquired since the adoption of SOP 03-3 have not shown evidence of deterioration of credit quality since origination, and therefore, are not within the scope of SOP 03-3 because there is no consideration paid for acquired loans over 60 days delinquent. For the years ended March 31, 2009, 2008 and 2007, the Company recorded adjustments of approximately $0.5 million, $0.1 million and $0.9 million, respectively, to the allowance for loan losses in connection with acquisitions in accordance generally accepted accounting principles. These adjustments represent the allowance for loan losses on acquired loans which are not within the scope of SOP 03-3.

The Company believes that its allowance for loan losses is adequate to cover losses in the existing portfolio at March 31, 2009.

The following is a summary of the changes in the allowance for loan losses for the years ended March 31, 2009, 2008, and 2007:

	March 31,		
	2009	2008	2007
Balance at the beginning of the year	**$ 33,526,147**	27,840,239	22,717,192
Provision for loan losses	**85,476,092**	67,541,805	51,925,080
Loan losses	**(88,728,498)**	(68,985,269)	(53,979,375)
Recoveries	**7,590,928**	6,989,297	6,230,010
Translation adjustment	**(306,340)**	18,135	(956)
Allowance on acquired loans	**462,441**	121,940	948,288
Balance at the end of the year	**$ 38,020,770**	33,526,147	27,840,239
Allowance as a percentage of loans receivable, net of unearned and deferred fees	**7.6%**	7.5%	7.4%
Net charge-offs as a percentage of average loans receivable [1]	**16.7%**	14.5%	13.3%

(1) Average loans receivable have been determined by averaging month-end gross loans receivable less unearned interest and deferred fees over the indicated period.

Quarterly Information and Seasonality

The Company's loan volume and corresponding loans receivable follow seasonal trends. The Company's highest loan demand typically occurs from October through December, its third fiscal quarter. Loan demand has generally been the lowest and loan repayment highest from January to March, its fourth fiscal quarter. Loan volume and average balances typically remain relatively level during the remainder of the year. This seasonal trend affects quarterly operating performance through corresponding fluctuations in interest and fee income and insurance commissions earned and the provision for loan losses recorded, as well as fluctuations in the Company's cash needs. Consequently, operating results for the Company's third fiscal quarter generally are significantly lower than in other quarters and operating results for its fourth fiscal quarter are significantly higher than in other quarters.

The following table sets forth, on a quarterly basis, certain items included in the Company's unaudited consolidated financial statements and shows the number of offices open during fiscal years 2009 and 2008.

	At or for the Three Months Ended							
	2009				2008			
	First,	Second,	Third,	Fourth,	First,	Second,	Third,	Fourth,
	(Dollars in thousands)							
Total revenues	$ 88,421	91,721	99,656	113,907	76,389	80,198	88,043	101,417
Provision for loan losses	17,857	23,307	29,490	14,822	14,217	18,416	23,224	11,685
General and administrative expenses	48,790	48,379	51,716	51,331	42,191	41,930	47,470	47,628
Net income	12,052	10,664	10,004	27,983	10,850	10,466	7,288	24,392
Gross loans receivable	$ 632,715	667,179	736,234	671,176	544,964	571,319	663,217	599,509
Number of offices open	872	907	923	944	782	817	831	838

Recently Issued Accounting Pronouncements

Business Combinations

In December 2007, the Financial Accounting Standards Board issued SFAS No. 141 (revised 2007), *Business Combinations,* ("SFAS No. 141R"), which replaces SFAS No. 141, *Business Combinations*. SFAS No. 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions. SFAS No. 141R also requires acquisition-related costs and restructuring costs that the acquirer expected, but was not obligated to incur at the acquisition date, to be recognized separately from the business combination. In addition, SFAS No. 141R amends SFAS No. 109, *Accounting for Income Taxes,* to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital. SFAS No. 141R applies prospectively to business combinations in fiscal years beginning on or after December 15, 2008 and would therefore impact our accounting for future acquisitions beginning in fiscal 2010.

Disclosures about Derivative Instruments and Hedging Activities

Statement 161, which amends FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," requires companies with derivative instruments to disclose information about how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under Statement 133, and how derivative instruments and related hedged items affect a company's financial position, financial performance, and cash flows. The required disclosures include the fair value of derivative instruments and their gains or losses in tabular format, information about credit-risk-related contingent features in derivative agreements, counterparty credit risk, and the company's strategies and objectives for using derivative instruments. The Statement expands the current disclosure framework in Statement 133. Statement 161 is effective prospectively for periods beginning on or after November 15, 2008. See Note 9 to our Consolidated Financial Statements.

Fair Value Option for Financial Assets and Financial Liabilities

On February 15, 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities," which allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. Subsequent changes in fair value of these financial assets and liabilities would be recognized in earnings when they occur. SFAS 159 further establishes certain additional disclosure requirements. SFAS 159 is effective for the first fiscal period beginning after November 15, 2007. The adoption of this standard did not have a material impact on our Consolidated Financial Statements.

Convertible Debt Instruments

On May 9, 2008, the FASB issued FASB Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"). FSP APB 14-1 applies to any convertible debt instrument that at conversion may be settled wholly or partly with cash, requires cash-settleable convertibles to be separated into their debt and equity components at issuance and prohibits the use of the fair-value option for such instruments. FSP APB 14-1 is effective for the first fiscal period beginning after December 15, 2008 and must be applied retrospectively to all periods presented with a cumulative effect adjustment being made as of the earliest period presented. We will be required to adopt FSP APB 14-1 in the first quarter of fiscal 2010. See Item 8, Financial Statements and Supplementary Data, Note 1: Summary of Significant Accounting Policies for a description of the impact on our Consolidated Financial Statements.

Instruments Indexed to an Entity's Own Stock

In June 2008, the FASB ratified EITF Issue 07-5, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock" ("EITF 07-5"). EITF 07-5 provides a new two-step model to be applied to any freestanding financial instrument or embedded feature that has all the characteristics of a derivative in paragraphs 6-9 of Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133") in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify for the SFAS 133 paragraph 11(a) scope exception. It also clarifies on the impact of foreign currency denominated strike prices and market-based employee stock option valuation instruments on the evaluation. EITF 07-5 also applies to any freestanding financial instrument that is potentially settled in an entity's own stock, regardless of whether the instrument has all the characteristics of a derivative in paragraphs 6-9 of SFAS 133, for purposes of determining whether the instrument is within the scope of EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock". EITF 07-5 will be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The Company is in the process of assessing the effect that the adoption of EITF 07-5 will have on our Consolidated Financial Statements.

Useful Life of Intangible Assets

In April 2008, the FASB issued FASB Staff Position No. FAS 142-3,"Determination of the Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 applies to all recognized intangible assets and its guidance is restricted to estimating the useful life of recognized intangible assets. FSP FAS 142-3 is effective for the first fiscal period beginning after December 15, 2008 and must be applied prospectively to intangible assets acquired after the effective date. We will be required to adopt FSP FAS 142-3 to intangible assets acquired beginning with the first quarter of fiscal 2010.

Liquidity and Capital Resources

The Company has financed and continues to finance its operations, acquisitions and office expansion through a combination of cash flow from operations and borrowings from its institutional lenders. The Company has generally applied its cash flow from operations to fund its increasing loan volume, fund acquisitions, repay long-term indebtedness, and repurchase its common stock. As the Company's gross loans receivable increased from $310.1 million at March 31, 2004 to $671.2 million at March 31, 2009, net cash provided by operating activities for fiscal years 2009, 2008 and 2007 was $153.9 million, $136.0 million and $110.1 million, respectively.

The Company's primary ongoing cash requirements relate to the funding of new offices and acquisitions, the overall growth of loans outstanding, the repayment or repurchase of long-term indebtedness and the repurchase of its common stock. In November 2007 and February 2008, the Board of Directors authorized the Company to increase its share repurchase program by an additional $10 million, respectively. As of March 31, 2009, 6,454,144 shares have been repurchased since 2000 for respective aggregate purchase price of approximately $149.7 million. During fiscal 2009 the Company repurchased

288,700 shares for $7.8 million. During fiscal 2009, the Company repurchased $15.0 million par value of its Convertible Senior Subordinated notes payable. The Company believes stock repurchases and debt repurchases to be a viable component of the Company's long-term financial strategy and an excellent use of excess cash when the opportunity arises. In addition, the Company plans to open or acquire approximately 30 branches in the United States and 15 branches in Mexico in fiscal 2010. Expenditures by the Company to open and furnish new offices generally averaged approximately $25,000 per office during fiscal 2009. New offices have also required from $100,000 to $400,000 to fund outstanding loans receivable originated during their first 12 months of operation.

The Company acquired a net of 11 offices and a number of loan portfolios from competitors in 7 states in 14 separate transactions during fiscal 2009. Gross loans receivable purchased in these transactions were approximately $10.9 million in the aggregate at the dates of purchase. The Company believes that attractive opportunities to acquire new offices or receivables from its competitors or to acquire offices in communities not currently served by the Company will continue to become available as conditions in local economies and the financial circumstances of owners change.

The Company has a $187.0 million base credit facility with a syndicate of banks. In addition to the base revolving credit commitment, there is a $30 million seasonal revolving credit commitment available November 15 of each year through March 31 of the immediately succeeding year to cover the increase in loan demand during this period. The credit facility will expire on September 30, 2010. Funds borrowed under the revolving credit facility bear interest, at the Company's option, at either the agent bank's prime rate per annum or the LIBOR rate plus 1.80% per annum. At March 31, 2009, the interest rate on borrowings under the revolving credit facility was 3.25%. The Company pays a commitment fee equal to 0.375% per annum of the daily unused portion of the revolving credit facility. Amounts outstanding under the revolving credit facility may not exceed specified percentages of eligible loans receivable. On March 31, 2009, $113.3 million was outstanding under this facility, and there was $73.7 million of unused borrowing availability under the borrowing base limitations, excluding the seasonal line which expires each March 31.

The Company's credit agreements contain a number of financial covenants including minimum net worth and fixed charge coverage requirements. The credit agreements also contain certain other covenants, including covenants that impose limitations on the Company with respect to (i) declaring or paying dividends or making distributions on or acquiring common or preferred stock or warrants or options; (ii) redeeming or purchasing or prepaying principal or interest on subordinated debt; (iii) incurring additional indebtedness; and (iv) entering into a merger, consolidation or sale of substantial assets or subsidiaries. The Company was in compliance with these agreements at March 31, 2009 and does not believe that these agreements will materially limit its business and expansion strategy.

On October 2, 2006, the Company amended its senior credit facility in connection with the issuance of $110 million in aggregate principal amount of its 3% convertible senior subordinated notes due October 1, 2011. See Note 7 to the Consolidated Financial Statements included in this report for more information regarding this transaction.

The following table summarizes the Company's contractual cash obligations by period (in thousands):

	Fiscal Year Ended March 31,						
	2010	2011	2012	2013	2014	Thereafter	Total
Convertible Senior Subordinated Notes Payable………………	$ -	$ -	$ 95,000	$ -	$ -	$ -	$ 95,000
Maturities of Notes Payable……………..	-	113,310	-	-	-	-	113,310
Interest Payments on Convertible Senior Subordinated Notes Payable……………………	2,850	2,850	2,850	-	-	-	8,550
Interest Payments on Notes Payable……………………	3,683	1,841	-	-	-	-	5,524
Minimum Lease Payments.......	12,977	8,416	3,840	843	217	-	26,293
Total	$ 19,510	$ 126,417	$ 101,690	$ 843	$ 217	$ -	$ 248,677

As of March 31, 2009, the Company's contractual obligations relating to FIN 48 included unrecognized tax benefits of $3.9 million which are expected to be settled in greater than one year. While the settlement of the obligation is expected to be in excess of one year, the precise timing of the settlement is indeterminable.

The Company believes that cash flow from operations and borrowings under its revolving credit facility will be adequate for the next twelve months, and for the foreseeable future thereafter, to fund the expected cost of opening or acquiring new offices, including funding initial operating losses of new offices and funding loans receivable originated by those offices and the Company's other offices. Except as otherwise discussed in this report, including in Part 1, Item 1A, "Risk Factors," management is not currently aware of any trends, demands, commitments, events or uncertainties that it believes will or could result in, or are or could be reasonably likely to result in, the Company's liquidity increasing or decreasing in any material way. From time to time, the Company has needed and obtained, and expects that it will continue to need on a periodic basis, an increase in the borrowing limits under its revolving credit facility. The Company has successfully obtained such increases in the past and anticipates that it will be able to do so in the future as the need arises; however, there can be no assurance that this additional funding will be available (or available on reasonable terms) if and when needed. See Part I, Item 1A, "Risk Factors," included in the Company's Form 10-K filed with the Securities and Exchange Commission on May 29, 2009 for further discussion of risks and contingencies that could affect our business, financial condition and liquidity.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

As of March 31, 2009, the Company's financial instruments consist of the following: cash, loans receivable, senior notes payable, convertible senior subordinated notes payable, and an interest rate swap. Fair value approximates carrying value for all of these instruments, except the convertible senior subordinated notes payable, for which the fair value of $61,701,550 represents the quoted market price. Loans receivable are originated at prevailing market rates and have an average life of approximately four months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's outstanding debt under its revolving credit facility was $113.3 million at March 31, 2009. Interest on borrowings under this facility is based, at the Company's option, on the prime rate or LIBOR plus 1.80%.

Based on the outstanding balance at March 31, 2009, a change of 1% in the LIBOR interest rate would cause a change in interest expense of approximately $633,000 on an annual basis.

In October 2005, the Company entered into an interest rate swap to economically hedge the variable cash flows associated with $30 million of its LIBOR-based borrowings. This swap converted the $30 million from a variable rate of one-month LIBOR to a fixed rate of 4.755% for a period of five years. In December 2008, the Company entered into a $20 million interest rate swap to convert a variable rate of one month LIBOR to a fixed rate of 2.4%. In accordance with SFAS 133, the Company records derivatives at fair value, as other assets or liabilities, on the consolidated balance sheets. Since the Company is not utilizing hedge accounting under SFAS 133, changes in the fair value of the derivative instrument are included in other income. As of March 31, 2009 the fair value of the interest rate swap was a liability of $2.4 million and included in other liabilities. The change in fair value from the beginning of the year, recorded as an unrealized loss in other income, was approximately $773,000.

On October 10, 2006, the Company issued $110 million convertible senior subordinated notes due October 1, 2011 (the "Convertible Notes") to qualified institutional brokers in accordance with Rule 144A of the Securities Act of 1933. Interest on the Convertible Notes is fixed at 3% and is payable semi-annually in arrears on April 1 and October 1 of each year, commencing April 1, 2007. During fiscal 2009, the company repurchased and cancelled $15.0 million of the convertible senior subordinated notes. See Note 8 to the Consolidated Financial Statements included in this report for more information regarding these repurchases.

Foreign Currency Exchange Rate Risk

In September 2005 the Company began opening offices in Mexico, where local businesses utilize the Mexican peso as their functional currency. The consolidated financial statements of the Company are denominated in U.S. dollars and are therefore subject to fluctuation as the U.S. dollar and Mexican peso foreign exchange rate changes. International revenues were approximately 3.1% of total revenues for the year ended March 31, 2009 and net loans denominated in Mexican pesos were approximately $12.0 million (USD) at March 31, 2009.

The Company's foreign currency exchange rate exposures may change over time as business practices evolve and could have a material effect on its financial results. There have been, and there may continue to be, period-to-period fluctuations in the relative portions of Mexican revenues.

Because earnings are affected by fluctuations in the value of the U.S. dollar against foreign currencies, an analysis was performed assuming a hypothetical 10% increase or decrease in the value of the U.S. dollar relative to the Mexican peso in which the Company's transactions in Mexico are denominated. At March 31, 2009, the analysis indicated that such market movements would not have had a material effect on the consolidated financial statements. The actual effects on the consolidated financial statements in the future may differ materially from results of the analysis for the year ended March 31, 2009. The Company will continue to monitor and assess the effect of currency fluctuations and may institute further hedging alternatives.

Inflation

The Company does not believe that inflation has a material adverse effect on its financial condition or results of operations. The primary impact of inflation on the operations of the Company is reflected in increased operating costs. While increases in operating costs would adversely affect the Company's operations, the consumer lending laws of two of the eleven states in which the Company operates allow indexing of maximum loan amounts to the Consumer Price Index. These provisions will allow the Company to make larger loans at existing interest rates in those states, which could partially offset the potential increase in operating costs due to inflation.

Legal Matters

As of March 31, 2009, the Company and certain of its subsidiaries have been named as defendants in various legal actions arising from their normal business activities in which damages in various amounts are claimed. Although the amount of any ultimate liability with respect to such matters cannot be determined, the Company believes that any such liability will not have a material adverse effect on the Company's consolidated financial condition or results of operations taken as a whole.

CONSOLIDATED BALANCE SHEETS

	March 31,	
	2009	2008
Assets		
Cash and cash equivalents	**$ 6,260,410**	7,589,575
Gross loans receivable	**671,175,985**	599,508,969
Less:		
Unearned interest and deferred fees	**(172,743,440)**	(154,418,105)
Allowance for loan losses	**(38,020,770)**	(33,526,147)
Loans receivable, net	**460,411,775**	411,564,717
Property and equipment, net	**23,060,360**	18,654,010
Deferred income taxes	**16,983,275**	22,134,066
Other assets, net	**9,970,016**	10,818,057
Goodwill	**5,580,946**	5,352,675
Intangible assets, net	**8,987,551**	9,997,327
	$ 531,254,333	486,110,427
Liabilities and Shareholders' Equity		
Liabilities:		
Senior notes payable	**113,310,000**	104,500,000
Convertible senior subordinated notes payable	**95,000,000**	110,000,000
Other notes payable	**-**	400,000
Income taxes payable	**11,253,460**	18,039,242
Accounts payable and accrued expenses	**21,304,466**	18,865,913
Total liabilities	**240,867,926**	251,805,155
Shareholders' equity:		
Preferred stock, no par value		
Authorized 5,000,000 shares, no shares issued or outstanding	**-**	-
Common stock, no par value		
Authorized 95,000,000 shares; issued and outstanding 16,211,659 and 16,278,684 shares at March 31, 2009 and 2008, respectively	**-**	-
Additional paid-in capital	**2,420,916**	1,323,001
Retained earnings	**292,195,154**	232,812,768
Accumulated other comprehensive income (loss), net of tax	**(4,229,663)**	169,503
Total shareholders' equity	**290,386,407**	234,305,272
Commitments and contingencies		
	$ 531,254,333	486,110,427

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended March 31,		
	2009	2008	2007
Revenues:			
Interest and fee income	**$ 331,453,835**	292,457,259	247,007,668
Insurance commissions and other income	**62,251,485**	53,589,595	45,310,752
Total revenues	**393,705,320**	346,046,854	292,318,420
Expenses:			
Provision for loan losses	**85,476,092**	67,541,805	51,925,080
General and administrative expenses:			
Personnel	**130,674,094**	119,483,185	102,824,945
Occupancy and equipment	**25,577,437**	21,554,655	17,397,672
Data processing	**2,307,172**	2,112,399	2,159,712
Advertising	**13,067,079**	12,647,576	10,277,796
Amortization of intangible assets	**2,454,872**	2,505,465	2,885,202
Other	**26,136,095**	20,915,465	18,081,517
	200,216,749	179,218,745	153,626,844
Interest expense	**10,388,510**	11,569,110	9,596,116
Total expenses	**296,081,351**	258,329,660	215,148,040
Income before income taxes	**97,623,969**	87,717,194	77,170,380
Income taxes	**36,920,499**	34,721,036	29,274,000
Net income	**$ 60,703,470**	52,996,158	47,896,380
Net income per common share:			
Basic	**$ 3.74**	3.11	2.66
Diluted	**$ 3.69**	3.05	2.60
Weighted average shares outstanding:			
Basic	**16,239,883**	17,044,122	18,018,370
Diluted	**16,464,403**	17,374,746	18,393,728

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net	Total Shareholders' Equity	Total Comprehensive Income
Balances at March 31, 2006	$ 1,209,358	209,270,853	(50,092)	210,430,119	
Proceeds from exercise of stock options (331,870 shares), including tax benefits of $2,937,122	6,423,279	-	-	6,423,279	
Common stock repurchases (1,209,395 shares)	(6,698,538)	(47,397,425)	-	(54,095,963)	
Issuance of restricted common stock under stock option plan (33,442 shares)	449,331	-	-	449,331	
Stock option expense	3,481,617	-	-	3,481,617	
Tax benefit from Convertible note	9,359,000	-	-	9,359,000	
Proceeds from sale of warrants associated with convertible notes	16,155,823	-	-	16,155,823	
Purchase of call option associated with convertible notes	(24,609,205)	-	-	(24,609,205)	
Other comprehensive income	-	-	2,266	2,266	2,266
Net income	-	47,896,380	-	47,896,380	47,896,380
Total comprehensive income	-	-	-	-	47,898,646
Balances at March 31, 2007	$ 5,770,665	209,769,808	(47,826)	215,492,647	
Proceeds from exercise of stock options (116,282 shares), including tax benefits of $1,110,598	2,724,938	-	-	2,724,938	
Common stock repurchases (1,375,100 shares)	(12,458,946)	(29,403,198)	-	(41,862,144)	
Issuance of restricted common stock under stock option plan (44,981 shares)	1,348,419	-	-	1,348,419	
Stock option expense	3,937,925	-	-	3,937,925	
Cumulative effect of FIN 48	-	(550,000)	-	(550,000)	
Other comprehensive income	-	-	217,329	217,329	217,329
Net income	-	52,996,158	-	52,996,158	52,996,158
Total comprehensive income	-	-	-	-	53,213,487
Balances at March 31, 2008	$ 1,323,001	232,812,768	169,503	234,305,272	
Proceeds from exercise of stock options (142,683 shares), including tax benefits of $1,320,974	**2,975,335**	**-**	**-**	**2,975,335**	
Common stock repurchases (288,700 shares)	**(6,527,680)**	**(1,321,084)**	**-**	**(7,848,764)**	
Issuance of restricted common stock under stock option plan (78,592 shares)	**1,418,031**	**-**	**-**	**1,418,031**	
Stock option expense	**3,232,229**	**-**	**-**	**3,232,229**	
Other comprehensive income	**-**	**-**	**(4,399,166)**	**(4,399,166)**	**(4,399,166)**
Net income	**-**	**60,703,470**	**-**	**60,703,470**	**60,703,470**
Total comprehensive income	**-**	**-**	**-**	**-**	**56,304,304**
Balances at March 31, 2009	**$ 2,420,916**	**292,195,154**	**(4,229,663)**	**290,386,407**	

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net income	**$ 60,703,470**	52,996,158	47,896,380
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of intangible assets	**2,454,872**	2,505,465	2,885,202
Amortization of loan costs and discounts	**745,031**	763,262	379,634
Provision for loan losses	**85,476,092**	67,541,805	51,925,080
Depreciation	**4,784,014**	3,760,461	3,057,658
Gain on the extinguishment of debt	**(5,520,248)**	-	-
Deferred tax expense (benefit)	**5,128,126**	(3,127,924)	(1,250,000)
Compensation related to stock option and restricted stock plans	**4,650,260**	5,286,344	3,930,948
Loss on interest rate swap	**773,046**	1,762,662	400,000
Change in accounts:			
Other assets, net	**(361,495)**	(1,134,756)	(262,450)
Income taxes payable	**(6,875,999)**	4,973,728	1,237,238
Accounts payable and accrued expenses	**1,956,920**	695,405	(111,497)
Net cash provided by operating activities	**153,914,089**	136,022,610	110,088,193
Cash flows from investing activities:			
Increase in loans receivable, net	**(128,590,255)**	(125,822,271)	(95,963,365)
Net assets acquired from office acquisitions, primarily loans	**(9,153,680)**	(3,220,879)	(16,269,811)
Increase in intangible assets from acquisitions	**(1,673,367)**	(1,755,698)	(2,123,853)
Purchases of property and equipment, net	**(9,862,860)**	(7,976,013)	(6,189,997)
Net cash used in investing activities	**(149,280,162)**	(138,774,861)	(120,547,026)
Cash flows from financing activities:			
Net change in bank overdraft	-	-	1,544,231
Proceeds (repayment) of senior revolving notes payable, net	**8,810,000**	43,900,000	(39,200,000)
Proceeds from convertible senior subordinated notes	**-**	-	110,000,000
Repayment of convertible senior subordinated notes	**(9,179,752)**	-	-
Repayment of other notes payable	**(400,000)**	(200,000)	(200,000)
Proceeds from exercise of stock options	**1,654,361**	1,614,340	3,486,157
Repurchase of common stock	**(7,848,764)**	(41,862,144)	(54,095,963)
Tax benefit from exercise of stock options	**1,320,974**	1,110,598	2,937,122
Proceeds from sale of warrants associated with convertible notes	-	-	16,155,823
Loan cost associated with convertible notes	-	-	(3,814,188)
Purchase of call options associated with convertible notes	**-**	-	(24,609,205)
Net cash (used in) provided by financing activities	**(5,643,181)**	4,562,794	12,203,977
(Decrease) increase in cash and cash equivalents	**(1,009,254)**	1,810,543	1,745,144
Effect of foreign currency fluctuations on cash	**(319,911)**	-	-
Cash and cash equivalents at beginning of year	**7,589,575**	5,779,032	4,033,888
Cash and cash equivalents at end of year	**$ 6,260,410**	7,589,575	5,779,032

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

The Company's accounting and reporting policies are in accordance with U.S. generally accepted accounting principles and conform to general practices within the finance company industry. The following is a description of the more significant of these policies used in preparing the consolidated financial statements.

Nature of Operations

The Company is a small-loan consumer finance company headquartered in Greenville, South Carolina, that offers short-term small loans, medium-term larger loans, related credit insurance products and ancillary products and services to individuals who have limited access to other sources of consumer credit. It also offers income tax return preparation services and access to refund anticipation loans (through a third party bank) to its customer base and to others.

The Company also markets computer software and related services to financial services companies through its ParaData Financial Systems (“ParaData”) subsidiary.

As of March 31, 2009, the Company operated 881 offices in South Carolina, Georgia, Texas, Oklahoma, Louisiana, Tennessee, Missouri, Illinois, New Mexico, Kentucky, and Alabama. The Company also operated 63 offices in Mexico. The Company is subject to numerous lending regulations that vary by jurisdiction.

Principles of Consolidation

The consolidated financial statements include the accounts of World Acceptance Corporation and its wholly owned subsidiaries (the “Company”). Subsidiaries consist of operating entities in various states and Mexico, ParaData (a software company acquired during fiscal 1994), WAC Insurance Company, Ltd. (a captive reinsurance company established in fiscal 1994) and Servicios World Acceptance Corporation de Mexico (a service company established in fiscal 2006). All significant intercompany balances and transactions have been eliminated in consolidation.

The financial statements of the Company’s foreign subsidiaries in Mexico are prepared using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated into US dollars at the current exchange rate and income and expense are translated at an average exchange rate for the period. The resulting translation gains and losses are recognized as a component of equity in “Accumulated Other Comprehensive Income (Loss).”

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant item subject to such estimates and assumptions that could materially change in the near term is the allowance for loan losses. Actual results could differ from those estimates.

Business Segments

The Company reports operating segments in accordance with SFAS No. 131, “*Disclosures about Segments of an Enterprise and Related Information*” (“SFAS 131”). Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. SFAS 131 requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way that the operating segments were determined and other items.

The Company has one reportable segment, which is the consumer finance company. The other revenue generating activities of the Company, including the sale of insurance products, income tax preparation, buying club and the automobile club, are done in the existing branch network in conjunction with or as a compliment to the lending operation. There is no discrete financial information available for these activities and they do not meet the criteria under SFAS 131 to be reported separately.

ParaData provides data processing systems to 107 separate finance companies, including the Company. At March 31, 2009 and 2008, ParaData had total assets of $1.7 million, which represented less than 1% of total consolidated assets at each fiscal year end. Total net revenues (system sales and support) for ParaData for the years ended March 31, 2009, 2008 and 2007 were $2.0 million, $2.2 million and $2.5 million, respectively, which represented less than 1% of consolidated revenue for each year. Although ParaData is an operating segment under SFAS 131, it does not meet the criteria to require separate disclosure.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less from the date of original issuance to be cash equivalents.

Loans and Interest Income

The Company is licensed to originate direct cash consumer loans in the states of Georgia, South Carolina, Texas, Oklahoma, Louisiana, Tennessee, Missouri, Illinois, New Mexico, Kentucky, and Alabama. In addition, the Company also originates direct cash consumer loans in Mexico. During fiscal 2009 and 2008, the Company originated loans generally ranging up to $3,000, with terms of 24 months or less. Experience indicates that a majority of the direct cash consumer loans are refinanced, and the Company accounts for the refinancing as a new loan. Generally a customer must make multiple payments in order to qualify for refinancing. Furthermore, the Company's lending policy has predetermined lending amounts, so that in most cases a refinancing will result in advancing additional funds. The Company believes that the advancement of additional funds constitutes more than a minor modification to the terms of the existing loan, as the present value of the cash flows under the terms of the new loan will be 10% or more of the present value of the remaining cash flows under the terms of the original loan.

Fees received and direct costs incurred for the origination of loans are deferred and amortized to interest income over the contractual lives of the loans. Unamortized amounts are recognized in income at the time that loans are refinanced or paid in full.

Loans are carried at the gross amount outstanding, reduced by unearned interest and insurance income, net deferred origination fees and direct costs, and an allowance for loan losses. The Company generally calculates interest revenue on its loans using the rule of 78's, and recognizes the interest revenue using the collection method, which is a cash method of recognizing the revenue. The Company believes that the combination of these two methods does not differ materially from the interest method, which is an accrual method for recognizing the revenue. Charges for late payments are credited to income when collected.

The Company generally offers its loans at the prevailing statutory rates for terms not to exceed 24 months. Management believes that the carrying value approximates the fair value of its loan portfolio.

Allowance for Loan Losses

The Company maintains an allowance for loan losses in an amount that, in management's opinion, is adequate to cover losses inherent in the existing loan portfolio. The Company charges against current earnings, as a provision for loan losses, amounts added to the allowance to maintain it at levels expected to cover probable losses of principal. When establishing the allowance for loan losses, the Company takes into consideration the growth of the loan portfolio, the mix of the loan portfolio, current levels of charge-offs, current levels of delinquencies, and current economic factors. The allowance for loan losses has an allocated and an unallocated component. The Company uses historical and current economic information for net charge-offs by loan type and average loan life by loan type to estimate the allocated component of the allowance for loan losses.

This method is based on the fact that many customers refinance their loans prior to the contractual maturity. Average contractual loan terms are approximately nine months and the average loan life is approximately four months. The allowance for loan loss model also reserves 100% of the principal on loans greater than 90 days past due on a recency basis. Loans are charged off at the earlier of when such loans are deemed to be uncollectible or when six months have elapsed since the date of the last full contractual payment. The Company's charge-off policy has been consistently applied and no significant changes have been made to the policy during the periods reported. Management considers the charge-off policy when evaluating the appropriateness of the allowance for loan losses.

Statement of Position No. 03-3 (SOP 03-3), "*Accounting for Certain Loans or Debt Securities Acquired in a Transfer*," prohibits carryover or creation of valuation allowances in the initial accounting of all loans acquired in a transfer that are within the scope of the SOP. The Company believes that loans acquired since the adoption of SOP 03-3 have not shown evidence of deterioration of credit quality since origination, and therefore, are not within the scope of SOP 03-3. Therefore, the Company records acquired loans (not within the scope of SOP 03-3) at fair value based on current interest rates, less an allowance for uncollectibility.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is recorded using the straight-line method over the estimated useful life of the related asset as follows: building, 40 years; furniture and fixtures, 5 to 10 years; equipment, 3 to 7 years; and vehicles, 3 years. Amortization of leasehold improvements is recorded using the straight-line method over the lesser of the estimated useful life of the asset or the term of the lease. Additions to premises and equipment and major replacements or improvements are added at cost. Maintenance, repairs, and minor replacements are charged to operating expense as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the statement of operations.

Operating Leases

The Company's office leases typically have a lease term of three years and contain lessee renewal options and cancellation clauses in the event of regulatory changes. The Company typically renews its leases for one or more option periods. Accordingly, the Company amortizes its leasehold improvements over the shorter of their economic lives, which are generally five years, or the lease term that considers renewal periods that are reasonably assured.

Other Assets

Other assets include cash surrender value of life insurance policies, prepaid expenses, debt issuance cost and other deposits.

Derivatives and Hedging Activities

The Company uses interest rate swaps and foreign currency options to economically hedge the variable cash flows associated with $50 million of its LIBOR-based borrowings and currency fluctuations. Interest rate swap agreements and foreign currency options are carried at fair value. Changes to fair value are recorded each period as a component of the statement of operations. See Note 9 for further discussion related to the interest rate swaps. As of March 31, 2009, the Company did not have a foreign currency option outstanding.

Intangible Assets and Goodwill

Intangible assets include the cost of acquiring existing customers, and the value assigned to non-compete agreements. Customer lists are amortized on a straight line or accelerated basis over their estimated period of benefit, ranging from 5 to 20 years with a weighted average of approximately 9 years. Non-compete agreements are amortized on a straight line basis over the term of the agreement.

The Company evaluates goodwill annually for impairment in the fourth quarter of the fiscal year using the market value-based approach. The Company has one reporting unit, the consumer finance company, and the Company has multiple components, the lowest level of which are individual offices. Our components are aggregated for impairment testing because they have similar economic characteristics. The Company writes off goodwill when it closes an office that has goodwill assigned to it. As of March 31, 2009, the Company had 83 offices with recorded goodwill.

Impairment of Long-Lived Assets

The Company assess impairment of long-lived assets, including property and equipment and intangible assets, whenever changes or events indicate that the carrying amount may not be recoverable. The Company assesses impairment of these assets generally at the office level based on the operating cash flows of the office and our plans for office closings. The Company will write down such assets to fair value if, based on an analysis, the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets. The Company did not record any material impairment charges for the fiscal years 2009, 2008 and 2007.

Fair Value of Financial Instruments

SFAS No. 107, "*Disclosures about the Fair Value of Financial Instruments,*" requires disclosures about the fair value of all financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. The Company's financial instruments consist of the following: cash, loans receivable, senior notes payable, convertible senior subordinated notes payable, other note payables, foreign currency options and interest rate swaps. Fair value approximates carrying value for all of these instruments, except the convertible subordinated notes payable. Loans receivable are originated at prevailing market rates and have an average life of approximately four months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's revolving credit facility and other note payables have a variable rate based on a margin over LIBOR and reprice with any changes in LIBOR. The fair value of convertible subordinated notes payable is based on the current quoted market price which was $61,701,550 and $88,385,000 as of March 31, 2009 and 2008, respectively. The carrying value of the convertible subordinated notes payable was $95,000,000 and $110,000,000 at March 31, 2009 and 2008, respectively. The swaps and option are valued based on information from a third party broker.

Insurance Premiums

Insurance premiums for credit life, accident and health, property and unemployment insurance written in connection with certain loans, net of refunds and applicable advance insurance commissions retained by the Company, are remitted monthly to an insurance company. All commissions are credited to unearned insurance commissions and recognized as income over the life of the related insurance contracts using a method similar to that used for the recognition of interest income.

Non-file Insurance

Non-file premiums are charged on certain loans in lieu of recording and perfecting the Company's security interest in the assets pledged. The premiums are remitted to a third-party insurance company. Such insurance and the related insurance premiums, claims, and recoveries are not reflected in the accompanying consolidated financial statements except as a reduction in loan losses (see Note 11).

Certain losses related to such loans, which are not recoverable through life, accident and health, property, or unemployment insurance claims are reimbursed through non-file insurance claims subject to policy limitations. Any remaining losses are charged to the allowance for loan losses.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Beginning with the adoption of FASB Interpretation No. 48, "*Accounting For Uncertainty in Income Taxes*" as of April 1, 2007, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Prior to the adoption of FIN 48, the Company recognized the effect of income tax positions only if such positions were probably of being sustained.

Supplemental Cash Flow Information

For the years ended March 31, 2009, 2008, and 2007, the Company paid interest of $9,373,237, $10,788,530 and $9,686,128, respectively.

For the years ended March 31, 2009, 2008, and 2007, the Company paid income taxes of $37,302,456, $32,018,340 and $26,478,254, respectively.

Supplemental non-cash financing activities for the years ended March 31, 2009, 2008, and 2007, consist of:

	2009	2008	2007
Tax benefit from convertible note ……………………………..	$ **-**	-	9,359,000

Earnings Per Share

Earnings per share ("EPS") are computed in accordance with SFAS No. 128, "*Earnings per Share*." Basic EPS includes no dilution and is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings of the Company. Potential common stock included in the diluted EPS computation consists of stock options, restricted stock and warrants, which are computed using the treasury stock method. Potential common stock related to convertible senior notes are included in the diluted EPS computation using the method prescribed by EITF 04-8 "The Effect of Contingently Convertible Instruments on Dilutive Earnings Per Share."

Reclassifications

Certain reclassification entries have been made for fiscal 2008 and 2007 to conform with fiscal 2009 presentation. There was no impact on shareholders' equity or net income previously reported as a result of these reclassifications.

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123R ("SFAS 123R"), "Share-Based Payment," which requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. SFAS 123R is an amendment of SFAS No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," and its related implementation guidance. SFAS 123R does not change the accounting guidance for share-based payment transactions with parties other than employees provided in SFAS 123. Under SFAS 123R, the way an award is classified will affect the measurement of compensation cost. Liability-classified awards are remeasured to fair value at each balance-sheet date until the award is settled. Equity-classified awards are measured at grant-date fair value, amortized over the subsequent vesting period, and are not subsequently remeasured. The fair value of non-vested stock awards for the purposes of recognizing stock-based compensation expense is the market price of the stock on the grant date. The fair value of options is estimated on the grant date using the Black-Scholes option pricing model (see Note 15).

At March 31, 2009, the Company had several share-based employee compensation plans, which are described more fully in Note 15. Effective April 1, 2006, the Company adopted SFAS 123R using the modified prospective transition method. Under that method of transition, compensation cost recognized during fiscal years 2007, 2008 and 2009 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of April 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, and (b) compensation cost for all share-based payments granted subsequent to April 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. Since this compensation cost is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company has elected to expense grants of awards with graded vesting on a straight-line basis over the requisite service period for each separately vesting portion of the award.

Comprehensive Income

Total comprehensive income consists of net income and other comprehensive income (loss). The Company's other comprehensive income (loss) and accumulated other comprehensive income (loss) are comprised of foreign currency translation adjustments.

Concentration of Risk

During the year ended March 31, 2009, the Company operated in 11 states in the United States as well as in Mexico. For the years ended March 31, 2009, 2008 and 2007, total revenues within the Company's four largest states (measured by total revenues) accounted for approximately 59%, 62% and 62%, respectively, of the Company's total revenues.

Recently Issued Accounting Pronouncements

Business Combinations

In December 2007, the Financial Accounting Standards Board issued SFAS No. 141 (revised 2007) ("SFAS 141R"), *Business Combinations,* which replaces SFAS 141, *Business Combinations*. SFAS 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions. SFAS 141R also requires acquisition-related costs and restructuring costs that the acquirer expected, but was not obligated to incur at the acquisition date, to be recognized separately from the business combination. In addition, SFAS 141R amends SFAS No. 109, *Accounting for Income Taxes,* to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital. SFAS 141R applies prospectively to business combinations in fiscal years beginning on or after December 15, 2008 and would therefore impact our accounting for future acquisitions beginning in fiscal 2010.

Disclosures about Derivative Instruments and Hedging Activities

On March 19, 2008, the FASB adopted Statement of Financial Accounting Standards No. 161 ("SFAS 161") "*Disclosure About Derivative Instruments and Hedging Activities*," which amends FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 161 requires companies with derivative instruments to disclose information about how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS 133, and how derivative instruments and related hedged items affect a company's financial position, financial performance, and cash flows. The required disclosures include the fair value of derivative instruments and their gains or losses in tabular format, information about credit-risk-related contingent features in derivative agreements, counterparty credit risk, and the company's strategies and objectives for using derivative instruments. SFAS 161 expands the current disclosure framework in SFAS 133. SFAS 161 is effective prospectively for periods beginning on or after November 15, 2008 (See Note 9).

Instruments Indexed to an Entity's Own Stock

In June 2008, the FASB ratified EITF Issue 07-5, *"Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock"* ("EITF 07-5"). EITF 07-5 provides a new two-step model to be applied to any freestanding financial instrument or embedded feature that has all the characteristics of a derivative in paragraphs 6-9 of SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify for the SFAS 133 paragraph 11(a) scope exception. It also clarifies on the impact of foreign currency denominated strike prices and market-based employee stock option valuation instruments on the evaluation. EITF 07-5 also applies to any freestanding financial instrument that is potentially settled in an entity's own stock, regardless of whether the instrument has all the characteristics of a derivative in paragraphs 6-9 of SFAS 133, for purposes of determining whether the instrument is within the scope of EITF 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*. EITF 07-5 will be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The Company is in the process of assessing the effect that the adoption of EITF 07-5 will have on our Consolidated Financial Statements.

Useful Life of Intangible Assets

In April 2008, the FASB issued FASB Staff Position No. FAS 142-3, "*Determination of the Useful Life of Intangible Assets*" ("FSP FAS 142-3"). FSP FAS 142-3 applies to all recognized intangible assets and its guidance is restricted to estimating the useful life of recognized intangible assets. FSP FAS 142-3 is effective for the first

fiscal period beginning after December 15, 2008 and must be applied prospectively to intangible assets acquired after the effective date. The Company will be required to adopt FSP FAS 142-3 to intangible assets acquired beginning with the first quarter of fiscal 2010.

Convertible Debt Instruments

In May 2008, the FASB issued FASB Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion" ("FSP APB 14-1"). FSP APB 14-1 specifies that issuers of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for the Company beginning April 1, 2009 and will be applied restrospectively to all periods presented. The impact of FSP APB 14-1 to the Company will be significant. Specifically, the Company's 3.0% Convertible Subordinated Notes, which were issued in October 2006 for total proceeds of $110,000,000, fall into the scope of FSP APB 14-1 due to the fact that they may be settled in cash, shares of the Company's common stock or a combination of cash or shares of the Company's common stock at the Company's election. As a result, the Company will bifurcate the 3.0% Convertible Subordinated Notes between its debt and equity components and then accrete the value of the debt back to its face value through additional non-cash interest expense. The Company estimates that this will result in approximately $11.3 million of additional interest expense being recorded through 2012, of which approximately $4.3 million will be recorded during 2010.

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*," ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 clarifies that fair value is the price that would be received to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants on the measurement date. SFAS No. 157 is required to be applied whenever another financial accounting standard requires or permits an asset or liability to be measured at fair value. SFAS No. 157 does not expand the use of fair value to any new circumstances. Effective April 1, 2008, the first day of fiscal 2009, the Company adopted Statement of Financial Accounting Standards No. 159 ("SFAS 159"), "*The Fair Value Option for Financial Assets and Financial Liabilities*." SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The Company did not elect the fair value reporting option for any assets and liabilities not previously recorded at fair value. See Note 17 "Fair Value" in the "Notes to Consolidated Financial Statements" herein for additional disclosures regarding the fair value of financial instruments.

(2) Accumulated Other Comprehensive Loss

The Company applies the provision of FASB Statement of Financial Accounting Standards No. 130, "*Reporting Comprehensive Income*." The following summarizes accumulated other comprehensive loss as of March 31, 2009, 2008 and 2007:

	2009	2008	2007
Balance at beginning of year	**$ 169,503**	(47,826)	(50,092)
Unrealized gain (loss) from foreign exchange translation adjustment	**(4,399,166)**	217,329	2,266
Total accumulated other comprehensive loss	**$ (4,229,663)**	169,503	(47,826)

(3) Allowance for Loan Losses

The following is a summary of the changes in the allowance for loan losses for the years ended March 31, 2009, 2008, and 2007:

	March 31,		
	2009	2008	2007
Balance at the beginning of the year	**$ 33,526,147**	27,840,239	22,717,192
Provision for loan losses	**85,476,092**	67,541,805	51,925,080
Loan losses	**(88,728,498)**	(68,985,269)	(53,979,375)
Recoveries	**7,590,928**	6,989,297	6,230,010
Translation adjustment	**(306,340)**	18,135	(956)
Allowance on acquired loans	**462,441**	121,940	948,288
Balance at the end of the year	**$ 38,020,770**	33,526,147	27,840,239

The Company follows Statement of Position No. 03-3 ("SOP 03-3"), "*Accounting for Certain Loans or Debt Securities Acquired in a Transfer*," which prohibits carry over or creation of valuation allowances in the initial accounting of all loans acquired in a transfer that are within the scope of this SOP. Management believes that a loan has shown deterioration if it is over 60 days delinquent. The Company believes that loans acquired have not shown evidence of deterioration of credit quality since origination, and therefore, are not within the scope of SOP 03-3 because the Company did not pay consideration for, or record, acquired loans over 60 days delinquent. Loans acquired that are more than 60 days past due are included in the scope of SOP 03-3 and, therefore, subsequent refinances or restructures of these loans would not be accounted for as a new loan.

For the years ended March 31, 2009, 2008 and 2007, the Company recorded adjustments of approximately $0.5 million, $0.1 million and $0.9 million, respectively, to the allowance for loan losses in connection with its acquisitions in accordance generally accepted accounting principles. These adjustments represent the allowance for loan losses on acquired loans that do not meet the scope of SOP 03-3 (also see Note 1).

(4) Property and Equipment

Property and equipment consist of:

	March 31,	
	2009	2008
Land	**$ 250,443**	250,443
Buildings and leasehold improvements	**11,323,770**	9,584,129
Furniture and equipment	**31,086,255**	27,971,656
	42,660,468	37,806,228
Less accumulated depreciation and amortization	**(19,600,108)**	(19,152,218)
Total	**$ 23,060,360**	18,654,010

Depreciation expense was approximately $4,784,000, $3,760,000 and $3,058,000 for the years ended March 31, 2009, 2008 and 2007, respectively.

(5) Intangible Assets

The following table provides the gross carrying amount and related accumulated amortization of definite-lived intangible assets:

	March 31, 2009		March 31, 2008	
	Gross Carrying Amount	**Accumulated Amortization**	Gross Carrying Amount	Accumulated Amortization
Cost of acquiring existing customers	**$ 19,522,401**	**(10,827,445)**	18,162,305	(8,614,957)
Value assigned to non-compete agreements	**7,956,643**	**(7,664,048)**	7,871,643	(7,421,664)
Total	**$ 27,479,044**	**(18,491,493)**	26,033,948	(16,036,621)

The estimated amortization expense for intangible assets for the years ended March 31 is as follows: $2.2 million for 2010; $1.7 million for 2011, $1.4 million for 2012; $1.1 million for 2013; $0.7 million for 2014; and an aggregate of $1.9 million for the years thereafter.

(6) Goodwill

The following summarizes the changes in the carrying amount of goodwill for the year ended March 31, 2009 and 2008:

	March 31,	
	2009	2008
Balance at beginning of year	**$ 5,352,675**	5,039,630
Goodwill acquired during the year	**228,271**	313,045
Balance at March 31, 2009	**$ 5,580,946**	5,352,675

The Company performed an annual impairment test as of March 31, 2009, and determined that none of the recorded goodwill was impaired.

(7) Notes Payable

The Company's notes payable consist of:

Senior Notes Payable $187,000,000 Revolving Credit Facility

This facility provides for borrowings of up to $187 million, with $113,310,000 outstanding at March 31, 2009, subject to a borrowing base formula. An additional $30 million is available as a seasonal revolving credit commitment from November 15 of each year through March 31 of the immediately succeeding year to cover the increase in loan demand during this period. The Company may borrow, at its option, at the rate of prime or LIBOR plus 1.80%. At March 31, 2009 and 2008, the Company's interest rate was 3.25% and 5.25%, respectively, and the unused amount available under the revolver at March 31, 2009 was $73.7 million, excluding the $30 million dollar seasonal line which expires each March 31. The revolving credit facility has a commitment fee of 0.375% per annum on the unused portion of the commitment. Borrowings under the revolving credit facility mature on September 30, 2010.

A member of the Company's Board of Directors served as a Director of The South Financial Group, which is the parent of Carolina First Bank. As of March 31, 2009, Carolina First Bank had committed to fund up to $25.9 million under the credit facility, including $3.6 million for the seasonal line.

Substantially all of the Company's assets are pledged as collateral for borrowings under the revolving credit agreement.

Convertible Senior Notes

On October 10, 2006, the Company issued $110 million aggregate principal amount of its 3.0% convertible senior subordinated notes due October 1, 2011 (the "Convertible Notes") to qualified institutional brokers in accordance with Rule 144A of the Securities Act of 1933. Interest on the Convertible Notes is payable semi-annually in arrears on April 1 and October 1 of each year, commencing April 1, 2007. The Convertible Notes are the Company's direct, senior subordinated, unsecured obligations and rank equally in right of payment with all existing and future unsecured senior subordinated debt of the Company, senior in right of payment to all of the Company's existing and future subordinated debt and junior to all of the Company's existing and future senior debt. The Convertible Notes are structurally junior to the liabilities of the Company's subsidiaries. The Convertible Notes are convertible prior to maturity, subject to certain conditions described below, at an initial conversion rate of 16.0229 shares per $1,000 principal amount of notes, which represents an initial conversion price of approximately $62.41 per share, subject to adjustment. Upon conversion, the Company will pay cash up to the principal amount of notes converted and deliver shares of its common stock to the extent the daily conversion value exceeds the proportionate principal amount based on a 30 trading-day observation period.

Holders may convert the Convertible Notes prior to July 1, 2011 only if one or more of the following conditions are satisfied:

- During any fiscal quarter commencing after December 31, 2006, if the last reported sale price of the common stock for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 120% of the applicable conversion price on such last trading day;
- During the five business day period after any ten consecutive trading day period in which the trading price per note for each day of such ten consecutive trading day period was less than 98% of the product of the last reported sale price of the Company's common stock and the applicable conversion rate on each such day; or
- The occurrence of specified corporate transactions.

If the Convertible Notes are converted in connection with certain fundamental changes that occur prior to October 1, 2011, the Company may be obligated to pay an additional make-whole premium with respect to the Convertible Notes converted. If the Company undergoes certain fundamental changes, holders of Convertible Notes may require the Company to purchase the Convertible Notes at a price equal to 100% of the principal amount of the Convertible Notes purchased plus accrued interest to, but excluding, the purchase date.

Holders may also surrender their Convertible Notes for conversion anytime on or after July 1, 2011 until the close of business on the third business day immediately preceding the maturity date, regardless of whether any of the foregoing conditions have been satisfied.

The contingent conversion feature was not required to be bifurcated and accounted for separately under the provisions of SFAS 133 "Accounting for Derivative Instruments and Hedging Activities."

The aggregate underwriting commissions and other debt issuance costs incurred with respect to the issuance of the Convertible Notes were approximately $3.6 million and are being amortized over the period the convertible senior notes are outstanding.

Convertible Notes Hedge Strategy

Concurrent and in connection with the sale of the Convertible Notes, the Company purchased call options to purchase shares of the Company's common stock equal to the conversion rate as of the date the options are exercised for the Convertible Notes, at a price of $62.41 per share. The cost of the call options totaled $24.6 million. The Company also sold warrants to the same counterparties to purchase from the Company an aggregate of 1,762,519 shares of the Company's common stock at a price of $73.97 per share and received net proceeds from the sale of these warrants of $16.2 million. Taken together, the call option and warrant agreements increased the effective conversion price of the Convertible Notes to $73.97 per share. The call options and warrants must be settled in net shares. On the date of settlement, if the market price per share of the Company's common stock is above $73.97 per share, the Company will be required to deliver shares of its common stock representing the value of the call options and warrants in excess of $73.97 per share.

The warrants have a strike price of $73.97 and are generally exercisable at anytime. The Company issued and sold the warrants in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of section 4(2) thereof. There were no underwriting commissions or discounts in connection with the sale of the warrants.

In accordance with EITF. No. 00-19 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, the Company's Own Stock," the Company accounted for the call options and warrants as a net reduction in additional paid in capital, and is not required to recognize subsequent changes in fair value of the call options and warrants in its consolidated financial statements.

Debt Covenants

The various debt agreements contain restrictions on the amounts of permitted indebtedness, investments, working capital, repurchases of common stock and cash dividends. At March 31, 2009, $38.7 million was available under these covenants for the payment of cash dividends, or the repurchase of the Company's common stock, or the repurchase of subordinated debt. In addition, the agreements restrict liens on assets and the sale or transfer of subsidiaries. The Company was in compliance with the various debt covenants for all periods presented.

The aggregate annual maturities of the notes payable for each of the fiscal years subsequent to March 31, 2009, are as follows: 2010, $0; 2011, $113,310,000; 2012, $95,000,000; 2013, $0; and none thereafter.

(8) Extinguishment Of Debt

In December 2008 and March 2009, the Company repurchased, in privately negotiated transactions, an aggregate principal amount of $15 million of its convertible senior subordinated notes due October 11, 2011 (the "Convertible Notes") at an average discount to face value of approximately 38.8%. The Company spent approximately $9.2 million in the aggregate on these repurchases. The repurchases left $95 million principal amount of the Convertible Notes outstanding. The transactions were treated as an extinguishment of debt for accounting purposes. The Company recorded a gain of approximately $5.5 million on the repurchase of the Convertible Notes, which was partially offset by the write-off of $300,000 of deferred financing costs associated with the repurchase and cancellation of Convertible Notes.

In May 2009, the Company repurchased, in a privately negotiated transaction, $10 million at an average discount to face value of approximately 33.0%. The Company spent approximately $6.8 million and recorded a gain of approximately $2.3 million, which was partially offset by the write-off of $165,000 of deferred financing cost associated with the repurchase and cancellation of Convertible Notes. As of May 2009, $85.0 million principal amount of the Convertible Notes was outstanding.

(9) Derivative Financial Instruments

On December 8, 2008, the Company entered into an interest rate swap with a notional amount of $20 million to economically hedge a portion of the cash flows from its floating rate revolving credit facility. Under the terms of the interest rate swap, the Company pays a fixed rate of 2.4% on the $20 million notional amount and receives payments from a counterparty based on the 1 month LIBOR rate for a term ending December 8, 2011. Interest rate differentials paid or received under the swap agreement are recognized as adjustments to interest expense.

On October 5, 2005, the Company entered into an interest rate swap with a notional amount of $30 million to economically hedge a portion of the cash flows from its floating rate revolving credit facility. Under the terms of the interest rate swap, the Company will pay a fixed rate of 4.755% on the $30 million notional amount and receive payments from a counterparty based on the 1 month LIBOR rate for a term ending October 5, 2010. Interest rate differentials paid or received under the swap agreement are recognized as adjustments to interest expense.

On May 15, 2008, the Company entered into a $10 million foreign currency exchange option to economically hedge its foreign exchange risk relative to the Mexican peso. Under the terms of the option contract, the Company could exchange $10 million U.S. dollars at a rate of 11.0 Mexican pesos per dollar. The option was sold in October 2008 and the Company recorded a $1.5 million net gain.

The fair value of the Company's interest rate derivative instruments is included in the Consolidated Balance Sheets as follows:

	Interest Rate Swaps	Foreign Currency Exchange Option
March 31, 2009:		
Accounts payable and accrued expenses	**$ (2,443,666)**	**-**
Fair value of derivative instrument	**$ (2,443,666)**	**-**
March 31, 2008:		
Accounts payable and accrued expenses	$ (1,670,618)	6,900
Fair value of derivative instrument	$ (1,670,618)	6,900

Both of the interest rate swaps are currently in liability positions, therefore there is no significant risk of loss related to counterparty credit risk.

The gains (losses) recognized in the Company's Consolidated Statements of Operations as a result of the interest rate swaps and foreign currency exchange option are as follows:

	Year Ended	
	March 31, 2009	March 31, 2008
Realized gains (losses):		
Interest rate swaps – included as a component of interest expense	**$ (895,813)**	39,042
Foreign currency exchange option – included as a Component of other income	**$ (1,548,500)**	-
Unrealized gains (losses) included as a component of other income		
Interest rate swaps	**$ (773,047)**	(1,762,662)
Foreign currency exchange option	**$ -**	6,900

The Company does not enter into derivative financial instruments for trading or speculative purposes. The purpose of these instruments is to reduce the exposure to variability in future cash flows attributable to a portion of its LIBOR-based borrowings and to reduce variability in foreign cash flows. The Company is currently not accounting for these derivative instruments using the cash flow hedge accounting provisions of SFAS 133; therefore, the changes in fair value of the swap and option are included in earnings as other income or expenses.

By using derivative instruments, the Company is exposed to credit and market risk. Credit risk, which is the risk that a counterparty to a derivative instrument will fail to perform, exists to the extent of the fair value gain in a derivative. Market risk is the adverse effect on the financial instruments from a change in interest rates or implied volatility of exchange rates. The Company manages the market risk associated with interest rate contracts and currency options by establishing and monitoring limits as to the types and degree of risk that may be undertaken. The market risk associated with derivatives used for interest rate and foreign currency risk management activities is fully incorporated in the Company's market risk sensitivity analysis.

(10) Insurance Commissions and other income

Insurance commissions and other income for the years ending March 31, 2009, 2008 and 2007 consist of :

	2009	2008	2007
Insurance commissions	**$ 32,340,496**	30,403,085	24,420,121
Tax return preparation revenue	**9,868,849**	9,657,325	8,126,504
Gain on extinguishment of debt, net	**5,520,248**	-	-
Auto club membership revenue	**4,088,500**	4,297,327	3,848,344
World Class Buying Club revenue	**3,780,851**	4,582,273	3,734,453
Other	**6,652,541**	4,649,585	5,181,330
Insurance commissions and other income	**$ 62,251,485**	53,589,595	45,310,752

(11) Non-file Insurance

The Company maintains non-file insurance coverage with an unaffiliated insurance company. The following is a summary of the non-file insurance activity for the years ended March 31, 2009, 2008 and 2007:

	2009	2008	2007
Insurance premiums written	**$ 5,768,316**	5,885,108	5,356,161
Recoveries on claims paid	**$ 598,887**	553,035	503,986
Claims paid	**$ 5,620,489**	5,987,181	5,451,094

(12) Leases

The Company conducts most of its operations from leased facilities, except for its owned corporate office building. The Company's leases typically have a lease term of three years and contain lessee renewal options. A majority of the leases provide that the lessee pays property taxes, insurance, and common area maintenance costs. It is expected that in the normal course of business, expiring leases will be renewed at the Company's option or replaced by other leases or acquisitions of other properties. All of the Company's leases are operating leases.

The future minimum lease payments under noncancelable operating leases as of March 31, 2009, are as follows:

2010	12,976,665
2011	8,416,221
2012	3,840,119
2013	843,234
2014	216,515
Thereafter	-
Total future minimum lease payments	$ 26,292,754

Rental expense for cancelable and noncancelable operating leases for the years ended March 31, 2009, 2008 and 2007, was $14,257,168, $12,198,271 and $9,555,103, respectively.

(13) Income Taxes

Income tax expense (benefit) consists of:

	Current	Deferred	Total
Year ended March 31, 2009:			
U.S. Federal	**$ 27,210,458**	**5,211,924**	**32,422,382**
State and local	**4,537,889**	**(83,798)**	**4,454,091**
Foreign	**44,026**	**-**	**44,026**
	$ 31,792,373	**5,128,126**	**36,920,499**
Year ended March 31, 2008:			
U.S. Federal	$ 33,113,415	(2,280,364)	30,833,051
State and local	4,149,913	(847,560)	3,302,353
Foreign	585,632	-	585,632
	$ 37,848,960	(3,127,924)	34,721,036
Year ended March 31, 2007:			
U.S. Federal	$ 26,532,000	(1,256,000)	25,276,000
State and local	3,947,000	39,000	3,986,000
Foreign	45,000	(33,000)	12,000
	$ 30,524,000	(1,250,000)	29,274,000

Income tax expense was $36,920,499, $34,721,036 and $29,274,000, for the years ended March 31, 2009, 2008 and 2007, respectively, and differed from the amounts computed by applying the U.S. federal income tax rate of 35% to pretax income from continuing operations as a result of the following:

	2009	2008	2007
Expected income tax	**$ 34,168,389**	30,701,018	27,010,000
Increase (reduction) in income taxes resulting from:			
State tax, net of federal benefit	**2,895,159**	2,146,587	2,591,000
Change in valuation allowance	**(405,425)**	(335,361)	207,000
Insurance income exclusion	**(108,636)**	(117,834)	(167,000)
Uncertain tax positions	**539,211**	1,408,734	**-**
Other, net	**(168,199)**	917,892	(367,000)
	$ 36,920,499	34,721,036	29,274,000

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2009 and 2008 are presented below:

	2009	2008
Deferred tax assets:		
Allowance for doubtful accounts	**$ 14,167,863**	12,533,595
Unearned insurance commissions	**8,790,135**	7,794,408
Accounts payable and accrued expenses primarily related to employee benefits	**6,512,665**	4,223,506
Accrued interest receivable	**2,595,154**	2,450,352
Convertible notes	**4,029,411**	7,367,233
Unrealized losses	**909,896**	625,164
Other	**114,804**	172,944
Gross deferred tax assets	**37,119,928**	35,167,202
Less valuation allowance	**(1,214)**	(406,639)
Net deferred tax assets	**37,118,714**	34,760,563
Deferred tax liabilities:		
Fair value adjustment for loans	**(13,669,377)**	(6,906,863)
Property and equipment	**(2,342,782)**	(1,926,228)
Intangible assets	**(1,845,039)**	(1,940,150)
Deferred net loan origination fees	**(1,402,423)**	(1,267,454)
Prepaid expenses	**(544,657)**	(585,802)
Other	**(331,161)**	-
Gross deferred liabilities	**(20,135,439)**	(12,626,497)
Net deferred tax assets	**$ 16,983,275**	22,134,066

The valuation allowance for deferred tax assets as of March 31, 2009 and 2008 was $1,214 and $406,639, respectively. The valuation allowance against the total deferred tax assets as of March 31, 2009 and 2008 relates to state net operating losses. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. In order to fully realize the deferred tax asset, the Company will need to generate future taxable income prior to the expiration of the deferred tax assets governed by the tax code. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at March 31, 2009. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

We are required to assess whether the earnings of our Mexican foreign subsidiary will be permanently reinvested in the respective foreign jurisdiction or if previously untaxed foreign earnings of the Company will no longer be permanently reinvested and thus become taxable in the United States. As of March 31, 2009, the Company has determined that $260,996 of cumulative undistributed net earnings, as well as the future net earnings, of the Mexican foreign subsidiary will be permanently reinvested.

The Company adopted the provision of Financial Standards Accounting Board Interpretation No. 48 Accounting for Uncertainty in Income Taxes (“FIN 48”), an interpretation of FASB Statement No. 109, on April 1, 2007. As a result of the implementation of Interpretation 48, the Company recognized a charge of approximately $550,000 to the April 1, 2007 balance of retained earnings. As of March 31, 2009 and March 31, 2008, the Company had $4,715,681 and $8,764,255 of total gross unrecognized tax benefits including interest, respectively. Of this total, approximately $2,747,945 and $2,208,734, respectively, represents the amount of unrecognized tax benefits that are permanent in nature and, if recognized, would affect the annual effective tax rate.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Unrecognized tax benefits balance at April 1, 2008	7,524,920
Gross increases for tax positions of prior years	726,545
Gross increases for tax positions of current year	506,322
Settlements	(4,843,589)
Lapse of statute of limitations	(42,173)
Unrecognized tax benefits balance at March 31, 2009	3,872,025

The Company's continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. As of March 31, 2009, the Company had $843,656 accrued for gross interest, of which $395,679 was a current period benefit. The Company has determined that it is possible that the total amount of unrecognized tax benefits related to various state examinations will significantly increase or decrease within twelve months of the reporting date. However, at this time, a reasonable estimate of the range of possible change cannot be made until further correspondence has been conducted with the state taxing authorities.

The Company is subject to U.S. and Mexican income taxes, as well as various other state and local jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2004, although carryforward attributes that were generated prior to 2004 may still be adjusted upon examination by the taxing authorities if they either have been or will be used in a future period. The income tax returns (2001 through 2006) are under examination by a state authority which has completed its examinations and issued a proposed assessment for tax years 2001 and 2006. In consideration of the proposed assessment, the total gross unrecognized tax benefit was increased by $2.7 million in fiscal 2008. At this time, it is too early to predict the final outcome on this tax issue and any future recoverability of this charge. Until the tax issue is resolved, the Company expects to accrue approximately $40,000 per quarter for interest.

(14) Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted EPS calculations:

	For the year ended March 31, 2009		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income available to common shareholders	**$ 60,703,470**	**16,239,883**	**$ 3.74**
Effect of Dilutive Securities			
Options and restricted stock	**-**	**224,520**	
Diluted EPS			
Income available to common shareholders plus assumed exercises of stock options	**$ 60,703,470**	**16,464,403**	**$ 3.69**

	For the year ended March 31, 2008		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income available to common shareholders	$ 52,996,158	17,044,122	$ 3.11
Effect of Dilutive Securities			
Options and restricted stock	-	330,624	
Diluted EPS			
Income available to common shareholders plus assumed exercises of stock options	$ 52,996,158	17,374,746	$ 3.05

	For the year ended March 31, 2007		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income available to common shareholders	$ 47,896,380	18,018,370	$ 2.66
Effect of Dilutive Securities			
Options and restricted stock	-	375,358	
Diluted EPS			
Income available to common shareholders plus assumed exercises of stock options	$ 47,896,380	18,393,728	$ 2.60

Options to purchase 130,583, 183,030 and 77,556 shares of common stock at various prices were outstanding during the years ended March 31, 2009, 2008 and 2007, respectively, but were not included in the computation of diluted EPS because the option exercise price was greater than the average market price of the common shares. The shares related to the convertible senior notes payable (1,762,519) and related warrants were not included in the computation of diluted EPS because the effect of such instruments was antidilutive.

(15) Benefit Plans

Retirement Plan

The Company provides a defined contribution employee benefit plan (401(k) plan) covering full-time employees, whereby employees can invest up to the maximum designated for that year. The Company makes a matching contribution equal to 50% of the employees' contributions for the first 6% of gross pay. The Company's expense under this plan was $1,078,987, $1,078,896 and $948,519, for the years ended March 31, 2009, 2008 and 2007, respectively.

Supplemental Executive Retirement Plan

The Company has instituted a Supplemental Executive Retirement Plan ("SERP"), which is a non-qualified executive benefit plan in which the Company agrees to pay the executive additional benefits in the future, usually at retirement, in return for continued employment by the executive. The Company selects the key executives who participate in the SERP. The SERP is an unfunded plan, which means there are no specific assets set aside by the Company in connection with the establishment of the plan. The executive has no rights under the agreement beyond those of a general creditor of the Company. For the years ended March 31, 2009, 2008 and 2007, contributions of $806,792, $836,977 and $474,865, respectively were charged to operations related to the SERP. The unfunded liability was $4,722,000, $4,000,000 and $2,989,000, as of March 31, 2009, 2008 and 2007, respectively.

For the three years presented, the unfunded liability was estimated using the following assumptions; an annual salary increase of 3.5% for all 3 years; a discount rate of 6% for all 3 years; and a retirement age of 65.

Executive Deferred Compensation Plan

The Company has an Executive Deferral Plan. Eligible executives may elect to defer all or a portion of their incentive compensation to be paid under the Executive Incentive Plan. As of March 31, 2009 and 2008, the balance outstanding was $0 and $101,123, respectively, under this plan.

Stock Option Plans

The Company has a 1992 Stock Option Plan, a 1994 Stock Option Plan, a 2002 Stock Option Plan and a 2005 Stock Option Plan for the benefit of certain directors, officers, and key employees. Under these plans, 6,010,000 shares of authorized common stock have been reserved for issuance pursuant to grants approved by the Compensation and Stock Option Committee of the Board of Directors. Stock options granted under these plans have a maximum duration of 10 years, may be subject to certain vesting requirements, which are generally one year for directors and five years for officers and key employees, and are priced at the market value of the Company's common stock on the date of grant of the option. At March 31, 2009, there were 841,700 shares available for grant under the plans.

The fair value of the Company's stock options granted is estimated at the date of grant using the Black-Scholes option-pricing model. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them, the estimated volatility of our common stock price over the expected term and the number of options that ultimately will not complete their vesting requirements. Additionally, there may be other factors that would otherwise have a significant effect on the value of employee stock options granted but are not considered by the model. Accordingly, while management believes that the Black-Scholes option-pricing model provides a reasonable estimate of fair value, the model does not necessarily provide a precise single measure of fair value for the Company's employee stock options.

The weighted-average fair value at the grant date for options issued during the years ended March 31, 2009, 2008 and 2007 was $8.51, $14.41 and $26.44 per share, respectively. The following is a summary of the Company's weighted-average assumptions used to estimate the weighted-average per share fair value of options granted on the date of grant using the Black-Scholes option-pricing model:

	2009	2008	2007
Dividend yield	0%	0%	0%
Expected volatility	50.67%	43.0%	43.4%
Average risk-free interest rate	2.75%	4.00%	4.69%
Expected life	5.9 years	6.9 years	7.5 years
Vesting period	5 years	5 years	5 years

The expected stock price volatility is based on the historical volatility of the Company's stock for a period approximating the expected life. The expected life represents the period of time that options are expected to be outstanding after their grant date. The risk-free interest rate reflects the interest rate at grant date on zero-coupon U.S. governmental bonds that have a remaining life similar to the expected option term.

Option activity for the year ended March 31, 2009, was as follows:

	2009			
	Shares	**Weighted Average Exercise Price**	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding, beginning of year	**1,274,217**	**$ 25.33**		
Granted	**302,000**	**$ 16.85**		
Exercised	**(142,283)**	**$ 11.58**		
Forfeited	**(43,034)**	**$ 27.03**		
Options outstanding, end of year	**1,390,900**	**$ 25.00**	7.18	$ 1,668,680
Options exercisable, end of year	**607,000**	**$ 22.83**	5.49	$ 1,593,367

The aggregate intrinsic value reflected in the table above represents the total pre-tax intrinsic value (the difference between the closing stock price on March 31, 2009 and the exercise price, multiplied by the number of in-the-money options) that would have been received by option holders had all option holders exercised their options as of March 31, 2009. This amount will change as the market price per share changes. The total intrinsic value of options exercised during the periods ended March 31, 2009, 2008 and 2007 were as follows:

2009	2008	2007
$ 2,833,497	$ 2,503,399	$ 8,078,143

As of March 31, 2009, total unrecognized stock-based compensation expense related to non-vested stock options amounted to approximately $6.3 million which is expected to be recognized over a weighted-average period of approximately 3.5 years.

The following table summarizes information regarding stock options outstanding at March 31, 2009:

Range of Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$ 4.90 - $ 5.99	44,950	1.06	$ 5.19	44,950	$ 5.19
$ 6.00 - $ 7.99	18,000	2.06	$ 6.75	18,000	$ 6.75
$ 8.00 - $ 9.99	71,750	2.93	$ 8.47	71,750	$ 8.47
$11.00 - $11.99	31,500	4.11	$ 11.44	31,500	$ 11.44
$15.00 - $16.99	386,900	8.51	$ 16.71	85,650	$ 16.23
$23.00 - $23.99	83,300	5.56	$ 23.53	57,900	$ 23.53
$25.00 - $25.99	173,900	6.84	$ 25.07	102,900	$ 25.09
$28.00 - $28.99	370,050	8.05	$ 28.22	110,450	$ 28.24
$43.00 - $43.99	7,000	8.13	$ 43.00	1,400	$ 43.00
$46.00 - $49.00	203,550	7.60	$ 48.73	82,500	$ 48.72
$ 4.90 - $49.00	1,390,900	7.18	$ 25.00	607,000	$ 22.83

Restricted Stock

On November 10, 2008, the Company granted 50,000 shares of restricted stock (which are equity classified), with a grant date fair value of $16.85 per share, to certain executive officers. One-third of the restricted stock grant vested immediately and one-third will vest on the first and second anniversary of grant. On that same date, the Company granted an additional 29,100 shares of restricted stock (which are equity classified), with a grant date fair value of $16.85 per share, to the same executive officers. The 29,100 shares will vest in three years based on the Company's compounded annual EPS growth according to the following schedule:

Vesting Percentage	Compounded Annual EPS Growth
100%	15% or higher
67%	12% - 14.99%
33%	10% - 11.99%
0%	Below 10%

On May 19, 2008 the Company granted 12,000 shares of restricted stock (which are equity classified) with a grant date fair value of $43.67 per share to independent directors and a certain officer. One-half of the restricted stock vested immediately and the other half will vest on the first anniversary of grant.

On November 28, 2007, the Company granted 20,800 shares of restricted stock (which are equity classified), with a grant date fair value of $30.94 per share, to certain executive officers. One-third of the restricted stock vested immediately and one-third will vest on the first and second anniversary of grant. The Company granted an additional 15,150 shares of restricted stock (which are equity classified), with a grant date fair value of $30.94 per share, to the same executive officers. The 15,150 shares will vest in three years based on the Company's compounded annual EPS growth according to the following schedule:

Vesting Percentage	Compounded Annual EPS Growth
100%	15% or higher
67%	12% - 14.99%
33%	10% - 11.99%
0%	Below 10%

On November 12, 2007, the Company granted 8,000 shares of restricted stock (which are equity classified), with a grant date fair value of $28.19 per share, to certain officers. One-third of the restricted stock vested immediately and one-third will vest on the first and second anniversary of grant.

Compensation expense related to restricted stock is based on the number of shares expected to vest and the fair market value of the common stock on the grant date. The Company recognized $1.7 million and $1.6 million of compensation expense for the years ended March 31, 2009 and 2008, respectively, related to restricted stock, which is included as a component of general and administrative expenses in the Consolidated Statements of Operations. For purposes of accruing the expense, all shares are expected to vest.

As of March 31, 2009, there was approximately $1.2 million of unrecognized compensation cost related to unvested restricted stock awards granted, which is expected to be recognized over the next two years.

A summary of the status of the Company's restricted stock as of March 31, 2009, and changes during the year ended March 31, 2009, are presented below:

	Number of Shares	Weighted Average Fair Value at Grant Date
Outstanding at March 31, 2008	50,533	$ 35.41
Granted during the period	91,100	20.38
Vested during the period, net	(48,879)	32.30
Cancelled during the period	(12,508)	17.83
Outstanding at March 31, 2009	80,246	$ 22.94

Total share-based compensation included as a component of net income during the years ended March 31, were as follows:

	2009	2008	2007
Share-based compensation related to equity classified units:			
Share-based compensation related to stock options	**$ 3,232,229**	3,937,925	3,399,763
Share-based compensation related to restricted stock units	**1,685,616**	1,556,902	1,088,387
Total share-based compensation related to equity classified awards	**$ 4,917,845**	5,494,827	4,488,150

(16) Acquisitions

The following table sets forth the acquisition activity of the Company for the last three fiscal years:

	2009	2008 ($ in thousands)	2007
Number of offices purchased	**22**	25	86
Merged into existing offices	**11**	12	50
Purchase Price	**$ 10,826**	4,977	18,394
Tangible assets:			
Net loans	**9,083**	3,086	16,131
Furniture, fixtures & equipment	**68**	128	139
Other	**2**	7	-
	9,153	3,221	16,270
Excess of purchase prices over carrying value of net tangible assets	**$ 1,673**	1,756	2,124
Customer lists	**1,360**	1,327	1,696
Non-compete agreements	**85**	116	68
Goodwill	**228**	313	360
Total intangible assets	**$ 1,673**	1,756	2,124

The Company evaluates each acquisition to determine if the transaction meets the definition of a business combination. Those transactions that meet the definition of a business combination are accounted for as such under SFAS No. 141 and all other acquisitions are accounted for as asset purchases. All acquisitions have been with independent third parties.

When the acquisition results in a new office, the Company records the transaction as a business combination, since the office acquired will continue to generate loans. The Company typically retains the existing employees and the office location. The purchase price is allocated to the estimated fair value of the tangible assets acquired and to the estimated fair value of the identified intangible assets acquired (generally non-compete agreements and customer lists). The remainder is allocated to goodwill. During the year ended March 31, 2009, 11 acquisitions were recorded as business combinations.

When the acquisition is of a portfolio of loans only, the Company records the transaction as an asset purchase. In an asset purchase, no goodwill is recorded. The purchase price is allocated to the estimated fair value of the tangible and intangible assets acquired. During the year ended March 31, 2009, 11 acquisitions were recorded as asset acquisitions.

The Company's acquisitions include tangible assets (generally loans and furniture and equipment) and intangible assets (generally non-compete agreements, customer lists, and goodwill), both of which are recorded at their fair values, which are estimated pursuant to the processes described below.

Acquired loans are valued at the net loan balance. Given the short-term nature of these loans, generally four months, and that these loans are subject to continual repricing at current rates, management believes the net loan balances approximate their fair value.

Furniture and equipment are valued at the specific purchase price as agreed to by both parties at the time of acquisition, which management believes approximates their fair values.

Non-compete agreements are valued at the stated amount paid to the other party for these agreements, which the Company believes approximates the fair value. The fair value of the customer lists is based on a valuation model that utilizes the Company's historical data to estimate the value of any acquired customer lists. In a business combination the remaining excess of the purchase price over the fair value of the tangible assets, customer list, and non-compete agreements is allocated to goodwill. The offices the Company acquires are small, privately owned offices, which do not have sufficient historical data to determine attrition. The Company believes that the customers acquired have the same characteristics and perform similarly to its customers. Therefore, the Company utilized the attrition patterns of its customers when developing the method. This method is re-evaluated periodically.

Customer lists are allocated at an office level and are evaluated for impairment at an office level when a triggering event occurs, in accordance with SFAS 144. If a triggering event occurs, the impairment loss to the customer list is generally the remaining unamortized customer list balance. In most acquisitions, the original fair value of the customer list allocated to an office is generally less than $100,000, and management believes that in the event a triggering event were to occur, the impairment loss to an unamortized customer list would be immaterial.

The results of all acquisitions have been included in the Company's consolidated financial statements since the respective acquisition dates. The pro forma impact of these purchases as though they had been acquired at the beginning of the periods presented would not have a material effect on the results of operations as reported.

(17) Fair Value

Effective April 1, 2008, the first day of fiscal 2009, the Company adopted the provisions of Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "*Fair Value Measurements*" for financial assets and liabilities, as well as any other assets and liabilities that are carried at fair value on a recurring basis in financial statements. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements in which the Financial Accounting Standards Board ("FASB") has previously concluded that fair value is the relevant measurement attribute. Accordingly, SFAS 157 does not require any new fair value measurements. The Company applied the provisions of FSP FAS 157-2, "Effective Date of FASB Statement 157," which defers the provisions of SFAS 157 for nonfinancial assets and liabilities to the first fiscal period beginning after November 15, 2008. The deferred nonfinancial assets and liabilities include items such as goodwill and other nonamortizable intangibles. The Company is required to adopt SFAS 157 for nonfinancial assets and liabilities in the first quarter of fiscal 2010 and the Company's management is still evaluating the impact on the Company's Consolidated Financial Statements.

Financial assets and liabilities measured at fair value are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in market that are less active.
- Level 3 – Unobservable inputs for assets or liabilities reflecting the reporting entity's own assumptions.

The following financial liabilities were measured at fair value on a recurring basis at March 31, 2009:

		Fair Value Measurements Using		
	March 31, 2009	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Interest rate swaps	$ (2,443,666)	$ -	$ (2,443,666)	$ -

The Company's interest rate swap was valued using the "income approach" valuation technique. This method used valuation techniques to convert future amounts to a single present amount. The measurement was based on the value indicated by current market expectations about those future amounts.

(18) Quarterly Information (Unaudited)

The following sets forth selected quarterly operating data:

	2009				2008			
	First	Second	Third	Fourth	First	Second	Third	Fourth
	(Dollars in thousands, except earnings per share data)							
Total revenues	$ 88,421	91,721	99,656	113,907	76,389	80,198	88,043	101,417
Provision for loan losses	17,857	23,307	29,490	14,822	14,217	18,416	23,224	11,685
General and administrative expenses	48,790	48,379	51,716	51,331	42,191	41,930	47,470	47,628
Interest expense	2,480	2,749	2,787	2,373	2,336	2,932	3,338	2,963
Income tax expense	7,242	6,622	5,659	17,398	6,795	6,454	6,723	14,749
Net income	$ 12,052	10,664	10,004	27,983	10,850	10,466	7,288	24,392
Earnings per share:								
Basic	$ .74	.66	.62	1.73	.62	.61	.43	1.46
Diluted	$ .73	.65	.61	1.72	.61	.60	.43	1.44

(19) Litigation

At March 31, 2009, the Company and certain of its subsidiaries have been named as defendants in various legal actions arising from their normal business activities in which damages in various amounts are claimed. Although the amount of any ultimate liability with respect to such matters cannot be determined, the Company believes that any such liability will not have a material adverse effect on the Company's results of operations or financial condition taken as a whole.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We are responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a – 15(f) under the Securities Exchange Act of 1934. We have assessed the effectiveness of internal control over financial reporting as of March 31, 2009. Our assessment was based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, Internal Control-Integrated Framework.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and board of directors: and

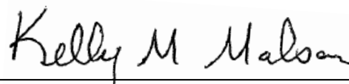
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, any assumptions regarding internal control over financial reporting in future periods based on an evaluation of effectiveness in a prior period are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on using the COSO criteria, we believe our internal control over financial reporting as of March 31, 2009 was effective.

Our independent registered public accounting firm has audited the consolidated financial statements included in this Annual Report and has issued an attestation report on the effectiveness of our internal control over financial reporting, as stated in their report.

A. A. McLean III
Chairman and Chief Executive Officer



Kelly M. Malson
Senior Vice President and Chief Financial Officer

REPORT ON INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
World Acceptance Corporation:

We have audited World Acceptance Corporation and subsidiaries' (the "Company's") internal control over financial reporting as of March 31, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2009, based on criteria established in *Internal Control –Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of March 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2009, and our report dated May 29, 2009 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Greenville, South Carolina
May 29, 2009

REPORT ON INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
World Acceptance Corporation:

We have audited the accompanying consolidated balance sheets of World Acceptance Corporation and subsidiaries (the "Company") as of March 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of World Acceptance Corporation and subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1, the Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* effective April 1, 2007.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), World Acceptance Corporation's internal control over financial reporting as of March 31, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 29, 2009 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Greenville, South Carolina
May 29, 2009

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Attorney
COMSYS IT Partners, Inc.

James R. Gilreath
Attorney
The Gilreath Law Firm, P.A.

William S. Hummers III
Retired

A. Alexander McLean III
Chairman of the Board and Chief Executive Officer
World Acceptance Corporation

Darrell E. Whitaker
President and Chief Operating Officer
IMI Resort Holdings, Inc.

Charles D. Way
Retired

Mark C. Roland
President and Chief Operating Officer
World Acceptance Corporation

COMPANY OFFICERS

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Chairman of the Board and Chief Executive Officer

Mark C. Roland
President and Chief Operating Officer

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Senior Vice President, Chief Financial Officer and Treasurer

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Senior Vice President, Southern Division

D. Clinton Dyer
Senior Vice President, Central Division

Jeff L. Tinney
Senior Vice President, Western Division

Francisco Javier Sauza Del Pozo
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Senior Vice President of Human Resources

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Vice President of Operations, East Texas

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Vice President of Operations, Missouri

Rodney Owens
Vice President of Operations, Oklahoma

Fidencio Reyna
Vice President of Operations, Mexico

Anthony B. Seney
Vice President of Operations, Louisiana

Sera Campos
Vice President of Operations, Mexico

John W. Burnett, Sr.
Assistant Vice President, Pilot

Common Stock

World Acceptance Corporation's common stock trades on The Nasdaq Stock Market under the symbol: WRLD. As of June 3, 2009, there were 81 shareholders of record and the Company believes there are a significant number of persons or entities who hold their stock in nominee or "street" names through various brokerage firms. On this date there were 16,230,259 shares of common stock outstanding.

The table below reflects the stock prices published by Nasdaq by quarter for the last two fiscal years. The last reported sale price on June 17, 2009, was $16.94.

Market Price of Common Stock

Fiscal 2009		
Quarter	High	Low
First	$45.99	$31.91
Second	43.50	31.00
Third	36.25	13.44
Fourth	22.90	10.31

Fiscal 2008		
Quarter	High	Low
First	$45.74	$ 39.27
Second	43.16	27.76
Third	35.59	26.40
Fourth	35.50	19.89

The Company has never paid a dividend on its Common Stock. The Company presently intends to retain its earnings to finance the growth and development of its business and does not expect to pay cash dividends in the foreseeable future. The Company's debt agreements also contain certain limitations on the Company's ability to pay dividends. See note 7 to the Company's Consolidated Financial Statements.

Executive Offices

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Greenville, South Carolina
(864) 298-9800

Transfer Agent

American Stock Transfer & Trust Company
10150 Mallard Creek Drive, Suite 307
Charlotte, North Carolina 28262
(718) 921-8522

Legal Counsel

Robinson, Bradshaw, & Hinson, P.A.
1900 Independence Center
101 North Tryon Street
Charlotte, North Carolina 28246

Independent Registered Public Accounting Firm

KPMG LLP
55 Beattie Place, Suite 900
Greenville, South Carolina 29601

Annual Report

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, may be obtained without charge by writing to the Corporate Secretary at the executive offices of the Company. The Form 10-K also can be reviewed or downloaded from the Company's website: http://www.worldacceptance.com.

For Further Information

A. Alexander McLean III
Chief Executive Officer
World Acceptance Corporation
(864) 298-9800

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