World Acceptance Corporation

ANNUAL REPORT 2010

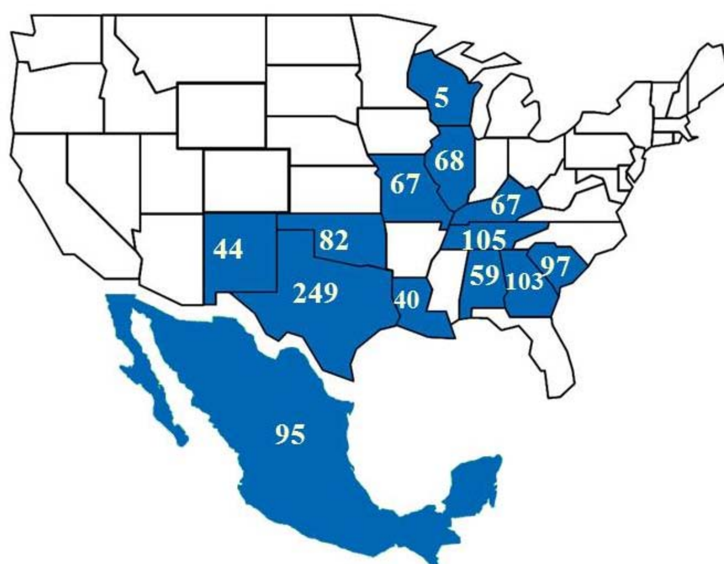
COMPANY PROFILE

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 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 2011, the Company loaned $2.6 billion in the aggregate in 2.3 million transactions. At March 31, 2011, World had approximately 867,000 customers. The Company's loans generally are under $4,000 and have maturities of less than 36 months. World's average gross loan made in fiscal 2011 was $1,134, 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 1,652 consumer loan offices, including the Company's branch offices, and ParaData services over 103 customers.

As of June 3, 2011, World operated 1,081 offices in South Carolina, Georgia, Texas, Oklahoma, Louisiana, Tennessee, Missouri, Illinois, New Mexico, Kentucky, Alabama, Wisconsin and Mexico.



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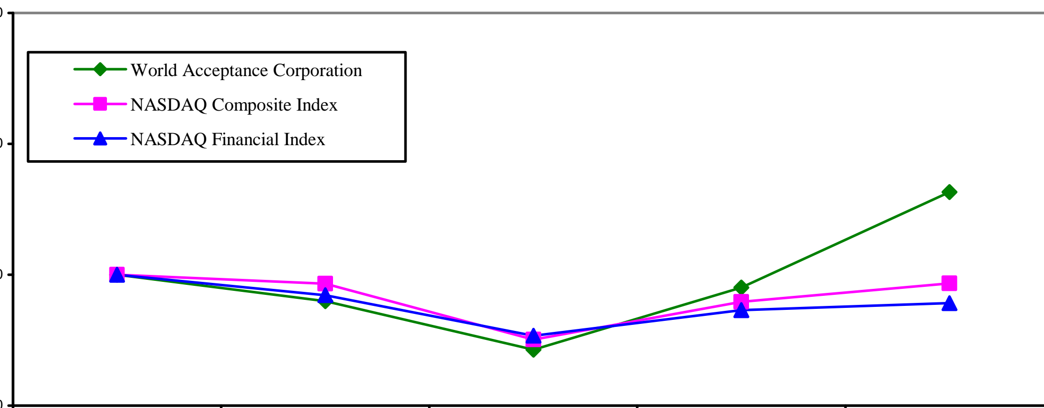
FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

	Years Ended March 31,		
Selected Statement of Operations Data:	2011	2010	Change
Total revenues	$ 491,445	440,636	11.5%
Net income	91,249	73,661	23.9%
Diluted earnings per share	5.63	4.45	26.5%
Selected Balance Sheet Data:			
Gross loans receivable	$ 875,046	770,265	13.6%
Total assets	666,397	593,052	12.4%
Total debt	187,430	170,642	9.8%
Total shareholders' equity	442,575	382,948	15.6%
Selected Ratios:			
Return on average assets	13.9%	12.7%	9.4%
Return on average shareholders' equity	22.8%	22.1%	3.2%
Shareholders' equity to assets	66.4%	64.6%	2.8%
Statistical Data:			
Number of customers at period end	867,315	792,757	9.4%
Number of loans made	2,268,897	2,119,725	7.0%
Number of offices	1,067	990	7.8%

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

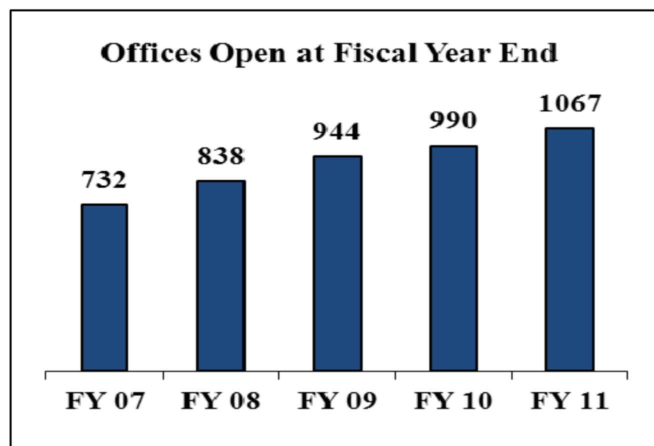


	3-31-07	3-31-08	3-31-09	3-31-10	3-31-11
World Acceptance Corporation	100.00	79.73	42.80	90.31	163.20
NASDAQ Composite Index	100.00	93.28	50.56	79.31	93.40
NASDAQ Financial Index	100.00	84.42	53.45	73.00	78.23

Fiscal 2011 was another outstanding year for World Acceptance Corporation. Although the country continued to face a great deal of economic uncertainty, your Company, once again, made remarkable improvements in almost all areas of operations and achieved a strong financial performance throughout the year. As the chart below indicates, most key statistics continued to show strong trends over the trailing ten and five years, as well as excellent growth rates during the most recent fiscal year:

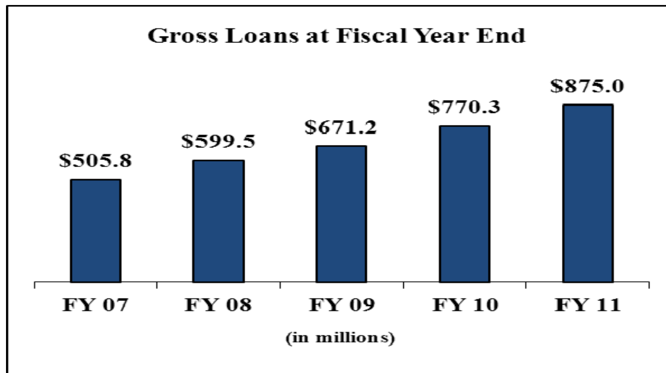
Key Indicators	Value at Fiscal Year End or For Fiscal 2011 (dollars in thousands, except per share data)	Ten Year Annual Compounded Growth Rate	Five Year Annual Compounded Growth Rate	Fiscal 2011 Growth Rate
Total Revenues	$491,445	15.1%	15.1%	11.5%
Net Earnings	$91,249	19.3%	18.8%	23.9%
Earnings Per Share (diluted)	$5.63	21.1%	22.8%	26.5%
Gross Loans	$875,046	15.3%	16.0%	13.6%
Number of Offices	1,067	9.8%	11.5%	7.8%
Stock price per share	$65.20	25.6%	18.9%	80.7%

I am also very pleased that our excellent performance has been recognized by the stock market by rewarding our shareholders with substantial appreciation of our share price during the year. Our share price has risen from $36.08 at the beginning of the fiscal year to $65.20 at March 31, 2011, an 80.7% increase. Since then, it has been very volatile, but appears to have adequate support at the current levels. There remains a certain amount of political uncertainty at the federal level as a result of the passage of the "Dodd-Frank Wall Street Reform and Consumer Protection Act" and its creation of the "Consumer Financial Protection Bureau" which may continue to have an impact on our stock performance until such time as the ultimate direction of this bureau becomes apparent. However, as I have stated before, I believe your Company and other companies in this industry provide a vital service to a large portion of the population who do not have access to greatly needed credit through traditional banking or credit card channels and that this new Bureau will recognize this need and the inability of other institutions to provide it in an efficient manner. Therefore, I am optimistic that this Company and this industry have an excellent future with growing demand for our products and services.



After reducing our office expansion to 46 stores in Fiscal 2010, providing relief from the aggressive expansion of the three previous years when we opened 324 new offices, we increased our office network by 77 new branches in fiscal 2011. This was a 7.8% increase over the 990 offices that we had open at the beginning of the year and gave us a total of 1,067 offices in twelve states and Mexico. We entered Wisconsin in December, a new state for us, which we believe will become another excellent state in the next few years. Our goal for fiscal year 2012 is to open 63 offices in the US, 10 in Mexico and evaluate acquisitions as the opportunities arise.

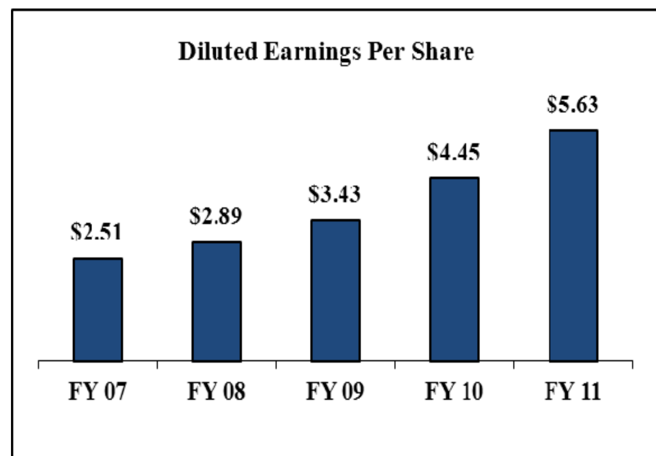
Gross loans receivable, the Company's primary earning asset, increased to $875.0 million at March 31, 2011, up 13.6% over the $770.3 million outstanding at the end of fiscal 2010. The Company continues to demonstrate its ability to prosper in even the worst economic environment, primarily due to the relationship and close personal contact it maintains with its customers. At the end of the fiscal year, the Company had open loan relationships with approximately 867,000 customers. This is compared to approximately 793,000 customers at March 31, 2010. It is very important to the Company that the majority of our loan growth continues to be



generated through opening new accounts, as opposed to an increase in our average balance per account. During fiscal 2011, the 13.6% growth in gross loans consisted of a 9.7% increase in number of accounts and a 3.9% 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.

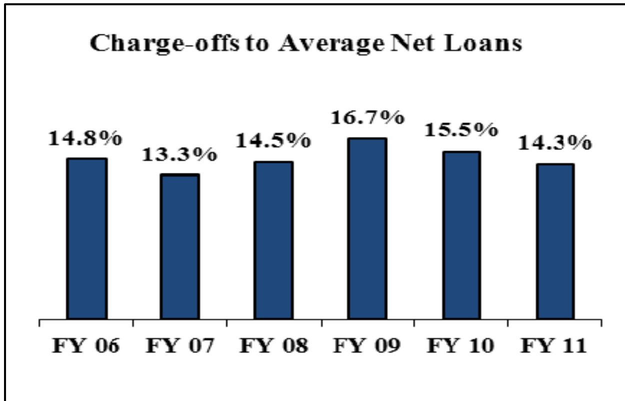
Acquisitions will remain a very important part of our overall growth strategy; however, growth through acquisitions is inherently less predictable due to the timing of the availability of attractive purchase opportunities. We are very pleased that we achieved reasonable loan growth with relatively fewer acquisitions. During the most recent fiscal year, we completed the purchase of 20 offices in 11 separate transactions. Of these, 14 offices were merged into existing Company offices and six became new office locations. These acquisitions contributed approximately 5,900 accounts and $4.0 million in gross loan balances. During the prior year, we acquired $3.9 million in gross loans and 6,300 accounts. While these purchases have not been material over the last couple of years, they have certainly been meaningful in the past and we will continue to review potential acquisition candidates in existing and contiguous markets for future growth as opportunities arise.

Net earnings for the year rose to $91.2 million, or $5.63 per diluted share, compared with $73.7 million, or $4.45 per diluted share, during fiscal 2010. Earnings grew 23.9% and earnings per share rose 26.5% compared with the prior year. During fiscal 2010, 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 as well as other nonrecurring gains. Similar net gains were substantially less in fiscal 2011. Nonrecurring gains amounted to approximately $3.3 million in fiscal 2010 and approximately $1.0 million in fiscal 2011 and accounted for a decrease of approximately $.08 per diluted share when comparing the two fiscal years.



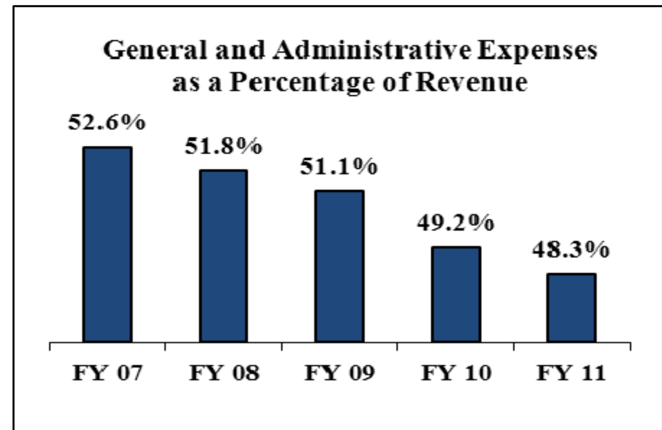
Historically, the Company's growth in earnings per share has exceeded its net earnings growth due to its ongoing stock repurchase program. While very few shares were repurchased in fiscal 2010, primarily due to the decision to retire convertible notes at substantial discounts combined with the uncertainty in the economy, the Company became more aggressive in its share repurchases in fiscal 2011. During the year, we repurchased approximately 1.3 million shares at an aggregate price of $53.3 million. The Company believes that share repurchase is an important part of its long term strategy in building shareholder value. In the last 16 years, the Company has repurchased 9.8 million shares at an aggregate price of $220.5 million. The Company intends to apply this strategy in the future as well.

We are especially pleased to report another year of improving credit quality during what must be considered an unusual economic period. Our loan delinquencies and loan charge-offs will always be one of the most critical components of our business and these are continuously monitored by all levels of management. Because delinquencies remain relatively flat due to our consistent and aggressive charge-off policies, our charge-off ratio is the key indicator of credit quality. The increase in our net charge-offs as a percentage of average net loans to 16.7% in fiscal 2009, the highest level in the Company's history, had a direct negative impact on both loan



growth and net earnings. Since then we have had eight consecutive quarters where our charge-off ratios declined from the prior year's corresponding quarterly ratio. As a result, we have seen our fiscal charge-off ratios decline from an all time high of 16.7% in fiscal 2009, to 15.5% in fiscal 2010 and to 14.3% during fiscal year 2011. This ratio is slightly below our historical averages and we do not expect this trend of lower ratios to continue; however we are very pleased with the rapid return to normal loss levels which we believe further validates our thorough underwriting policies and procedures.

Control over our operating expenses has always been a very high priority for the management of your Company at all levels. As we have done in each of the previous ten years, we have reduced general and administrative expenses as a percentage of total revenue once again to an historical low in fiscal 2011. This ratio declined from 49.2% in fiscal 2010 to 48.3% in the most recent fiscal year. As the Company continues to grow, it becomes increasingly difficult to leverage our fixed cost; however, the ongoing monitoring of our general and administrative expenses will always remain an area of concentrated focus.



After aggressively expanding in Mexico for the last five years (we opened our first two offices in Juarez in September 2005 and ended the past fiscal year with 95 offices) we became profitable in fiscal 2011. This subsidiary had net earnings of $1.9 million during the year and had approximately $51 million (US) in gross loans outstanding and 103,000 customer accounts at March 31, 2011. Very few of the 95 open offices have reached a mature status so we should see our profitability in Mexico rise dramatically as our average loan balances outstanding per office begin to rise. Additionally, the expense of opening the planned 10 new offices in Mexico during fiscal 2012 will have a much smaller impact on a base of 95 offices than we have seen previously. Credit quality remains within acceptable levels and, although there has been a great deal reported on the violence taking place in certain areas of the country, we have been fortunate that thus far we have not seen a negative impact on our operations. We are extremely pleased with our progress in Mexico and expect even bigger contributions from there as it becomes a bigger part of our overall organization.

Overall, fiscal 2011 was another great year for your Company. The improvements that were made in so many areas of operations for the second year in a row were especially satisfying given the ongoing difficult economic environment. For the reasons discussed above, I believe that we are well positioned to have another excellent year in fiscal 2012. On behalf of the directors, management and all of our more than 4,000 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
Chairmen and
Chief Executive Officer

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

(Dollars in thousands, except per share amounts)

	Years Ended March 31,				
	2011	2010	2009	2008	2007
Statement of Operations Data:					
Interest and fee income	$ 424,594	$ 375,031	$ 331,454	$ 292,457	$ 247,007
Insurance commissions and other income	66,851	65,605	60,698	53,590	45,311
Total revenues	491,445	440,636	392,152	346,047	292,318
Provision for loan losses	95,908	90,299	85,476	67,542	51,925
General and administrative expenses	237,515	217,012	200,216	179,218	153,627
Interest expense	14,773	13,881	14,886	15,938	11,696
Total expenses	348,196	321,192	300,578	262,698	217,248
Income before income taxes	143,249	119,444	91,574	83,349	75,070
Income taxes	52,000	45,783	35,081	33,096	28,897
Net income	$ 91,249	$ 73,661	$ 56,493	$ 50,253	$ 46,173
Net income per common share (diluted)	$ 5.63	$ 4.45	$ 3.43	$ 2.89	$ 2.51
Diluted weighted average shares	16,210	16,546	16,464	17,375	18,394
Balance Sheet Data (end of period):					
Loans receivable, net of unearned and deferred fees	$ 646,072	$ 571,086	$498,433	$ 445,091	$378,038
Allowance for loan losses	(48,355)	(42,897)	(38,021)	(33,526)	(27,840)
Loans receivable, net	597,717	528,189	460,412	411,565	350,198
Total assets	666,397	593,052	526,094	478,881	402,026
Total debt	187,430	170,642	197,042	197,078	148,840
Shareholders' equity	442,575	382,948	296,335	244,801	228,731
Other Operating Data:					
As a percentage of average loans receivable:					
Provision for loan losses	15.1%	16.3%	17.6%	15.8%	14.5%
Net charge-offs	14.3%	15.5%	16.7%	14.5%	13.3%
Number of offices open at year-end	1,067	990	944	838	732

General

The Company's financial performance continues to be dependent in large part upon the growth in its outstanding loans receivable, the maintenance of loan quality and acceptable levels of operating expenses. Since March 31, 2006, gross loans receivable have increased at a 16.0% annual compounded rate from $416.3 million to $875.0 million at March 31, 2011. 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 620 offices to 1,067 offices as of March 31, 2011. During fiscal 2012, the Company plans to open approximately 63 new offices in the United States and 10 new offices in Mexico and also to evaluate acquisition as opportunities arise.

The Company's ParaData Financial Systems subsidiary provides data processing systems to 103 separate finance companies, including the Company, and currently supports approximately 1,652 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 from year to year. Its net revenues from system sales and support amounted to $1.9 million, $1.8 million and $2.0 million in fiscal 2011, 2010 and 2009, 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 offers an income tax return preparation and electronic filing program in all but a few of its offices. The Company prepared approximately 48,000, 62,000 and 61,000 returns in each of the fiscal years 2011, 2010 and 2009, respectively. Revenues from our tax preparation business decreased by $3.0 million or 29.3% during fiscal 2011 due to a 24% decline in the number of returns prepared. This decrease resulted, primarily, from an increase in compensation from tax preparers who continued to offer an instant loan on tax refunds, which the Company was unable to offer this year. Next year, it is expected that the refund anticipation loans will not be available for any tax preparer, so the Company should not have this competitive disadvantage going forward.

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,		
		2011	2010	2009
		(Dollars in thousands)		
Average gross loans receivable (1)	$	860,538	750,504	658,587
Average net loans receivable (2)		633,748	553,650	486,776
Expenses as a percentage of total revenues:				
Provision for loan losses		19.5%	20.5%	21.8%
General and administrative		48.3%	49.2%	51.1%
Total interest expense		3.0%	3.2%	3.8%
Operating margin (3)		32.2%	30.3%	27.1%
Return on average assets		13.9%	12.7%	10.9%
Offices opened and acquired, net		77	46	106
Total offices (at period end)		1,067	990	944

(1) Average gross loans receivable have been determined by averaging month-end gross loans receivable over the indicated period.
(2) Average net 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.

Comparison of Fiscal 2011 Versus Fiscal 2010

Net income was $91.2 million during fiscal 2011, a 23.9% increase over the $73.7 million earned during fiscal 2010. This increase resulted primarily from an increase in operating income (revenues less provision for loan losses and general and administrative expenses) of $24.7 million, or 18.5%, offset by a $0.9 million increase in interest expense, and a $6.2 million increase in income tax expense.

Total revenues increased to $491.4 million in fiscal 2011, a $50.8 million, or 11.5%, increase over the $440.6 million in fiscal 2010. Revenues from the 937 offices open throughout both fiscal years increased by 9.0%. At March 31, 2011, the Company had 1,067 offices in operation, an increase of 77 offices from March 31, 2010.

Interest and fee income during fiscal 2011 increased by $49.6 million, or 13.2%, over fiscal 2010. This increase resulted from an increase of $80.1 million, or 14.5%, in average net loans receivable between the two fiscal years. The increase in average loans receivable was attributable to the Company's internal growth. During fiscal 2011, internal growth increased because the Company opened 73 new offices and the average loan balance increased from $971 to $1,009.

Insurance commissions and other income increased by $1.2 million, or 1.9%, over the two fiscal years. Insurance commissions increased by $4.5 million, or 12.1%, as a result of the increase in loan volume in states where credit insurance is sold. Other income decreased by $3.3 million, or 11.4%, over the two years, primarily due to a $3.1 million decrease in tax preparation revenue. This decrease was due to a 24.0% reduction in the number of tax returns prepared by the Company compared with the prior year, primarily due to increased competition from tax preparers who offered an instant loan on tax refunds. Consequently, tax preparation revenue declined to $7.8 million during fiscal 2011 from $10.9 million in the fiscal 2010.

The provision for loan losses during fiscal 2011 increased by $5.6 million, or 6.2%, 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 2011 amounted to $90.6 million, a 5.8% increase over the $85.6 million charged off during fiscal 2010. During the current fiscal year, the Company also had a reduction in our year-over-year loan loss ratios. Annualized net charge-offs as a percentage of average net loans decreased from 15.5% during fiscal 2010 to 14.3% during fiscal 2011. The current year charge-off ratio of 14.3% is below historical levels, and the Company does not expect the ratio to decrease meaningfully below this level. Historically from fiscal 2002 to fiscal 2006, the charge-offs as a percent of average loans ranged from 14.6% to 14.8%. In fiscal 2007 the Company experienced a temporary decline to 13.3%, which was attributed to a change in the bankruptcy law but returned to 14.5% in fiscal 2008. In fiscal 2009 the ratio increased to 16.7%, the highest in the Company's history as a result of the difficult economic environment and higher energy costs that our customers faced, but has been declining during fiscal 2010 and fiscal 2011. Accounts that were 61 days or more past due were 2.4% on a recency basis and were 3.8% on a contractual basis at both March 31, 2011 and March 31, 2010.

General and administrative expenses during fiscal 2011 increased to $237.5 million, or 9.4%, 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, increased slightly when comparing the two fiscal years and, overall, general and administrative expenses as a percent of total revenues decreased from 49.2% in fiscal 2010 to 48.3% during fiscal 2011. This decrease resulted from management's ongoing monitoring and control of expenses and continued leveraging of fixed expenses.

Interest expense increased by $0.9 million, or 6.4%, during fiscal 2011, as compared to the previous fiscal year as a result of an increase in average debt outstanding of 4.0% and a slight increase in average interest rates. Average interest rates increased from 6.5% in fiscal 2010 to 6.7% in fiscal 2011.

Income tax expense increased $6.2 million, or 13.6%, primarily from an increase in pre-tax income. The effective rate decreased to 36.3% in fiscal 2011 from 38.3% in fiscal 2010 due partially to an income tax settlement with the state of South Carolina for tax years March 31, 1997 through March 31, 2006, which resulted in the Company recognizing a tax benefit of approximately $900,000.

Comparison of Fiscal 2010 Versus Fiscal 2009

Net income was $73.7 million during fiscal 2010, a 30.4% increase over the $56.5 million earned during fiscal 2009. This increase resulted primarily from an increase in operating income of $26.9 million, or 25.2%, and a $1.0 million decrease in interest expense, offset by an increase in income tax expense.

Total revenues increased to $440.6 million in fiscal 2010, a $48.5 million, or 12.4%, increase over the $392.2 million in fiscal 2009. Revenues from the 834 offices open throughout both fiscal years increased by 8.1%. At March 31, 2010, the Company had 990 offices in operation, an increase of 46 offices from March 31, 2009.

Interest and fee income during fiscal 2010 increased by $43.6 million, or 13.1%, over fiscal 2009. This increase resulted from an increase of $66.9 million, or 13.7%, in average net loans receivable between the two fiscal years. The increase in average loans receivable was attributable to the Company's internal growth. During fiscal 2010, internal growth increased because the Company opened 48 new offices and the average loan balance increased from $917 to $971.

Insurance commissions and other income increased by $4.9 million, or 8.1%, over the two fiscal years. Insurance commissions increased by $4.8 million, or 14.7%, as a result of the increase in loan volume in states where credit insurance is sold. Other income increased slightly, but there were various changes within other income when comparing the two years, including:

- Revenue from tax preparation increased approximately $1.0 million, or 10%.
- In fiscal 2010, a $1.1 million gain on the interest rate swaps was recorded compared to an approximate $800,000 loss is fiscal 2009.
- In fiscal 2010, the Company extinguished $18.0 million par value of its convertible notes at a $2.2 million gain, compared to fiscal 2009, during which $15.0 million par value of the convertible notes were extinguished at a $4.0 million gain.
- In fiscal 2009, a $1.5 million gain was recognized on the sale of a foreign currency option. There was no such gain recorded during fiscal 2010.

See Note 8 to the Consolidated Financial Statements for further discussion regarding this extinguishment of debt.

The provision for loan losses during fiscal 2010 increased by $4.8 million, or 5.6%, 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 2010 amounted to $85.6 million, a 5.6% increase over the $81.1 million charged off during fiscal 2009. Accounts that were 61 days or more past due decreased from 2.7% to 2.4% on a recency basis and from 4.2% to 3.8% on a contractual basis when comparing March 31, 2010 to March 31, 2009. During fiscal 2010, we had a reduction in our year-over-year loan losses. Annualized net charge-offs as a percentage of average net loans decreased from 16.7% during fiscal 2009 to 15.5% during fiscal 2010.

During fiscal year 2010 our charge-offs as a percent of average net loans decreased to 15.5% from 16.7% in fiscal 2009. We believe our customer base is highly impacted by the cost of basic commodities such as food and energy and unemployment. The cost of basic commodities rose steeply during the first several months of our fiscal 2009, which had a negative impact on our customer's ability to repay outstanding loans. This, in turn, drove our charge-off ratio up significantly over our historical experience. After moderating in the second half of fiscal 2009, the costs of basic commodities rose more gradually during fiscal 2010 allowing our customers to adapt to such costs increases and better manage their ability to repay outstanding loans. The rate of unemployment has also stabilized. We believe these were major factors in the reduction of our charge-off ratio during fiscal 2010.

General and administrative expenses during fiscal 2010 increased by $16.8 million, or 8.4%, 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, increased slightly when comparing the two fiscal years and, overall, general and administrative expenses as a percent of total revenues decreased from 51.1% in fiscal 2009 to 49.2% during fiscal 2010. This decrease resulted from the reduction of branch openings during fiscal 2010 and management's ongoing monitoring and control of expenses.

Interest expense decreased by $1.0 million, or 6.7%, during fiscal 2010, as compared to the previous fiscal year as a result of a decrease in average debt outstanding of 4.5% and a slight decrease in average interest rates. Average interest rates decreased from 6.7% in fiscal 2009 to 6.5% in fiscal 2010.

Income tax expense increased $10.7 million, or 30.5%, primarily from an increase in pre-tax income. The effective rate remained consistent at 38.3% in both fiscal 2010 and fiscal 2009.

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, share-based compensation, and income taxes 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 that the 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.

Income Taxes

Management uses certain assumptions and estimates in determining income taxes payable or refundable, deferred income tax liabilities and assets for events recognized differently in its financial statements and income tax returns, and income tax expense. Determining these amounts requires analysis of certain transactions and interpretation of tax laws and regulations. Management exercises considerable judgment in evaluating the amount and timing of recognition of the resulting income tax liabilities and assets. These judgments and estimates are re-evaluated on a periodic basis as regulatory and business factors change.

No assurance can be given that either the tax returns submitted by management or the income tax reported on the Consolidated Financial Statements will not be adjusted by either adverse rulings by the U.S. Tax Court, changes in the tax code, or assessments made by the Internal Revenue Service ("IRS") or state taxing authorities. The Company is subject to potential adverse adjustments, including but not limited to: an increase in the statutory federal or state income tax rates, the permanent non-deductibility of amounts currently considered deductible either now or in future periods, and the dependency on the generation of future taxable income in order to ultimately realize deferred income tax assets.

The Company adopted FASB ASC 740-10, on April 1, 2007. Under FASB ASC 740, the Company includes the current and deferred tax impact of its tax positions in the financial statements when it is more likely than not (likelihood of greater than 50%) that such positions will be sustained by taxing authorities, with full knowledge of relevant information, based on the technical merits of the tax position. While the Company supports its tax positions by unambiguous tax law, prior experience with the taxing authority, and analysis that considers all relevant facts, circumstances and regulations, management must still rely on assumptions and estimates to determine the overall likelihood of success and proper quantification of a given tax position.

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, 2011, 2010, and 2009:

		At March 31,	
	2011	2010	2009
	(Dollars in thousands)		
Recency basis:			
61-90 days past due	$ 12,894	11,094	11,304
91 days or more past due	8,297	7,337	6,661
Total	$ 21,191	18,431	17,965
Percentage of period-end gross loans receivable	2.4%	2.4%	2.7%
Contractual basis:			
61-90 days past due	$ 16,564	14,548	14,223
91 days or more past due	16,625	14,985	13,673
Total	$ 33,189	29,533	27,896
Percentage of period-end gross loans receivable	3.8%	3.8%	4.2%

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. Charge-offs as a percent of average net loans decreased from 15.5% in fiscal 2010 to 14.3% in fiscal 2011.

In fiscal 2011, approximately 84.3% 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 2011, 2010, and 2009, the percentages of the Company's loan originations that were refinancings of existing loans were 75.9%, 76.4% and 75.0%, respectively. The Company's refinancing policies, while limited by state regulations, in all cases consider the customer's payment history and require that the customer has made multiple 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 who 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 2011, delinquent refinancings represented 1.6% of the Company's total loan volume compared to 2.0% in fiscal 2010.

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 2011:

	Loan Volume by Category	Percent of Total Charge-offs	Charge-off as a Percent of Total Loans Made by Category
Refinancing	75.9%	76.6%	4.7%
Former borrowers	8.4%	4.8%	3.2%
New borrowers	15.7%	18.6%	9.3%
	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 FASB ASC Topic 450, 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 eleven 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, 2011, 2010, and 2009. 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 three 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 following is a summary of the changes in the allowance for loan losses for the years ended March 31, 2011, 2010, and 2009:

	At March 31,		
	2011	2010	2009
Balance at beginning of period	$ 42,896,819	38,020,770	33,526,147
Provision for loan losses	95,908,363	90,298,934	85,476,092
Loan losses	(100,044,691)	(94,782,185)	(88,728,498)
Recoveries	9,475,131	9,139,923	7,590,928
Translation adjustment	119,372	219,377	(306,340)
Allowance on acquired loans	-	-	462,441
Balance at end of period	$ 48,354,994	42,896,819	38,020,770
Allowance as a percentage of loans receivable, net of unearned and deferred fees	7.5%	7.5%	7.6%
Net of charge-offs as a percentage of average loans receivable (1)	14.3%	15.5%	16.7%

(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 2011 and 2010.

	At or for the Three Months Ended							
	2011				2010			
	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,
	(Dollars in thousands)							
Total revenues	$ 110,398	118,066	126,039	136,942	100,230	104,206	112,310	123,890
Provision for loan losses	19,698	27,275	31,962	16,973	20,428	25,156	29,633	15,082
General and administrative expenses	57,298	56,091	61,393	62,733	53,333	51,755	55,537	56,387
Net income	18,714	20,235	18,064	34,236	14,635	14,612	14,751	29,663
Gross loans receivable	$ 824,941	868,192	965,434	875,046	726,057	754,854	838,864	770,265
Number of offices open	1,010	1,034	1,054	1,067	949	966	975	990

Recently Issued Accounting Pronouncements

See "Item 8. Financial Statements and Supplementary Data. Note 1. Summary of Significant Accounting Policies," of the Consolidated Financial Statements for the impact of new accounting pronouncements.

Liquidity and Capital Resources

The Company has financed and continues to finance its operations, acquisitions and office expansion through a combination of cash flows from operations and borrowings from its institutional lenders. The Company has generally applied its cash flows 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 $416.3 million at March 31, 2006 to $875.0 million at March 31, 2011, net cash provided by operating activities for fiscal years 2011, 2010 and 2009 was $199.8 million, $183.6 million and $153.9 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. As of March 31, 2011, approximately 7.8 million shares have been repurchased since 2000 for an aggregate purchase price of approximately $204.5 million. During fiscal 2011 the Company repurchased 1.3 million shares for $53.3 million. In August 2010, the Board of Directors authorized the Company to repurchase up to $20 million of common stock. In addition, as previously announced, subsequent to the end of fiscal 2011, on May 23, 2011 and April 26, 2011, the Board of Directors authorized the Company to repurchase up to $50 million of additional common stock. Through June 3, 2011 (including pending repurchase orders subject to settlement), the Company repurchased shares of its common stock for approximately $34.2 million. See Note 20 – Subsequent Events to the Consolidated Financial Statements. The Company believes stock 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 approximately 63 branches in the United States, 10 branches in Mexico, and evaluate acquisition opportunities in fiscal 2012. Expenditures by the Company to open and furnish new offices generally averaged approximately $25,000 per office during fiscal 2011. 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 six offices and fourteen loan portfolios from competitors in eight states in eleven separate transactions during fiscal 2011. Gross loans receivable purchased in these transactions were approximately $3.9 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 $225.0 million base credit facility with a syndicate of banks. The credit facility will expire on August 31, 2012. 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 3.0% per annum with a minimum 4.0% interest rate. During fiscal 2011, the effective interest rate on borrowings under the revolving credit facility, including the impact of interest swap, was 4.4%. 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, 2011, $82.3 million was outstanding under this facility, and there was $142.7 million of unused borrowing availability under the borrowing base limitations.

The Company has a $75 million junior subordinated note payable with a bank, which will mature on September 17, 2015. Funds borrowed under the junior subordinated note payable bear interest at LIBOR plus 4.875% per annum. At March 31, 2011, the interest rate on borrowings under the junior subordinated note payable was 5.2%. The Company is required to pay an unused line fee at a rate between 25 basis points and 37.5 basis points per annum (based on whether the usage rate for a month is equal to or greater than 65% or less than 65%) on the average daily unused portion of the maximum amount of the commitments under the junior subordinated note payable. Amounts outstanding under the junior subordinated note payable may not exceed specified percentages of eligible loans receivable. On March 31, 2011, $30.0 million was outstanding and there was $45.0 million of unused borrowing availability under the borrowing base limitations. The initial $30.0 million draw on the junior subordinated note payable was used to pay down the outstanding balance on the revolving credit facility. Beginning September 17, 2011 the maximum available borrowings will be reduced by $5.0 million annually.

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, 2011 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 (the "Convertible Senior Notes"). As of March 31, 2011, $77.0 million in aggregate principal amount of the Convertible Senior Notes remained outstanding. See Note 7 to the Consolidated Financial Statements included in this report for more information regarding this transaction and the terms of the Convertible Senior Notes.

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

	Fiscal Year Ended March 31,						
	2012	2013	2014	2015	2016	Thereafter	Total
Convertible notes payable	$ 77,000	$ -	$ -	$ -	$ -	$ -	$ 77,000
Maturities of notes payable	-	82,250	-	-	-	-	82,250
Junior subordinated note payable	-	-	-	-	30,000	-	30,000
Interest payments	6,191	2,997	1,541	1,541	642	-	12,912
Minimum lease payments	16,422	10,737	4,517	828	270	-	32,774
Total	$ 99,613	$ 95,984	$ 6,058	$ 2,369	$ 30,912	$ -	$ 234,936

The Company believes that cash flow from operations and borrowings under its revolving credit facility and junior subordinated note payable 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 receivableoriginated 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 recurring 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," for a 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, 2011, the Company's financial instruments consist of the following: cash and cash equivalents, loans receivable, senior notes payable, convertible senior subordinated notes payable, junior subordinated note payable, and interest rate swaps. Fair value approximates carrying value for all of these instruments, except the convertible senior subordinated notes payable, for which the fair value of $85.6 million 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 $82.3 million at March 31, 2011. Interest on borrowings under this facility is based, at the Company's option, on the prime rate or LIBOR plus 3.0%, with a minimum rate of 4.0%. The Company's outstanding debt under its junior subordinated note payable was $30.0 million at March 31, 2011. Interest on borrowings under this facility is based on LIBOR plus 4.875%.

Based on the outstanding balance at March 31, 2011, a change of 1% in the LIBOR interest rate would cause a change in interest expense of approximately $537,000 on an annual basis.

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 FASB ASC Topic 815-10-15, 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 FASB ASC Topic 815-10-15, changes in the fair value of the derivative instrument are included in other income. As of March 31, 2011 the fair value of the interest rate swap was a liability of $0.3 million and included in other liabilities. The change in fair value from the beginning of the year, recorded as an unrealized gain in other income, was approximately $1.0 million.

On October 10, 2006, the Company issued $110 million convertible senior subordinated notes due October 1, 2011 to qualified institutional brokers in accordance with Rule 144A of the Securities Act of 1933. The coupon rate 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 and fiscal 2010, the company repurchased and cancelled $33.0 million, respectively, of the convertible senior subordinated notes. See Note 8 to the Consolidated Financial Statements 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 5.5% of total revenues for the year ended March 31, 2011 and net loans denominated in Mexican pesos were approximately $32.3 million (USD) at March 31, 2011.

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, 2011, 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, 2011. 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, within reasonably anticipated rates, will have a material adverse effect on its financial condition. Although inflation would increase the Company's operating costs in absolute terms, the Company expects that the same decrease in the value of money would result in an increase in the size of loans demanded by its customer base. It is reasonable to anticipate that such a change in customer preference would result in an increase in total loan receivables and an increase in absolute revenues to be generated from that larger amount of loans receivable. That increase in absolute revenues should offset any increase in operating costs. In addition, because the Company's loans are relatively short in both contractual term and average life, it is unlikely that loans made at any given point in time will be repaid with significantly inflated dollars.

Legal Matters

From time to time the Company is involved in routine litigation relating to claims arising out of its operations in the normal course of business. See Note 19 to our audited Consolidated Financial Statements for discussion of current litigation.

	March 31, 2011	March 31, 2010
ASSETS		
Cash and cash equivalents	$ 8,030,580	5,445,168
Gross loans receivable	875,045,680	770,265,207
Less:		
Unearned interest and fees	(228,974,132)	(199,179,293)
Allowance for loan losses	(48,354,994)	(42,896,819)
Loans receivable, net	597,716,554	528,189,095
Property and equipment, net	23,366,207	22,985,830
Deferred income taxes	14,480,025	11,642,590
Other assets, net	10,804,113	11,559,684
Goodwill	5,634,586	5,616,380
Intangible assets, net	6,364,890	7,613,518
Total assets	$ 666,396,955	593,052,265
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities:		
Senior notes payable	82,250,000	99,150,000
Convertible senior subordinated notes payable	77,000,000	77,000,000
Discount on convertible subordinated notes payable	(1,819,600)	(5,507,959)
Net of discount	75,180,400	71,492,041
Junior subordinated note payable	30,000,000	-
Income taxes payable	13,097,419	14,043,486
Accounts payable and accrued expenses	23,293,967	25,418,784
Total liabilities	223,821,786	210,104,311
Shareholders' equity:		
Preferred stock, no par value Authorized 5,000,000, no shares issued or outstanding	-	-
Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 15,711,365 and 16,521,553 shares at March 31, 2011 and March 31, 2010, respectively	-	-
Additional paid-in capital	47,352,738	27,112,822
Retained earnings	395,086,232	357,179,568
Accumulated other comprehensive income/(loss)	136,199	(1,344,436)
Total shareholders' equity	442,575,169	382,947,954
Commitments and contingencies		
Total liabilities and shareholders' equity	$ 666,396,955	593,052,265

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended March 31,		
	2011	2010	2009
Revenues:			
Interest and fee income	$ 424,594,245	375,030,993	331,453,835
Insurance commissions and other income	66,850,858	65,605,147	60,698,020
Total revenues	491,445,103	440,636,140	392,151,855
Expenses:			
Provision for loan losses	95,908,363	90,298,934	85,476,092
General and administrative expenses:			
Personnel	159,160,492	142,482,669	130,674,094
Occupancy and equipment	31,115,076	28,468,673	25,577,437
Advertising	13,056,444	12,842,759	13,067,079
Amortization of intangible assets	1,949,444	2,242,517	2,454,872
Other	32,233,478	30,975,389	28,443,267
Total general and administrative expenses	237,514,934	217,012,007	200,216,749
Interest expense	14,772,694	13,881,224	14,885,634
Total expenses	348,195,991	321,192,165	300,578,475
Income before income taxes	143,249,112	119,443,975	91,573,380
Income taxes	51,999,932	45,782,667	35,080,790
Net income	$ 91,249,180	73,661,308	56,492,590
Net income per common share:			
Basic	$ 5.76	4.52	3.48
Diluted	$ 5.63	4.45	3.43
Weighted average common shares outstanding:			
Basic	15,833,983	16,304,207	16,239,883
Diluted	16,210,233	16,545,703	16,464,403

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, 2008	$	16,284,723	228,346,754	169,503	244,800,980	
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	
Repurchase and cancellation of convertible notes		(336,328)	-	-	(336,328)	
Other comprehensive income				(4,399,166)	(4,399,166)	(4,399,166)
Net income		-	56,492,590	-	56,492,590	56,492,590
Total comprehensive income		-	-	-	-	52,093,424
Balances at March 31, 2009	$	17,046,310	283,518,260	(4,229,663)	296,334,907	
Proceeds from exercise of stock options (280,350 shares), including tax benefits of $1,671,344		7,424,333	-	-	7,424,333	
Common stock repurchases (38,500 shares)		(1,434,657)	-	-	(1,434,657)	
Issuance of restricted common stock under stock option plan (68,044 shares)		1,568,600	-	-	1,568,600	
Stock option expense		3,281,556	-	-	3,281,556	
Repurchase and cancellation of convertible notes		(773,320)	-	-	(773,320)	
Other comprehensive income				2,885,227	2,885,227	2,885,227
Net income		-	73,661,308	-	73,661,308	73,661,308
Total comprehensive income		-	-	-	-	76,546,535
Balances at March 31, 2010		27,112,822	357,179,568	(1,344,436)	382,947,954	
Proceeds from exercise of stock options (447,250 shares), including tax benefits of $1,923,628		13,806,260	-	-	13,806,260	
Common stock repurchases (1,298,057 shares)		-	(53,342,516)	-	(53,342,516)	
Issuance of restricted common stock under stock option plan (54,951 shares)		1,485,359	-	-	1,485,359	
Stock option expense		3,855,348	-	-	3,855,348	
Proceeds from the sale of the call option and warrants associated with the convertible notes		1,092,949	-	-	1,092,949	
Other comprehensive income		-	-	1,480,635	1,480,635	1,480,635
Net income		-	91,249,180	-	91,249,180	91,249,180
Total comprehensive income		-	-	-	-	92,729,815
Balances at March 31, 2011	$	47,352,738	395,086,232	136,199	442,575,169	

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31,		
	2011	2010	2009
Cash flow from operating activities:			
Net income	$ 91,249,180	73,661,308	56,492,590
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of intangible assets	1,949,444	2,242,517	2,454,872
Amortization of loan costs and discounts	441,895	411,622	745,031
Provision for loan losses	95,908,363	90,298,934	85,476,092
Gain on the extinguishment of debt	-	(2,238,846)	(3,966,783)
Amortization of convertible note discount	3,688,359	3,903,999	4,497,124
Depreciation	6,172,747	5,766,532	4,784,014
Deferred income tax expense (benefit)	(2,837,480)	608,244	3,225,577
Compensation related to stock option and restricted stock plans	5,340,707	4,850,156	4,650,260
Unrealized (gains) losses on interest rate swap	(1,017,032)	(1,107,397)	773,047
Change in accounts:			
Other assets, net	1,017,199	(2,375,923)	(361,495)
Income taxes payable	(947,074)	2,675,456	(6,813,159)
Accounts payable and accrued expenses	(1,130,438)	4,909,399	1,956,920
Net cash provided by operating activities	199,835,870	183,606,001	153,914,090
Cash flows from investing activities:			
Increase in loans receivable, net	(161,275,485)	(152,999,243)	(128,590,255)
Net assets acquired from office acquisitions, primarily loans	(2,977,729)	(2,838,303)	(9,153,680)
Increase in intangible assets from acquisitions	(746,666)	(903,918)	(1,673,367)
Purchases of property and equipment, net	(6,394,287)	(5,244,623)	(9,862,860)
Net cash used in investing activities	(171,394,167)	(161,986,087)	(149,280,162)
Cash flow from financing activities:			
(Payments on)/proceeds from senior revolving notes payable, net	(16,900,000)	(14,160,000)	8,810,000
Repayment of convertible senior subordinated notes	-	(14,447,500)	(9,179,752)
Repayment of other notes payable	-	-	(400,000)
Proceeds from junior subordinated note payable	30,000,000	-	-
Loan cost associated with junior subordinated note payable	(629,048)	-	-
Proceeds from sale of the call option and warrants associated with the convertible notes	1,092,949	-	-
Proceeds from exercise of stock options	11,882,632	5,752,989	1,654,361
Repurchase of common stock	(53,342,516)	(1,434,657)	(7,848,764)
Excess tax benefit from exercise of stock options	1,923,628	1,671,344	1,320,974
Net cash used in financing activities	(25,972,355)	(22,617,824)	(5,643,181)
Increase (decrease) in cash and cash equivalents	2,469,348	(997,910)	(1,009,253)
Effects of foreign currency fluctuations on cash	116,064	182,668	(319,912)
Cash and cash equivalents at beginning of period	5,445,168	6,260,410	7,589,575
Cash and cash equivalents at end of period	$ 8,030,580	5,445,168	6,260,410

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 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, 2011, the Company operated 972 offices in South Carolina, Georgia, Texas, Oklahoma, Louisiana, Tennessee, Missouri, Illinois, New Mexico, Kentucky, Alabama, and Wisconsin. The Company also operated 95 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 (GAAP) 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.

Reclassification

Certain prior period amounts have been reclassified to conform to the current presentation. Such reclassifications had no impact on previously reported net income or shareholders’ equity.

Business Segments

The Company reports operating segments in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 280. 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. FASB ASC Topic 280 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 complement to the lending operation. There is no discrete financial information available for these activities and they do not meet the criteria under FASB ASC Topic 280 to be reported separately.

ParaData provides data processing systems to 103 separate finance companies, including the Company. At March 31, 2011 and 2010, ParaData had total assets of $0.9 million and $1.2 million, which represented less than 1.0% of total consolidated assets at each fiscal year end. Total net revenues (system sales and support) for ParaData for the years ended March 31, 2011, 2010 and 2009 were $1.9 million, $1.8 million and $2.0 million, respectively, which represented less than 1% of consolidated revenue for each year. Although ParaData is an operating segment under FASB ASC Topic 280, 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, Alabama, and Wisconsin. In addition, the Company also originates direct cash consumer loans in Mexico. During fiscal 2011 and 2010, the Company originated loans generally ranging up to $4,000, with terms of 36 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 of deferred origination fees and direct costs, and an allowance for loan losses. The Company calculates interest revenue on its loans using the rule of 78s, 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 36 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, 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 11 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.

FASB ASC Topic 310 prohibits carryover or creation of valuation allowances in the initial accounting of all loans acquired in a transfer that are within the scope of this authoritative literature. The Company believes that loans acquired since the adoption of FASB ASC Topic 310 have not shown evidence of deterioration of credit quality since origination, and therefore, are not within the scope of FASB ASC Topic 310. Therefore, the Company records acquired loans (not within the scope of FASB ASC Topic 310) at fair value.

Nonaccrual Policy

The Company calculates interest revenue on its loans using the rule of 78s, 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. Since the Company uses the collection method when recognizing interest and insurance income, interest is not accrued until payments are collected from customers.

Impaired Loans

The Company defines impaired loans as bankrupt accounts and accounts 91 days or more past due. In accordance with the Company's charge-off policy, once a loan is deemed uncollectible, 100% of the net investment is charged-off, except in the case of a borrower who has filed for bankruptcy. Accounts 91 days or more past due, including bankrupt accounts 91 days or more past due, are reserved 100%.

Additional requirements from ASU 2010-20 about the credit quality of the Company's receivables are disclosed in Note 3.

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 consolidated statement of operations.

Operating Leases

The Company's office leases typically have a lease term of three to five 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 costs and other deposits.

Derivatives and Hedging Activities

The Company uses interest rate swaps and has used foreign currency options to economically hedge the variable cash flows associated with $20 million of its LIBOR-based borrowings and currency fluctuations, respectively. Interest rate swap agreements are carried at fair value. Changes to fair value are recorded each period as a component of the consolidated statement of operations. See Note 9 for further discussion related to the interest rate swaps. As of March 31, 2011 and 2010, the Company did not have any foreign currency options 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 10 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. The Company's 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, 2011, the Company had 85 offices with recorded goodwill.

Impairment of Long-Lived Assets

The Company assesses 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 the Company's 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 recorded an immaterial impairment charge for the fiscal year 2011 and did not record any impairment charges for the fiscal years 2010 and 2009.

Fair Value of Financial Instruments

FASB ASC Topic 825 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 and cash equivalents, loans receivable, senior notes payable, junior subordinated note payable, convertible senior subordinated notes payable 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 junior subordinated note payable 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 $85,616,300 and $73,388,700 as of March 31, 2011 and 2010, respectively. The carrying value of the convertible subordinated notes payable, net of discount, was $75,180,400 and $71,492,041 at March 31, 2011 and 2010, respectively. The swap is 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 ASC Topic 740-10 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, the Company recognized the effect of income tax positions only if the likelihood of such positions being sustained was probable.

Supplemental Cash Flow Information

For the years ended March 31, 2011, 2010, and 2009, the Company paid interest of $9,840,627, $9,354,502 and $9,373,237, respectively.

For the years ended March 31, 2011, 2010, and 2009, the Company paid income taxes of $50,487,423, $40,628,124 and $37,302,456, respectively.

Earnings Per Share

Earnings per share ("EPS") are computed in accordance with FASB ASC Topic. 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 FASB ASC Topic 260-10-45. See Note 14 for the reconciliation of the numerators and denominators for basic and dilutive EPS calculations.

Stock-Based Compensation

FASB ASC Topic 718-10, requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. FASB ASC Topic 718-10 does not change the accounting guidance for share-based payment transactions with parties other than employees provided in FASB ASC Topic 718-10. Under FASB ASC Topic 718-10, 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, 2011, the Company had several share-based employee compensation plans, which are described more fully in Note 15. Effective April 1, 2006, the Company adopted FASB ASC Topic 718 using the modified prospective transition method. Under that method of transition, compensation cost recognized during fiscal years 2009, 2010 and 2011 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 FASB ASC Topic 718, 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 FASB ASC Topic 718. Since this compensation cost is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. FASB ASC Topic 718 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, 2011, the Company operated in 12 states in the United States as well as in Mexico. For the years ended March 31, 2011, 2010 and 2009, total revenues within the Company's four largest states (measured by total revenues) accounted for approximately 57%, 58% and 59%, respectively, of the Company's total revenues.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs were approximately $13.1 million, $12.8 million and $13.1 million for fiscal years 2011, 2010 and 2009, respectively.

Recently Issued Accounting Pronouncements

Variable Interest Entities

In June 2009, FASB issued ASC Topic 810-30, "Variable Interest Entities." FASB ASC Topic 810-30 changes how a reporting entity determines whether an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities of the other entity that most significantly impact the other entity's performance. FASB ASC Topic 810-30 is effective for a reporting entity's first fiscal year beginning after November 15, 2009. The adoption of FASB ASC Topic 810-30 during the year ended March 31, 2011 did not have an impact on the Company's financial position or results of operations.

Improving Disclosures about Fair Value Measurements

In January 2010, the FASB issued Accounting Standards Update No. 2010-06 ("ASU 2010-06"), "Improving Disclosures about Fair Value Measurements," which amends FASB ASC Topic 820-10, "Fair Value Measurements and Disclosures," to require disclosure of transfers in and out of Levels 1 and 2 and gross presentation of items in the Level 3 rollforward. The guidance also clarifies the level of disaggregation required for fair value measurement disclosures and requires disclosure of inputs and valuation techniques used in Levels 2 and 3. With the exception of the gross presentation of items in the Level 3 rollforward (which is effective for fiscal years beginning after December 15, 2010), the Company adopted this guidance effective April 1, 2010 with no significant impact on its Consolidated Financial Statements.

Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

Accounting Standards Update No. 2010-20 ("ASU 2010-20"), "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses," requires companies to provide more information in their disclosures about the credit quality of their financing receivables and the credit reserves held against them. ASU 2010-20 is intended to improve transparency in financial reporting by public and nonpublic companies that hold financing receivables, which include loans, lease receivables, and other long-term receivables. The disclosures required under ASU 2010-20 are included in Note 3.

(2) Accumulated Other Comprehensive Income (Loss)

The Company applies the provisions of FASB ASC Topic 220-10. The following summarizes accumulated other comprehensive (loss) income as of March 31, 2011, 2010 and 2009:

		2011	2010	2009
Balance at beginning of period	$	(1,344,436)	(4,229,663)	169,503
Unrealized gain (loss) from foreign exchange translation adjustment		1,480,635	2,885,227	(4,399,166)
Total accumulated other comprehensive (loss) income	$	136,199	(1,344,436)	(4,229,663)

(3) Allowance for Loan Losses and Credit Quality Indicators

The following is a summary of the changes in the allowance for loan losses for the years ended March 31, 2011, 2010, and 2009:

		March 31,		
		2011	2010	2009
Balance at beginning of period	$	42,896,819	38,020,770	33,526,147
Provision for loan losses		95,908,363	90,298,934	85,476,092
Loan losses		(100,044,691)	(94,782,185)	(88,728,498)
Recoveries		9,475,131	9,139,923	7,590,928
Translation adjustment		119,372	219,377	(306,340)
Allowance on acquired loans		-	-	462,441
Balance at end of period	$	48,354,994	42,896,819	38,020,770

The following is a summary of loans individually and collectively evaluated for impairment for the period indicated:

		As of March 31, 2011	As of March 31, 2010
Bankruptcy	$	4,810,026	4,801,016
91 days or more delinquent, excluding bankruptcy		16,393,955	14,765,078
Total loans individually evaluated for impairment	$	21,203,981	19,566,094
Allowance for impaired loans		(16,819,674)	(15,180,102)
	$	4,384,307	4,385,992
Total loans collectively evaluated for impairment	$	-	-

The following is an assessment of the credit quality for the period indicated:

	March, 31	
	2011	2010
Credit risk		
Consumer loans - non-bankrupt accounts	$ 870,235,654	765,464,191
Consumer loans - bankrupt accounts	4,810,026	4,801,016
Total	$ 875,045,680	770,265,207
Consumer		
Credit risk profile based on payment activity		
Performing	$ 841,856,489	740,731,794
Contractual non-performing, 61 or more days delinquent	33,189,191	29,533,413
Total	$ 875,045,680	770,265,207
Delinquent renewals	$ 19,330,235	18,272,655
Credit risk		
New borrower	$ 101,948,334	89,342,537
Former borrower	68,628,863	60,529,685
Refinance	685,138,248	602,120,330
Delinquent refinance	19,330,235	18,272,655
Total	$ 875,045,680	770,265,207

The following is a summary of the past due receivables as of:

	March 31,		
	2011	2010	2009
Recency basis:			
30-60 days past due	$ 21,533,219	19,402,655	19,240,718
61-90 days past due	12,894,240	11,093,549	11,303,676
91 days or more past due	8,297,319	7,336,951	6,661,429
Total	$ 42,724,778	37,833,155	37,205,823
Percentage of period-end gross loans receivable	4.9%	4.9%	5.5%
Contractual basis:			
30-60 days past due	$ 23,705,287	21,280,835	20,749,412
61-90 days past due	16,564,121	14,547,990	14,222,605
91 days or more past due	16,625,070	14,985,423	13,673,171
Total	$ 56,894,478	50,814,248	48,645,188
Percentage of period-end gross loans receivable	6.5%	6.6%	7.3%

For the year ended March 31, 2009, the Company recorded adjustments of approximately $0.5 million to the allowance for loan losses in connection with its acquisitions in accordance with generally accepted accounting principles. No adjustment was made for the years ended March 31, 2011 and 2010. This adjustment represented the allowance for loan losses on acquired loans that did not meet the scope of FASB ASC Topic 310 (see Note 1).

(4) Property and Equipment

Property and equipment consist of:

	March 31, 2011	March 31, 2010
Land	$ 250,443	250,443
Building and leasehold improvements	14,462,437	12,794,625
Furniture and equipment	33,589,368	31,403,537
	48,302,248	44,448,605
Less accumulated depreciation and amortization	(24,936,041)	(21,462,775)
Total	$ 23,366,207	22,985,830

Depreciation expense was approximately $6,173,000, $5,767,000 and $4,784,000 for the years ended March 31, 2011, 2010 and 2009, respectively.

(5) Intangible Assets

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

	March 31, 2011		March 31, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Cost of acquiring existing customers	$ 20,911,951	(14,779,838)	$ 20,304,885	(12,940,041)
Value assigned to non-compete agreements	8,133,643	(7,900,866)	8,042,643	(7,793,969)
Total	$ 29,045,594	(22,680,704)	$ 28,347,528	(20,734,010)

The estimated amortization expense for intangible assets for future years ended March 31 is as follows: $1.6 million for 2012; $1.2 million for 2013, $0.8 million for 2014; $0.5 million for 2015; $0.3 million for 2016; and an aggregate of $1.8 million for the years thereafter.

(6) Goodwill

The following summarizes the changes in the carrying amount of goodwill for the year ended March 31, 2011 and 2010:

	March 31,	
	2011	2010
Balance at beginning of year		
Goodwill	$ 5,616,380	5,580,946
Accumulated goodwill impairment losses	-	-
	$ 5,616,380	5,580,946
Goodwill acquired during the year	$ 43,599	35,434
Impairment losses	(25,393)	-
Balance at end of year		
Goodwill	$ 5,659,979	5,616,380
Accumulated goodwill impairment losses	(25,393)	-
Total	$ 5,634,586	5,616,380

The Company performed an annual impairment test during the fourth quarter of fiscal 2011 and determined that none of the recorded goodwill was impaired. However, during the year a branch was closed and an immaterial impairment loss was recorded.

(7) Notes Payable

The Company's notes payable consist of:

Senior Notes Payable $225,000,000 Revolving Credit Facility

This facility provides for borrowings of up to $225,000,000 with $82,250,000 outstanding at March 31, 2011, subject to a borrowing base formula. The Company may borrow, at its option, at the rate of prime or LIBOR plus 3.00% with a minimum of 4.00%. At March 31, 2011 and 2010, the Company’s prime interest rate was 4.25%, and the unused amount available under the revolver at March 31, 2011 was $142.8 million. 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 August 31, 2012.

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

Junior Subordinated Note Payable

On September 17, 2010, the Company entered into the Junior Subordinated Note Payable with Wells Fargo Preferred Capital, Inc. (“Wells Fargo”) providing for a non-revolving line of credit maturing on September 17, 2015. Wells Fargo is also a lender under the Revolving Credit Agreement.

The Junior Subordinated Note Payable initially provides a commitment of $75.0 million. This commitment amount will be reduced annually by $5.0 million beginning on the first anniversary of the closing date. Term loan borrowings under the Junior Subordinated Note Payable are limited to 85% of the eligible accounts receivable of the Company and its subsidiaries, less the sum of (i) all unearned finance charges and unearned insurance premiums and insurance commissions applicable to such eligible accounts receivable, (ii) any principal amounts then outstanding under the Revolving Credit Agreement, (iii) market-to-market liability under any hedging agreement, (iv) the aggregate principal amounts then outstanding under the Convertible Notes, and (v) all other unsecured on-balance sheet indebtedness of

the Company and its direct and indirect subsidiaries (including accrued liabilities and taxes but excluding obligations under the Junior Subordinated Note Payable) as reflected on the Company's most recent consolidated financial statements.

Interest on borrowed amounts under the Junior Subordinated Note Payable is payable monthly in arrears at a rate per annum equal to the sum of one-month LIBOR, as in effect from time to time, plus 4.875%, provided, however that during each period that the outstanding principal balance of the borrowings under the Junior Subordinated Note Payable is less than $30 million (the "Minimum Balance"), the Company shall pay interest on the Minimum Balance. The Company is required to pay an unused line fee at a rate between 25 basis points and 37.5 basis points per annum (based on whether the usage rate for a month is equal to or greater than 65% or less than 65%) on the average daily unused portion of the maximum amount of the commitments under the Junior Subordinated Note Payable. In addition, the Company has paid Wells Fargo a non-refundable commitment fee of $487,500 in connection with the Junior Subordinated Note Payable.

The Junior Subordinated Note Payable is guaranteed by the Company's domestic subsidiaries pursuant to a Subordinated Guaranty Agreement and, although initially unsecured, will be, after payment in full of the Convertible Notes, secured by a second lien on all assets of the Company and each guarantor pursuant to a Subordinated Security Agreement, Pledge and Indenture of Trust signed by the Company (the "Company Security Agreement") and a Subordinated Security Agreement, Pledge and Indenture of Trust signed by the Company's domestic subsidiaries (the "Subsidiary Security Agreement").

The liens created to secure the Junior Subordinated Note Payable after payment in full of the Convertible Notes will be subject to the first lien position of the lenders under the Revolving Credit Agreement. The Junior Subordinated Note Payable will be subordinated to the Revolving Credit Agreement and will have the same rank as the Convertible Notes until such notes are paid in full. Thereafter, the Junior Subordinated Note Payable will be subordinate to the Revolving Credit Agreement pursuant to the terms and conditions of the Subordination and Intercreditor Agreement (the "Subordination Agreement"), dated as of September 17, 2010, among the Company, Wells Fargo, individually and as agent for the lenders party to the Junior Subordinated Note Payable, Bank of Montreal, individually and as agent for the lenders party to the Revolving Credit Agreement, and Harris N.A., as Senior Creditor Collateral Agent. The Subordination Agreement will require the indebtedness under the Revolving Credit Agreement to be paid in full in a bankruptcy proceeding before the indebtedness under the Junior Subordinated Note Payable can be paid. In addition, it will provide for customary standstill periods for the Junior Subordinated Note Payable, customary cure periods for the Revolving Credit Agreement, customary restrictions with respect to prepayments of indebtedness under the Junior Subordinated Note Payable and customary restrictions with respect to amending the Revolving Credit Agreement and the Junior Subordinated Note Payable.

The Junior Subordinated Note Payable contains financial covenants requiring the Company to (a) maintain a minimum net worth, which is defined as (i) for the fiscal quarter of the Company ending March 31, 2010, $275,000,000, and (ii) for each fiscal quarter thereafter, the sum of the minimum net worth for the immediately preceding fiscal quarter plus 50% of consolidated net income for such fiscal quarter (but without deduction in the case of any deficit of consolidated net income for such fiscal quarter); and (b) maintain a fixed charge coverage ratio of at least 2.00 to 1.00 at the end of each fiscal quarter.

The Junior Subordinated Note Payable contains restrictive covenants that limit the ability of the Company and its direct and indirect subsidiaries to incur indebtedness, create or assume liens, prepay certain indebtedness, acquire, sell or dispose of all or a substantial part of their assets, engage in certain mergers or consolidations, engage in transactions with affiliates, and make investments. These covenants in the Junior Subordinated Note Payable are subject to a number of qualifications and exceptions. In addition, the Junior Subordinated Note Payable requires the Company to maintain Wells Fargo as a lender under the Revolving Credit Agreement and any other senior revolving credit facility, in each case with a commitment in an amount of a least 20% of the total commitments thereunder unless Wells Fargo, in its sole discretion, agrees to providing a lesser percentage of the total commitments.

The Junior Subordinated Note Payable also contains representations and warranties and events of default that are customary for this type of transaction.

On September 17, 2010, the Company borrowed $30.0 million under the Junior Subordinated Note Payable and used the proceeds from such borrowing to repay a portion of the Revolving Credit Agreement. These borrowings

continue to be outstanding at March 31, 2011, and leave the Company with borrowing capacity of $45.0 million under the Junior Subordinated Note Payable, subject to the terms and conditions described above.

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 FASB ASC Topic 815-10-15.

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 any time. 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 FASB ASC Topic 815-40, 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.

See Note 8 for information regarding the Company's repurchase of the Convertible Notes, which reduced the outstanding aggregate principal amount of such notes outstanding to $77.0 million as of March 31, 2011.

Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion

On April 1, 2009, the Company adopted FASB ASC Topic 470-20. FASB ASC Topic 470-20 required the convertible debt to be separated between its liability and equity components, in a manner that reflects the Company's non-convertible debt borrowing rate, determined to be approximately 8.7% at the time of the issuance of the Convertible Notes.

The carrying amounts of the debt and equity components are as follows (in thousands):

		March 31, 2011	March 31, 2010
Face value of convertible debt	$	77,000	77,000
Unamortized discount		(1,820)	(5,508)
Net carrying amount of debt component		75,180	71,492
Carrying amount of equity component	$	22,586	22,586

The interest expense relating to both the contractual interest coupon and amortization of the discount on the liability component are as follows (in thousands):

		March 31, 2011	March 31, 2010
Contractual interest coupon	$	2,310	2,560
Amortization of the discount on the liability component		3,688	3,904
Total interest expense on convertible notes	$	5,998	6,464

For fiscal 2011, 2010, and 2009, the effective interest rate on the liability component was 8.2%, 8.4% and 8.4%, respectively. Due to the combination of put, call and conversion options that are part of the terms of the Convertible Notes agreement, the remaining discount on the liability component will be amortized over six months.

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, 2011, $73.2 million was available under these covenants for the payment of cash dividends, 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 aggregate annual maturities of the notes payable for each of the fiscal years subsequent to March 31, 2011 are as follows:

2012	$	77,000,000
2013		82,250,000
2014		-
2015		-
2016		30,000,000
Total future debt payments	$	189,250,000

(8) Extinguishment Of Debt

During fiscal 2011, the Company did not repurchase any of its Convertible Notes.

During fiscal 2010, the Company repurchased, in privately negotiated transactions, an aggregate principal amount of $18.0 million of its Convertible Notes at an average discount to face value of approximately 19.7%. The Company spent approximately $14.4 million in the aggregate on these repurchases. The transactions were treated as an extinguishment of debt for accounting purposes. The Company recorded a gain of approximately $2.2 million on the repurchase of the Convertible Notes, which was partially offset by the write-off of $230,000 of deferred financing costs associated with the repurchase and cancellation of Convertible Notes.

During fiscal 2009, the Company repurchased, in privately negotiated transactions, an aggregate principal amount of $15.0 million of its 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 transactions were treated as an extinguishment of debt for accounting purposes. The Company recorded a gain of approximately $4.0 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.

(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 paid a fixed rate of 4.755% on the $30 million notional amount and received payments from a counterparty based on the 1 month LIBOR rate for the term that ended October 5, 2010.

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 in fiscal 2009.

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

	Interest Rate Swaps
March 31, 2011:	
Accounts payable and accrued expenses	$ 319,235
Fair value of derivative instrument	$ 319,235
March 31, 2010:	
Accounts payable and accrued expenses	$ 1,336,269
Fair value of derivative instruments	$ 1,336,269

The interest rate swap is currently in a liability position, 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:

		March 31, 2011	March 31, 2010	March 31, 2009
Realized losses				
Interest rate swaps - included as a component of interest expense	$	(1,128,758)	(1,784,575)	(895,813)
Foreign currency exchange option- included as a component of other income	$	-	-	(1,548,500)
Unrealized gains (losses)				
Interest rate swaps - included as a component of other income	$	1,017,032	1,107,397	(773,047)

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 FASB ASC Topic 815-10-15; 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, 2011, 2010 and 2009 consist of:

		2011	2010	2009
Insurance commissions	$	41,691,008	37,194,717	32,430,496
Tax return preparation revenue		7,794,582	10,850,852	9,868,849
Gain on extinguishment of debt, net		-	2,238,846	3,966,783
Auto club membership revenue		5,011,758	4,536,074	4,088,500
World Class Buying Club revenue		4,416,879	3,832,884	3,780,851
Other		7,936,631	6,951,774	6,562,541
Insurance commissions and other income	$	66,850,858	65,605,147	60,698,020

(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, 2011, 2010 and 2009:

		2011	2010	2009
Insurance premiums written	$	6,745,271	6,227,752	5,768,316
Recoveries on claims paid	$	691,184	646,229	598,887
Claims paid	$	6,778,465	6,136,490	5,620,489

(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 to five 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, 2011, are as follows:

2012	16,421,589
2013	10,736,797
2014	4,517,203
2015	827,967
2016	269,942
Thereafter	-
Total future minimum lease payments	32,773,498

Rental expense for cancelable and noncancelable operating leases for the years ended March 31, 2011, 2010 and 2009, was $17,821,568, $15,865,447 and $14,257,168, respectively.

(13) Income Taxes

Income tax expense (benefit) consists of:

		Current	Deferred	Total
Year ended March 31, 2011				
U.S. Federal	$	47,303,032	(19,448)	47,283,584
State and local		4,953,995	(538,793)	4,415,202
Foreign		2,580,385	(2,279,239)	301,146
	$	54,837,412	(2,837,480)	51,999,932
Year ended March 31, 2010				
U.S. Federal	$	39,979,719	525,900	40,505,619
State and local		4,918,495	82,344	5,000,839
Foreign		276,209	-	276,209
	$	45,174,423	608,244	45,782,667
Year ended March 31, 2009				
U.S. Federal	$	27,459,617	3,311,357	30,770,974
State and local		4,351,570	(85,780)	4,265,790
Foreign		44,026	-	44,026
	$	31,855,213	3,225,577	35,080,790

Income tax expense was $51,999,932, $45,782,667 and $35,080,790, for the years ended March 31, 2011, 2010 and 2009, 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:

	2011	2010	2009
Expected income tax	$ 50,137,189	41,805,391	32,050,683
Increase (reduction) in income taxes resulting from:			
State tax, net of federal benefit	2,869,881	3,250,545	2,772,764
Change in valuation allowance	-	60	(405,425)
Insurance income exclusion	(165,289)	(237,574)	(108,636)
Uncertain tax positions	(1,326,568)	420,594	539,211
Other, net	484,719	543,651	232,193
	$ 51,999,932	45,782,667	35,080,790

At March 31, 2011, the Company has net operating losses for state income tax purposes of $10.3 million available to offset future taxable state income, if any, which expires in 2030.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2011 and 2010 are presented below:

	2011	2010
Deferred tax assets:		
Allowance for doubtful accounts	$ 16,994,387	13,726,075
Unearned insurance commissions	11,428,086	9,841,960
Accounts payable and accrued expenses primarily related to employee benefits	5,645,600	7,119,122
Accrued interest receivable	2,818,221	2,606,892
Convertible notes	676,690	1,016,063
Unrealized losses	118,784	499,030
Other	675,217	1,274
Gross deferred tax assets	38,356,985	34,810,416
Less valuation allowance	(1,274)	(1,274)
Net deferred tax assets	38,355,711	34,809,142
Deferred tax liabilities:		
Fair value adjustment for loans	(16,244,190)	(15,393,253)
Property and equipment	(3,718,415)	(3,492,473)
Intangible assets	(1,607,004)	(1,944,965)
Deferred net loan origination fees	(1,685,664)	(1,437,409)
Prepaid expenses	(620,413)	(554,549)
Other	-	(343,903)
Gross deferred tax liabilities	(23,875,686)	(23,166,552)
Net deferred tax assets	$ 14,480,025	11,642,590

The valuation allowance for deferred tax assets as of March 31, 2011 and 2010 was $1,274. The valuation allowance against the total deferred tax assets as of March 31, 2011 and 2010 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, 2011. 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.

The Company is required to assess whether the earnings of the Company's 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, 2011, the Company has determined that $1,852,476 of cumulative undistributed net earnings, as well as the future net earnings, of the Mexican foreign subsidiaries will be permanently reinvested.

As of March 31, 2011 and March 31, 2010, the Company had $2,271,345 and $5,762,087 of total gross unrecognized tax benefits including interest, respectively. Of this total, approximately $957,773 and $3,168,539, 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 March 31, 2010	$	4,685,520
Gross increases for tax positions of current year		1,027,439
Federal and state tax settlements		(3,172,172)
Lapse of statute of limitations		(445,574)
Unrecognized tax benefits balance at March 31, 2011	$	2,095,213

At March 31, 2011, approximately $858,000 of gross unrecognized tax benefits are expected to be resolved during the next 12 months through settlements with taxing authorities or the expiration of the statute of limitations. The Company's continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. As of March 31, 2011, the Company had $176,132 accrued for gross interest, of which $117,240 was a current period expense.

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 2007, although carryforward attributes that were generated prior to 2007 may still be adjusted upon examination by the taxing authorities if they either have been or will be used in a future period. On August 12, 2010, the Company entered into an agreement with the state of South Carolina which settled all issues related to tax years March 31, 1997 through March 31, 2006. The settlement resulted in the Company recognizing a net tax benefit of $919,373.

(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, 2011		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income available to common shareholders	$ 91,249,180	15,833,983	$ 5.76
Effect of Dilutive Securities			
Options and restricted stock	-	376,250	
Diluted EPS			
Income available to common shareholders plus assumed exercises of stock options	$ 91,249,180	16,210,233	$ 5.63

	For the year ended March 31, 2010		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income available to common shareholders	$ 73,661,308	16,304,207	$ 4.52
Effect of Dilutive Securities			
Options and restricted stock		241,496	
Diluted EPS			
Income available to common shareholders plus assumed exercises of stock options	$ 73,661,308	16,545,703	$ 4.45

	For the year ended March 31, 2009		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income available to common shareholders	$ 56,492,590	16,239,883	$ 3.48
Effect of Dilutive Securities			
Options and restricted stock	-	224,520	
Diluted EPS			
Income available to common shareholders plus assumed exercises of stock options	$ 56,492,590	16,464,403	$ 3.43

Options to purchase 29,450, 100,152 and 130,583 shares of common stock at various prices were outstanding during the years ended March 31, 2011, 2010 and 2009, 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 Notes and related warrants that were not included in the computation of diluted EPS were 1,233,763 for 2011 and 1,762,519 for 2010 and 2009 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 $1,175,574, $1,059,884 and $1,078,987, for the years ended March 31, 2011, 2010 and 2009, 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. In May 2009, the Company instituted a second Supplemental Executive Retirement Plan ("SERP") to provide to one executive the same type of benefits as are in the original SERP but for which he would not have qualified due to age. This second SERP is also an unfunded plan with no specific assets set aside by the Company in connection with the plan. For the years ended March 31, 2011, 2010 and 2009, contributions of $924,177, $928,407 and $806,792, respectively, were charged to operations related to the SERP. The unfunded liability was $6,044,528, $5,385,106 and $4,722,000, as of March 31, 2011, 2010 and 2009, 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 and Director Deferred Compensation Plans

The Company has a Board of Directors Deferred Compensation Plan and an Executive Deferral Plan. Eligible executives may elect to defer all or a portion of their incentive compensation to be paid under their respective Plan. Eligible directors may elect to defer all or a portion of their compensation to be paid under their respective Plan. As of March 31, 2011 and 2010, one director and no executive had deferred compensation under the plans.

Stock Option Plans

The Company has a 1994 Stock Option Plan, a 2002 Stock Option Plan, a 2005 Stock Option Plan, and a 2008 Stock Option Plan for the benefit of certain directors, officers, and key employees. Under these plans, 4,850,000 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, 2011, there were 233,244 shares available for grant under the plans.

Stock-based compensation is recognized as provided under FASB ASC Topic 718-10 and FASB ASC Topic 505-50. FASB ASC Topic 718-10 requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense over the requisite service period (generally the vesting period) in the financial statements based on their fair values. The impact of forfeitures that may occur prior to vesting is also estimated and considered in the amount recognized. Stock option compensation is recognized as an expense over the unvested portion of all stock option awards granted based on the fair values estimated at grant date in accordance with the provisions of FASB ASC Topic 718-10. The Company has applied the Black-Scholes valuation model in determining the fair value of the stock option awards. Compensation expense is recognized only for those options expected to vest, with forfeitures estimated based on historical experience and future expectations.

The weighted-average fair value at the grant date for options issued during the years ended March 31, 2011, 2010 and 2009 was $23.96, $15.32 and $8.51 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:

	2011	2010	2009
Dividend yield	0%	0%	0%
Expected voliatility	57.41%	56.69%	50.67%
Average risk-free interest rate	1.55%	2.69%	2.75%
Expected life	6.4 years	6.6 years	5.9 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, 2011, was as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding, beginning of year	1,393,350	$ 26.23		
Granted	289,300	43.04		
Exercised	(447,250)	26.57		
Forfeited	(46,200)	28.21		
Expired	(10,600)	41.10		
Options outstanding, end of period	1,178,600	$ 30.02	7.19	$ 41,464,921
Options exercisable, end of period	365,500	$ 26.46	4.55	$ 14,158,714

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, 2011 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, 2011. This amount will change as the market price per share changes. The total intrinsic value of options exercised during the periods ended March 31, 2011, 2010 and 2009 were as follows:

2011	2010	2009
$ 11,151,259	$ 4,638,423	$ 2,833,497

As of March 31, 2011, total unrecognized stock-based compensation expense related to non-vested stock options amounted to $9,778,309 which is expected to be recognized over a weighted-average period of approximately 3.9 years.

The following table summarizes information regarding stock options outstanding at March 31, 2011:

Range of Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$ 8.00 - $ 9.99	13,750	1.29	$ 8.54	13,750	$ 8.54
$10.00 - $11.99	31,500	2.13	11.44	31,500	11.44
$15.00 - $16.99	219,850	6.79	16.71	53,500	16.26
$23.00 - $23.99	19,400	3.19	23.53	19,400	23.53
$25.00 - $25.99	94,700	4.81	25.08	94,700	25.08
$26.00 - $27.99	239,800	8.62	26.73	13,000	26.73
$28.00 - $28.99	177,350	5.88	28.22	80,350	28.26
$43.00 - $43.99	287,600	9.56	43.04	1,500	43.00
$46.00 - $49.00	94,650	5.50	48.65	57,800	48.61
$ 8.00 - $49.00	1,178,600	7.19	$ 30.02	365,500	$ 26.46

Restricted Stock

On November 8, 2010, the Company granted 29,080 shares of restricted stock (which are equity classified), with a grant date fair value of $43.04 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 the grant. On that same date, the Company granted an additional 15,871 shares of restricted stock (which are equity classified), with a grant date fair value of $43.04 per share, to certain executive officers. The 15,871 shares will vest on April 30, 2013 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 April 30, 2010, the Company granted 10,000 shares of restricted stock (which are equity classified) with a grant date fair value of $35.28 per share to its independent directors. All of the shares granted vested immediately.

On November 9, 2009, the Company granted 41,346 shares of restricted stock (which are equity classified), with a grant date fair value of $26.73 per share, to certain officers. One-third of the restricted stock vested immediately, another third vested on the first anniversary of the grant and the final third is scheduled to vest on the second anniversary of the grant. On that same date, the Company granted an additional 23,159 shares of restricted stock (which are equity classified), with a grant date fair value of $26.73 per share, to certain executive officers. The 23,159 shares will vest on April 30, 2012 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 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 officers. One-third of the restricted stock vested immediately and one-third vested on each of the first and second anniversaries of the 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 certain 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 vested on the first 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 $2.1 million, $1.95 million and $1.7 million of compensation expense for the years ended March 31, 2011, 2010 and 2009, 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, 2011, there was approximately $1.7 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, 2011, and changes during the year ended March 31, 2011, are presented below:

	Shares	Weighted Average Fair Value at Grant Date
Outstanding at March 31, 2010	84,227	$ 23.52
Granted during the period	54,951	41.63
Vested during the period	(65,010)	28.96
Cancelled during the period	(14,332)	43.77
Outstanding at March 31, 2011	59,836	$ 22.62

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

	2011	2010	2009
Share-based compensation related to equity classified units:			
Share-based compensation related to stock options	$ 3,855,348	3,281,556	3,232,229
Share-based compensation related to restricted stock	2,112,721	1,950,488	1,685,616
Total share-based compensation related to equity classified awards	$ 5,968,069	5,232,044	4,917,845

(16) Acquisitions

The following table sets forth the acquisition activity of the Company for the last three fiscal years ($ in thousands):

		2011	2010	2009
Number of offices purchased		20	23	22
Merged into existing offices		14	22	11
Purchase Price	$	3,725	3,742	10,826
Tangible assets:				
Net Loans		2,974	2,832	9,083
Furniture, fixtures & equipment		4	3	68
Other		-	3	2
		2,978	2,838	9,153
Excess of purchase prices over carrying value of net tangible assets	$	747	904	1,673
Customer lists		607	783	1,360
Non-compete agreements		96	86	85
Goodwill		44	35	228
Total intangible assets	$	747	904	1,673

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 FASB ASC Topic 805-10 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, 2011, six 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, 2011, 14 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 FASB ASC Topic 360-10-05. 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

The Company carries certain financial instruments (derivative assets and liabilities) at fair value on a recurring basis. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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:

		Fair Value Measurements Using		
	March 31,	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swaps				
2011	$319,235	$ -	$319,235	$ -
2010	$1,336,269	$ -	$1,336,269	$ -

The Company's interest rate swaps were 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.

Fair Value of Debt

The book value and estimated fair value of our debt was as follows (in thousands):

		March 31, 2011	March 31, 2010
Book value:			
Senior notes payable	$	82,250	99,150
Junior subordinated note payable		30,000	-
Convertible notes		75,180	71,492
	$	187,430	170,642
Estimated fair value:			
Senior notes payable	$	82,250	99,150
Junior subordinated note payable		30,000	-
Convertible notes		85,616	73,389
	$	197,866	172,539

The difference between the estimated fair value of debt compared with its historical cost reported in our Consolidated Balance Sheets at March 31, 2011 and March 31, 2010 relates primarily to market quotations for the Company's 3.0% Convertible Senior Subordinated Notes due October 1, 2011.

The carrying value of the senior notes payable and the junior subordinated note payable approximated the fair value as the notes payable are at a variable interest rate.

Other

There were no assets or liabilities measured at fair value on a non-recurring basis during fiscal 2011 or fiscal 2010.

(18) Quarterly Information (Unaudited)

The following sets forth selected quarterly operating data:

		2011				2010			
		First	Second	Third	Fourth	First	Second	Third	Fourth
		(Dollars in thousands, except for earnings per share data)							
Total revenues	$	110,398	118,066	126,039	136,942	100,230	104,206	112,310	123,890
Provision for loan losses		19,698	27,275	31,962	16,973	20,428	25,156	29,633	15,082
General and administrative expenses		57,298	56,091	61,393	62,733	53,333	51,755	55,537	56,387
Interest expense		3,354	4,096	3,803	3,520	3,110	3,617	3,756	3,398
Income tax expense		11,334	10,369	10,817	19,480	8,724	9,066	8,633	19,360
Net income	$	18,714	20,235	18,064	34,236	14,635	14,612	14,751	29,663
Earnings per share:									
Basic	$	1.16	1.29	1.15	2.16	0.90	0.90	0.91	1.80
Diluted	$	1.14	1.26	1.12	2.11	0.90	0.89	0.89	1.76

(19) Litigation

At March 31, 2011, the Company and certain of its subsidiaries have been named as defendants or are otherwise involved in various legal actions and proceedings arising from their normal business activities, including matters in

which damages in various amounts are claimed. In view of the inherent difficulty in predicting the outcome of legal matters, theories, potentially involve a large number of parties or are in the early stages, the Company generally cannot predict the eventual outcome of these pending matters, nor the timing of the ultimate resolution of such matters or the eventual loss, fines, penalties, settlement or other impact, if any, related to such matters, including those described below, will have a material adverse effect on the Company's results of operations or financial condition taken as a whole. However, in light of the inherent uncertainties involved in such matters, there can be no assurance that an adverse outcome in one or more of these matters will not be material to the Company or will not materially and adversely affect its results of operations or cash flows in any particular reporting period.

On September 24, 2010, the Company and World Finance Corporation of Georgia were served with a summons and complaint in the case of *Rita Hopkins vs. World Acceptance Corporation; World Finance Corporation of Georgia; Fortegra Financial Corporation, f/k/a Life of the South; and Life of the South Insurance Company,* in the Superior Court of Fulton County, Georgia (case number 2010CV191370), alleging violations of Georgia and other potentially applicable states' laws in connection with the sale of non-file insurance products and seeking class certification and unspecified monetary damages, injunctive relief and attorney's fees. On October 22, 2010, the Company removed this action to the United States District Court for the Northern District of Georgia, Atlanta Division (case number1:10-cv-03429). Ms. Hopkins subsequently amended her complaint to assert violations of federal laws, in addition to state laws, and added Insurance Company of the South and Lyndon Southern Insurance Company as defendants. The Company filed a Motion to Compel Arbitration and Stay Action. The Court has not yet decided that motion. The Company intends to defend itself vigorously in this matter.

(20) Subsequent events

On May 23, 2011 and April 26, 2011, the Board of Directors authorized the Company to repurchase up to $50 million of the Company's common stock. This repurchase authorization follows, and is in addition to, a similar repurchase authorization of $20 million announced August 4, 2010. After taking into account all shares repurchased through June 3, 2011 (including pending repurchase orders subject to settlement), the Company has $16.0 million in aggregate remaining repurchase capacity under all of the company's outstanding repurchase authorizations. The timing and actual number of shares repurchased will depend on a variety of factors, including the stock price, corporate and regulatory requirements and other market and economic conditions. Although the repurchase authorizations above have no stated expiration date, the Company's stock repurchase program may be suspended or discontinued at any time.

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, 2011. 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;

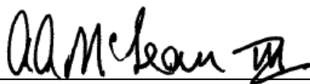
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and board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

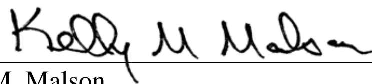
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, any assumptions regarding internal control over financial reporting in future periods based on an evaluation of effectiveness in a prior period are subject to the risk that controls 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, 2011 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

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, 2011 and 2010, 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, 2011. 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, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2011, in conformity with U.S. generally accepted accounting principles.

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, 2011, 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 June 3, 2011 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Greenville, South Carolina
June 3, 2011

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, 2011, 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, 2011, 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, 2011 and 2010, 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, 2011, and our report dated June 3, 2011 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Greenville, South Carolina
June 3, 2011

Ken R. Bramlett Jr.
Private Investor

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
Private Investor

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

COMPANY OFFICERS

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

Mark C. Roland
President and Chief Operating Officer

Kelly M. Malson
Senior Vice President, Chief Financial Officer and Treasurer

James D. Walters
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
Senior Vice President, Mexico

James J. Rosenauer
President, ParaData Financial Systems

Judson K. Chapin III
Senior Vice President, Secretary and General Counsel

Marilyn Messer
Senior Vice President, Human Resources

Brent R. Cooler
Vice President, Accounting

Robyn D. Yarborough
Vice President, Internal Audit

Stacey K. Estes
Vice President, Lease Administration

Yvette Drake
Vice President, Director of Marketing

Keith T. Littrell
Vice President, Tax

Scot H. Mozingo
Vice President of Operations, Georgia

Stephen A. Bifano
Vice President of Operations, Illinois

Jeanne Davis
Vice President of Operations, New Mexico

Delia A. Brigman
Vice President of Operations, TexasCaliente

Rodney D. Ernest
Vice President of Operations, Northeast Texas

Rudolph R. Cruz
Vice President of Operations, Northwest Texas

James E. Creagor
Vice President of Operations, Southeast Texas

Jackie C. Willyard
Vice President of Operations, Kentucky

James W. Littlepage
Vice President of Operations, Tennessee

D. Scott Phillips
Vice President of Operations, South Carolina

Erik T. Brown
Vice President of Operations, Missouri

Rodney Owens
Vice President of Operations, Oklahoma

Anthony B. Seney
Vice President of Operations, Louisiana

Henry R. Blalock
Vice President of Operations, Alabama

Fidencio Reyna
Vice President of Operations, Mexico

Pedro Arizpe
Vice President of Operations, Mexico

Ricardo Cavazos
Vice President of Operations, Mexico

Juan Valdez
Vice President of Operations, Mexico

Common Stock

World Acceptance Corporation's common stock trades on The Nasdaq Stock Market under the symbol: WRLD. As of June 3, 2011, there were 57 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 15,428,365 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 2, 2011, was $64.76.

Market Price of Common Stock

Fiscal 2011		
Quarter	High	Low
First	$ 41.56	$ 31.56
Second	46.08	36.74
Third	55.24	37.27
Fourth	65.95	50.12

Fiscal 2010		
Quarter	High	Low
First	$ 30.87	$16.09
Second	28.16	18.12
Third	37.42	23.25
Fourth	44.10	35.67

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

World Acceptance Corporation
Post Office Box 6429 (29606)
108 Frederick Street (29607)
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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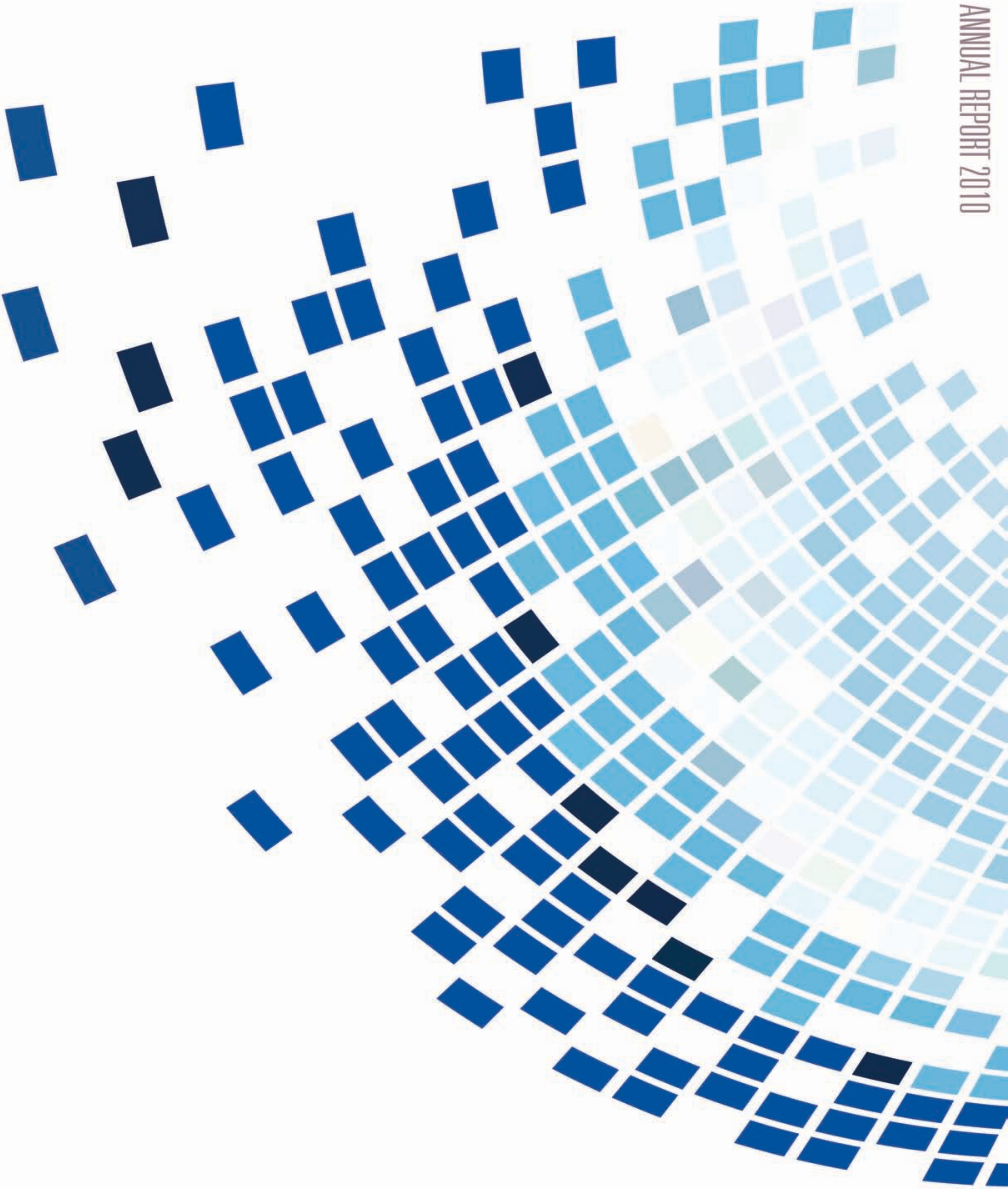

ANNUAL REPORT 2010